

STATE OF MINNESOTA

Journal of the Senate

EIGHTY-THIRD LEGISLATURE

FIFTY-SECOND DAY

St. Paul, Minnesota, Thursday, May 8, 2003

The Senate met at 9:00 a.m. and was called to order by the President.

CALL OF THE SENATE

Senator Betzold imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Rev. Lyndon Nygaard.

The roll was called, and the following Senators answered to their names:

Anderson	Gaither	Langseth	Ortman	Senjem
Bachmann	Hann	Larson	Ourada	Skoe
Bakk	Higgins	LeClair	Pappas	Skoglund
Belanger	Hottinger	Limmer	Pariseau	Solon
Berglin	Johnson, D.E.	Lourey	Pogemiller	Sparks
Betzold	Johnson, D.J.	Marko	Ranum	Stumpf
Chaudhary	Jungbauer	Marty	Reiter	Tomassoni
Cohen	Kelley	McGinn	Rest	Vickerman
Day	Kierlin	Metzen	Robling	Wergin
Dibble	Kiscaden	Michel	Rosen	Wiger
Dille	Kleis	Moua	Ruud	
Fischbach	Knutson	Murphy	Sams	
Foley	Koering	Neuville	Saxhaug	
Frederickson	Kubly	Nienow	Scheid	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 1597.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 7, 2003

FIRST READING OF HOUSE BILLS

The following bill was read the first time.

H.F. No. 1597: A bill for an act relating to financing and operation of state and local

government; providing for job opportunity building zones; providing for a biotechnology and health services industry zone; changing income, corporate franchise, estate, sales and use, motor vehicle sales, property, minerals, gravel, cigarette and tobacco, liquor, mortgage registry and deed, healthcare provider, insurance premiums, hazardous waste generator, and other taxes and tax provisions; changing and providing powers and duties relating to tax administration, collection, compliance, and enforcement; updating provisions to the internal revenue code; changing provisions relating to the state elections campaign fund; changing June accelerated tax liability provisions and extending the requirements to other taxes; changing and providing for intergovernmental aids; imposing levy limits; changing truth in taxation provisions and providing for reverse referenda; providing for economic development incentives; changing tax increment financing provisions; changing certain levy and other provisions relating to the metropolitan council and the metropolitan mosquito control district; authorizing towns to impose certain charges; giving special powers to the cities of Medford, Newport, Moorhead, Duluth, and Hopkins; repealing certain local laws; establishing a legislative commission on unnecessary mandates; providing for funding adjustments for certain state mandated programs; changing provisions relating to local impact notes; abolishing or providing for the expiration of certain funds and accounts; providing for cash flow and budget reserve accounts; providing for deposit of certain revenues in the general fund; providing for data disclosure; requiring studies and reports; providing for appointments; authorizing grants; imposing penalties; appropriating money; amending Minnesota Statutes 2002, sections 3.842, subdivision 4a; 3.843; 3.986, subdivision 4; 3.987, subdivision 1; 4A.02; 8.30; 10A.31, subdivisions 1, 3; 16A.152, subdivisions 1, 1b, 2, 7; 62J.694, subdivision 4; 115B.24, subdivision 8; 144.395, subdivision 3; 161.465; 168.27, subdivision 4a; 168A.03; 168A.05, subdivision 1a; 216B.2424, subdivision 5; 270.06; 270.10, subdivision 1a; 270.60, subdivision 4; 270.67, subdivision 4; 270.69, by adding a subdivision; 270.701, subdivision 2, by adding a subdivision; 270.72, subdivision 2; 270A.03, subdivision 2; 270B.12, by adding a subdivision; 272.02, subdivisions 31, 47, 48, 53, by adding subdivisions; 272.029, by adding a subdivision; 272.12; 273.01; 273.05, subdivision 1; 273.061, by adding subdivisions; 273.08; 273.11, subdivision 1a; 273.112, subdivision 3; 273.124, subdivisions 1, 14; 273.13, subdivisions 22, 23, 25; 273.1398, subdivisions 4a, 4b, 4c, 6, 8; 273.372; 273.42, subdivision 2; 274.01, subdivision 1; 274.13, subdivision 1; 275.025, subdivisions 1, 3, 4; 275.065, subdivisions 1, 1a, 1c, 3, 6, 8, by adding a subdivision; 275.07, subdivision 1; 275.70, subdivision 5; 275.71, subdivisions 2, 4, 5, 6; 275.72, subdivision 3; 275.73, subdivision 2; 275.74, subdivision 3; 276.10; 276.11, subdivision 1; 277.20, subdivision 2; 278.01, subdivision 4; 278.05, subdivision 6; 279.06, subdivision 1; 281.17; 282.01, subdivision 7a; 282.08; 287.12; 287.29, subdivision 1; 287.31, by adding a subdivision; 289A.02, subdivision 7; 289A.10, subdivision 1; 289A.18, subdivision 4; 289A.19, subdivision 4; 289A.20, subdivision 4; 289A.31, subdivisions 3, 4, 7, by adding a subdivision; 289A.36, subdivision 7, by adding subdivisions; 289A.40, subdivision 2; 289A.50, subdivision 2a, by adding subdivisions; 289A.56, subdivisions 3, 4; 289A.60, subdivisions 7, 15, by adding a subdivision; 290.01, subdivisions 19, 19a, 19b, 19c, 19d, 29, 31; 290.05, subdivision 1; 290.06, subdivisions 2c, 23, 24, by adding subdivisions; 290.067, subdivision 1; 290.0671, subdivision 1; 290.0675, subdivisions 2, 3; 290.0679, subdivision 2; 290.0802, subdivision 1; 290.091, subdivision 2; 290.0921, subdivision 3; 290.0922, subdivisions 2, 3; 290.17, subdivision 4; 290.191, subdivision 1; 290A.03, subdivisions 8, 15; 290C.02, subdivisions 3, 7; 290C.03; 290C.07; 290C.09; 290C.10; 290C.11; 291.005, subdivision 1; 291.03, subdivision 1; 295.50, subdivision 9b; 295.53, subdivision 1; 295.58; 297A.61, subdivisions 3, 7, 10, 12, 17, 30, 31, 34, by adding subdivisions; 297A.66, by adding a subdivision; 297A.665; 297A.668; 297A.67, subdivisions 2, 7, 8, by adding a subdivision; 297A.68, subdivisions 2, 4, 5, 36, by adding subdivisions; 297A.69, subdivisions 2, 3, 4; 297A.70, subdivisions 8, 16; 297A.71, by adding a subdivision; 297A.75, subdivision 4; 297A.81; 297A.82, subdivision 4; 297A.85; 297A.99, subdivisions 5, 10, 12; 297A.995, by adding a subdivision; 297B.01, subdivision 7; 297B.025, subdivisions 1, 2; 297B.03; 297B.035, subdivision 1, by adding a subdivision; 297F.01, subdivisions 21a, 23; 297F.05, subdivision 1; 297F.06, subdivision 4; 297F.08, subdivision 7; 297F.09, subdivisions 1, 2, by adding a subdivision; 297F.10, subdivision 1; 297F.20, subdivisions 1, 2, 3, 6, 9; 297G.01, by adding a subdivision; 297G.03, subdivision 1; 297G.09, by adding a subdivision; 297I.01, subdivision 9; 297I.20; 298.001, by adding a subdivision; 298.01, subdivisions 3, 3a, 4; 298.015, subdivisions 1, 2; 298.016, subdivision 4; 298.018; 298.24, subdivision 1; 298.27; 298.28, subdivisions 9a, 11; 298.75, subdivision 1; 325D.421, subdivision 2, by adding a subdivision; 349.16, by adding a subdivision;

352.15, subdivision 1; 353.15, subdivision 1; 354.10, subdivision 1; 354B.30; 354C.165; 366.011; 366.012; 469.169, by adding a subdivision; 469.1731, subdivision 3; 469.174, subdivisions 3, 6, 10, 25, by adding a subdivision; 469.175, subdivisions 1, 3, 4, 6; 469.176, subdivisions 1c, 2, 3, 4d, 4l, 7; 469.1763, subdivisions 1, 2, 3, 4, 6; 469.177, subdivisions 1, 12; 469.1771, subdivision 4, by adding a subdivision; 469.178, subdivision 7; 469.1791, subdivision 3; 469.1792, subdivisions 1, 2, 3; 469.1813, subdivision 8; 469.1815, subdivision 1; 473.167, subdivision 3; 473.246; 473.249, subdivision 1; 473.253, subdivision 1; 473.702; 473.711, subdivision 2a; 473F.07, subdivision 4; 477A.011, subdivisions 34, 36, by adding subdivisions; 477A.013, subdivisions 8, 9; 477A.03, subdivision 2; 515B.1-116; 611.27, subdivisions 13, 15; Laws 1997, chapter 231, article 10, section 25; Laws 2001, First Special Session chapter 5, article 3, section 61; Laws 2001, First Special Session chapter 5, article 3, section 63; Laws 2001, First Special Session chapter 5, article 9, section 12; Laws 2001, First Special Session chapter 5, article 12, section 95, as amended; Laws 2002, chapter 377, article 6, section 4; Laws 2002, chapter 377, article 7, section 3; Laws 2002, chapter 377, article 11, section 1; Laws 2002, chapter 377, article 12, section 17; proposing coding for new law in Minnesota Statutes, chapters 3; 123A; 126C; 270; 273; 274; 275; 276; 290C; 297A; 297F; 469; 477A; repealing Minnesota Statutes 2002, sections 270.691, subdivision 8; 273.138, subdivisions 2, 3, 6; 273.1398, subdivisions 2, 2c, 4, 4d; 273.166; 274.04; 275.065, subdivisions 3a, 4; 290.0671, subdivision 3; 290.0675, subdivision 5; 294.01; 294.02; 294.021; 294.03; 294.06; 294.07; 294.08; 294.09; 294.10; 294.11; 294.12; 297A.61, subdivisions 14, 15; 297A.69, subdivision 5; 297A.72, subdivision 1; 297A.97; 298.01, subdivisions 3c, 3d, 4d, 4e; 298.017; 298.24, subdivision 3; 298.28, subdivisions 9, 9b, 10; 298.2961; 298.297; 325E.112, subdivision 2a; 473.711, subdivision 2b; 477A.011, subdivision 37; 477A.0121; 477A.0122; 477A.0123; 477A.0132; 477A.03, subdivisions 3, 4; 477A.06; 477A.065; 477A.07; Laws 1984, chapter 652, section 2; Laws 2002, chapter 390, sections 36, 37, 38; Minnesota Rules, parts 8007.0300, subpart 3; 8009.7100; 8009.7200; 8009.7300; 8009.7400; 8092.1000; 8106.0100, subparts 11, 15, 16; 8106.0200; 8125.1000; 8125.1300, subpart 1; 8125.1400; 8130.0800, subparts 5, 12; 8130.1300; 8130.1600, subpart 5; 8130.1700, subparts 3, 4; 8130.4800, subpart 2; 8130.7500, subpart 5; 8130.8000; 8130.8300.

Senator Hottinger moved that H.F. No. 1597 be laid on the table. The motion prevailed.

REPORTS OF COMMITTEES

Senator Hottinger moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Senator Cohen from the Committee on Finance, to which was re-referred

S.F. No. 283: A bill for an act relating to emergency medical services; modifying license plate provisions for volunteer ambulance attendants; permitting certain ambulance services to make claims against tax refunds; regulating use of police communication equipment; amending Minnesota Statutes 2002, sections 168.12, subdivision 2e; 270A.03, subdivision 2; 299C.37, subdivision 1.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Cohen from the Committee on Finance, to which was referred

H.F. No. 385: A bill for an act relating to judiciary; providing a gross misdemeanor penalty for fifth degree arson when the conduct results in bodily harm to a person; updating the fine amount for a misdemeanor penalty; amending Minnesota Statutes 2002, section 609.5632.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2002, section 609.576, subdivision 1, is amended to read:

Subdivision 1. [NEGLIGENT FIRE RESULTING IN INJURY OR PROPERTY DAMAGE.] Whoever is grossly negligent in causing a fire to burn or get out of control thereby causing damage or injury to another, and as a result thereof of this:

(a) (1) a human being is injured and great bodily harm incurred, is guilty of a crime and may be sentenced to imprisonment of for not more than five years or to payment of a fine of not more than \$10,000, or both;

(2) a human being is injured and bodily harm incurred, is guilty of a crime and may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both; or

(b) (3) property of another is injured, thereby, is guilty of a crime and may be sentenced as follows:

(1) (i) to imprisonment for not more than 90 days or to payment of a fine of not more than \$700 \$1,000, or both, if the value of the property damage is under \$300;

(2) (ii) to imprisonment for not more than one year; or to payment of a fine of not more than \$3,000, or both, if the value of the property damaged is at least \$300 but is less than \$2,500; or

(3) (iii) to imprisonment for not more than three years; or to payment of a fine of not more than \$5,000, or both, if the value of the property damaged is \$2,500 or more.

[EFFECTIVE DATE.] This section is effective August 1, 2003, and applies to crimes committed on or after that date."

Delete the title and insert:

"A bill for an act relating to crime prevention; adding criminal penalties for fires caused by grossly negligent persons that result in bodily harm to a person; making technical changes to the negligent fire law; amending Minnesota Statutes 2002, section 609.576, subdivision 1."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Cohen from the Committee on Finance, to which was re-referred

S.F. No. 58: A bill for an act relating to crimes; reducing from 0.10 to 0.08 the per se alcohol concentration level for impairment offenses involving driving a motor vehicle, criminal vehicular homicide and injury, operating recreational vehicles or watercraft, hunting, or operating military vehicles while impaired; amending Minnesota Statutes 2002, sections 97B.065, subdivision 1; 97B.066, subdivision 1; 169A.20, subdivision 1; 169A.51, subdivision 1; 169A.52, subdivisions 2, 4, 7; 169A.53, subdivision 3; 169A.54, subdivision 7; 169A.76; 192A.555; 609.21.

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

Page 14, delete section 13 and insert:

"Sec. 13. [APPROPRIATION.]

Subdivision 1. The sums shown in this section are appropriated from the general fund, or another named fund, to the agencies indicated for the purposes of this act, to be available for the fiscal year ending June 30 in the years indicated.

	<u>2004</u>	<u>2005</u>
Subd. 2. <u>ATTORNEY GENERAL</u>	<u>\$264,000</u>	<u>\$300,000</u>
Subd. 3. <u>DEPARTMENT OF PUBLIC SAFETY</u>		
(a) <u>General Fund</u>	<u>7,000</u>	<u>7,000</u>

<u>(b) Trunk Highway Fund</u>	<u>67,000</u>	<u>54,000</u>
<u>(c) Highway User Tax Distribution Fund</u>	<u>12,000</u>	<u>9,000</u>
<u>Subd. 4. SUPREME COURT</u>	<u>240,000</u>	<u>291,000</u>
<u>Subd. 5. BOARD OF PUBLIC DEFENSE</u>	<u>145,000</u>	<u>193,000</u>
<u>Subd. 6. DEPARTMENT OF CORRECTIONS</u>	<u>271,000</u>	<u>310,000</u>

\$189,000 the first year and \$218,000 the second year are to increase the community corrections act subsidy.

\$41,000 the first year and \$46,000 the second year are for county probation officer reimbursements.

\$41,000 the first year and \$46,000 the second year are for probation and supervised release services."

Amend the title as follows:

Page 1, line 7, after the semicolon, insert "appropriating money;"

And when so amended the bill be reported to the Senate without recommendation. Amendments adopted. Report adopted.

Senator Cohen from the Committee on Finance, to which was re-referred

S.F. No. 1060: A bill for an act relating to human services; extending the deadline for commencing construction for previously approved moratorium projects; providing for expired and canceled proposals; amending Minnesota Statutes 2002, section 144A.073, by adding subdivisions.

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

Page 1, line 18, delete "A"

Page 1, delete lines 19 to 26 and insert "The commissioner shall monitor the status of projects approved under this section to identify, in consultation with each facility with an approved project, if projects will be canceled or will expire. For projects that have been canceled or have expired, if originally approved after June 30, 2001, the commissioner's approval authority for the estimated annual state cost to medical assistance shall carry forward and shall be available for the issuance of a new moratorium round later in that fiscal year or in either of the following two fiscal years."

Page 2, delete lines 1 to 14

And when so amended the bill do pass and be placed on the Consent Calendar. Amendments adopted. Report adopted.

Senator Cohen from the Committee on Finance, to which was re-referred

S.F. No. 514: A bill for an act relating to crimes; prohibiting theft of mail; prescribing penalties; providing venue for identity theft and theft of mail; amending Minnesota Statutes 2002, section 609.527, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 609.

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

Page 2, delete lines 35 and 36

Page 3, delete line 1 and insert:

"Subd. 3. [PENALTY.] A violation of subdivision 2 is a gross misdemeanor."

Page 3, after line 7, insert:

"Subd. 5. [PROSECUTING AUTHORITY.] The county attorney is responsible for prosecuting violations of this section."

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Cohen from the Committee on Finance, to which was re-referred

S.F. No. 906: A bill for an act relating to corrections; authorizing collection of treatment co-pays from offenders; amending Minnesota Statutes 2002, section 241.272, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Cohen from the Committee on Finance, to which was re-referred

S.F. No. 1019: A bill for an act relating to health; establishing a reporting system for adverse health care events; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 144.

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

Page 1, line 21, delete the second "or" and insert ", (2)"

Page 1, line 24, delete "or (2)" and insert ", or (3)"

Page 2, line 13, delete "identify by name" and insert "include any identifying information for"

Page 7, after line 13, insert:

"(d) The commissioner is not authorized to select from or between competing alternate acceptable medical practices."

Page 8, delete section 6 and insert:

"Sec. 6. [ADVERSE HEALTH CARE EVENTS REPORTING SYSTEM TRANSITION PERIOD.]

(a) Effective July 1, 2003, limited implementation of the Adverse Health Care Events Reporting Act shall begin, provided the commissioner of health has secured sufficient nonstate funds for this purpose. During this period, the commissioner must:

(1) solicit additional nonstate funds to support full implementation of the system;

(2) work with organizations and experts familiar with patient safety to review reporting categories in Minnesota Statutes, section 144.7065, make necessary clarifications, and develop educational materials; and

(3) monitor activities of the National Quality Forum and other patient safety organizations, other states, and the federal government in the area of patient safety.

(b) Effective July 1, 2003, facilities defined in Minnesota Statutes, section 144.7063, subdivision 3, shall report any adverse health care events, as defined in Minnesota Statutes,

section 144.7065, to the incident reporting system maintained by the Minnesota Hospital Association. The association shall provide a summary report to the commissioner that identifies the types of events by category. The association shall consult with the commissioner regarding the data to be reported to the commissioner, storage of data received by the association but not reported to the commissioner, and eventual retrieval by the commissioner of stored data.

(c) The commissioner shall report to the legislature by January 15 of 2004 and 2005, with a list of the number of reported events by type and recommendations, if any, for reporting system modifications, including additional categories of events that should be reported.

(d) From July 1, 2003, until full implementation of the reporting system, the commissioner of health shall not make a final disposition as defined in Minnesota Statutes, section 626.5572, subdivision 8, for investigations conducted in licensed hospitals under the provisions of Minnesota Statutes, section 626.557. The commissioner's findings in these cases shall identify noncompliance with federal certification or state licensure rules or laws.

(e) Effective July 1, 2004, the reporting system shall be fully implemented, provided (1) the commissioner has secured sufficient funds from nonstate sources to operate the system during fiscal year 2005, and (2) the commissioner has notified facilities by April 1, 2004, of their duty to report.

(f) Effective July 1, 2005, the reporting system shall be operated with state appropriations."

Amend the title as follows:

Page 1, line 3, delete "appropriating money;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Cohen from the Committee on Finance, to which was re-referred

S.F. No. 653: A bill for an act relating to public safety; modifying emergency 911 telephone system provisions to require multiline telephone systems to provide caller location; providing for special levies for county and city governments and school districts to fund this requirement; amending Minnesota Statutes 2002, sections 126C.44; 275.70, subdivision 5; 403.01, subdivision 6; 403.02, by adding subdivisions; 403.07, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter 403.

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

Pages 1 to 5, delete sections 1 and 2

Page 9, after line 5, insert:

"Subd. 5. [LOCAL GOVERNMENTS AND SCHOOL DISTRICTS.] Multiline telephone systems purchased by local government units and school districts after June 30, 2004, shall permit the dialing of 911 and shall ensure that 911 calls originating from the multiline telephone system clearly identify the emergency response location."

Page 9, line 6, delete "5" and insert "6"

Page 9, line 20, delete "9" and insert "7"

Renumber the sections in sequence

Amend the title as follows:

Page 1, delete lines 5 and 6

Page 1, line 7, delete "requirement;"

Page 1, line 8, delete "126C.44; 275.70, subdivision 5;"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Cohen from the Committee on Finance, to which was re-referred

S.F. No. 758: A bill for an act relating to civil law; reforming and recodifying the law relating to marriage dissolution, child custody, child support, maintenance, and property division; changing a fee; making style and form changes; exempting harassment restraining order actions from mandatory alternative dispute resolution requirements; providing alternate forms of marriage solemnization; modifying provisions dealing with distribution of certain pension plan assets or benefits; providing for modification of support obligations of certain persons called into active military service; modifying provisions under the child maltreatment reporting act; appropriating money; amending Minnesota Statutes 2002, sections 357.021, by adding a subdivision; 484.76, subdivision 1; 517.05; 517.18; 518.002; 518.003, subdivisions 1, 3; 518.005; 518.01; 518.02; 518.03; 518.04; 518.05; 518.055; 518.06; 518.07; 518.09; 518.091; 518.10; 518.11; 518.12; 518.13; 518.131; 518.14, subdivision 1; 518.148; 518.155; 518.156; 518.157, subdivisions 1, 2, 3, 5, 6; 518.165; 518.166; 518.167, subdivisions 3, 4, 5; 518.168; 518.1705, subdivisions 2, 6, 7, 8, 9; 518.175; 518.1751, subdivisions 1b, 2, 2a, 2b, 2c, 3; 518.1752; 518.176; 518.177; 518.178; 518.179, subdivision 1; 518.18; 518.191, subdivision 1; 518.195, subdivisions 2, 3; 518.24; 518.25; 518.27; 518.54, subdivisions 1, 5, 6, 7, 8; 518.55; 518.552; 518.58; 518.581; 518.582; 518.612; 518.619; 518.62; 518.64, subdivisions 1, 2, by adding a subdivision; 518.641; 518.642; 518.646; 518.65; 518.68, subdivision 1; 519.11, subdivision 1; 626.556, subdivisions 2, 3; proposing coding for new law as Minnesota Statutes, chapters 517A; 517B; 517C; repealing Minnesota Statutes 2002, sections 518.111; 518.14, subdivision 2; 518.17; 518.171; 518.1752; 518.185; 518.24; 518.255; 518.54, subdivisions 2, 4a, 13, 14; 518.55, subdivision 4; 518.551; 518.5513; 518.553; 518.57; 518.575; 518.585; 518.5851; 518.5852; 518.5853; 518.61; 518.6111; 518.614; 518.615; 518.616; 518.617; 518.618; 518.6195; 518.6196; 518.62; 518.64, subdivisions 4, 4a, 5; 518.68.

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

Page 2, line 8, delete "\$....." and insert "\$31"

Page 2, delete line 18

Page 174, line 33, delete the first "\$....." and insert "\$724,000" and delete the second "\$....." and insert "\$491,000"

Page 175, lines 3 and 4, delete "This is a onetime appropriation" and insert "The appropriation base in fiscal year 2006 for grants to counties is \$724,000"

Page 175, delete line 5 and insert:

"\$234,000"

Page 176, line 27, after the period, insert "The court administrator shall give the person a copy of sections 517.02 and 517.03 and upon request shall answer questions regarding the Minnesota law relating to persons capable of entering into a marriage contract and prohibited marriages."

Page 187, line 7, delete "DATE" and insert "DATES"

Page 187, line 8, before "Section" insert "(a) Sections 2, 3, 6, and 7 are effective January 1, 2004."

(b)"

And when so amended the bill do pass. Amendments adopted. Report adopted.

Senator Hottinger, from the Committee on Rules and Administration, to which was referred

H.F. No. 441 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
441	426				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Senator Hottinger, from the Committee on Rules and Administration, to which was referred

H.F. No. 837 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
837	1054				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Senator Hottinger, from the Committee on Rules and Administration, to which was referred

H.F. No. 692 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
692	574				

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

Senator Hottinger, from the Committee on Rules and Administration, to which was referred

H.F. No. 946 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
946	776				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 946 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 946 and insert the language after the enacting clause of S.F. No. 776, the first engrossment; further, delete the title of H.F. No. 946 and insert the title of S.F. No. 776, the first engrossment.

And when so amended H.F. No. 946 will be identical to S.F. No. 776, and further recommends that H.F. No. 946 be given its second reading and substituted for S.F. No. 776, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Senator Hottinger, from the Committee on Rules and Administration, to which was referred

H.F. No. 673 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
673	994				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 673 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 673 and insert the language after the enacting clause of S.F. No. 994, the first engrossment; further, delete the title of H.F. No. 673 and insert the title of S.F. No. 994, the first engrossment.

And when so amended H.F. No. 673 will be identical to S.F. No. 994, and further recommends that H.F. No. 673 be given its second reading and substituted for S.F. No. 994, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

Senator Hottinger, from the Committee on Rules and Administration, to which was referred

H.F. No. 968 for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
968	1037				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 968 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 968 and insert the language after the enacting clause of S.F. No. 1037, the first engrossment; further, delete the title of H.F. No. 968 and insert the title of S.F. No. 1037, the first engrossment.

And when so amended H.F. No. 968 will be identical to S.F. No. 1037, and further recommends that H.F. No. 968 be given its second reading and substituted for S.F. No. 1037, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 283, 58, 1060, 514, 906, 1019, 653 and 758 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 385, 441, 837, 692, 946, 673 and 968 were read the second time.

MOTIONS AND RESOLUTIONS

Senator Skoglund moved that the name of Senator Marty be added as a co-author to S.F. No. 1535. The motion prevailed.

Senators Metzen, Higgins, Murphy, Kierlin and Pappas introduced--

Senate Resolution No. 74: A Senate resolution to express Minnesota's support for the 150th anniversary of the Grand Excursion, 1854-2004.

Referred to the Committee on Rules and Administration.

Senator Murphy, Wergin, Dille, Koering and Kubly introduced--

Senate Resolution No. 75: A Senate resolution commemorating the 50 years of farm business management education through the Minnesota state colleges and universities.

Referred to the Committee on Rules and Administration.

SPECIAL ORDERS

Pursuant to Rule 26, Senator Hottinger, Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately:

S.F. No. 299, H.F. Nos. 361, 710, 1234, 1268, 314, 944, 419, 645, 1026, S.F. No. 1140, H.F. Nos. 335, 1044, 428, S.F. Nos. 1090 and 308.

SPECIAL ORDER

S.F. No. 299: A bill for an act relating to ambulance service liability insurance; requiring a study.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 63 and nays 0, as follows:

Those who voted in the affirmative were:

Bachmann	Dille	Johnson, D.J.	Langseth	Michel
Bakk	Fischbach	Jungbauer	Larson	Moua
Belanger	Foley	Kelley	LeClair	Murphy
Berglin	Frederickson	Kierlin	Limmer	Neuville
Betzold	Gaither	Kiscaden	Lourey	Nienow
Chaudhary	Hann	Kleis	Marko	Ortman
Cohen	Higgins	Knutson	Marty	Pappas
Day	Hottinger	Koering	McGinn	Pariseau
Dibble	Johnson, D.E.	Kubly	Metzen	Pogemiller

Ranum	Rosen	Scheid	Solon	Wergin
Reiter	Ruud	Senjem	Sparks	Wiger
Rest	Sams	Skoe	Tomassoni	
Robling	Saxhaug	Skoglund	Vickerman	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 361: A bill for an act relating to elections; providing procedures and criteria for calling special elections to fill vacancies in certain instances; amending Minnesota Statutes 2002, sections 365.52, subdivision 1, by adding a subdivision; 367.03, subdivision 6.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Koering	Murphy	Sams
Bachmann	Gaither	Kubly	Neuville	Saxhaug
Bakk	Hann	Langseth	Nienow	Scheid
Belanger	Higgins	Larson	Ortman	Senjem
Berglin	Hottinger	LeClair	Pappas	Skoe
Betzold	Johnson, D.E.	Limmer	Pariseau	Skoglund
Chaudhary	Johnson, D.J.	Lourey	Pogemiller	Solon
Cohen	Jungbauer	Marko	Ranum	Sparks
Day	Kelley	Marty	Reiter	Tomassoni
Dibble	Kierlin	McGinn	Rest	Vickerman
Dille	Kiscaden	Metzen	Robling	Wergin
Fischbach	Kleis	Michel	Rosen	Wiger
Foley	Knutson	Moua	Ruud	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 710: A bill for an act relating to employment; mandatory retirement; deleting obsolete language; amending Minnesota Statutes 2002, section 181.81, subdivision 1; repealing Minnesota Statutes 2002, section 181.811.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Foley	Kubly	Murphy	Ruud
Bachmann	Gaither	Langseth	Neuville	Sams
Bakk	Hann	Larson	Nienow	Saxhaug
Belanger	Hottinger	LeClair	Ortman	Scheid
Berglin	Johnson, D.E.	Limmer	Pappas	Senjem
Betzold	Johnson, D.J.	Lourey	Pariseau	Skoe
Chaudhary	Jungbauer	Marko	Pogemiller	Skoglund
Cohen	Kelley	Marty	Ranum	Solon
Day	Kierlin	McGinn	Reiter	Sparks
Dibble	Kleis	Metzen	Rest	Vickerman
Dille	Knutson	Michel	Robling	Wergin
Fischbach	Koering	Moua	Rosen	Wiger

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 1234: A bill for an act relating to cemeteries; providing for correction of interment errors; proposing coding for new law in Minnesota Statutes, chapters 306; 307.

Senator Day moved that the amendment made to H.F. No. 1234 by the Committee on Rules and Administration in the report adopted April 24, 2003, pursuant to Rule 45, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 1234 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Foley	Koering	Neuville	Sams
Bachmann	Gaither	Kubly	Nienow	Senjem
Bakk	Hann	Langseth	Ortman	Skoe
Belanger	Hottinger	Larson	Pappas	Skoglund
Berglin	Johnson, D.E.	LeClair	Pariseau	Solon
Betzold	Johnson, D.J.	Limmer	Pogemiller	Sparks
Chaudhary	Jungbauer	Lourey	Ranum	Stumpf
Cohen	Kelley	Marty	Reiter	Vickerman
Day	Kierlin	McGinn	Rest	Wergin
Dibble	Kiscaden	Metzen	Robling	Wiger
Dille	Kleis	Michel	Rosen	
Fischbach	Knutson	Moua	Ruud	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 1268: A bill for an act relating to traffic regulations; clarifying when vehicle lights must be displayed; amending Minnesota Statutes 2002, section 169.48, subdivision 1.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gaither	Langseth	Nienow	Senjem
Bachmann	Hann	Larson	Ortman	Skoe
Bakk	Hottinger	LeClair	Pappas	Skoglund
Belanger	Johnson, D.E.	Limmer	Pogemiller	Solon
Berglin	Johnson, D.J.	Lourey	Ranum	Sparks
Betzold	Jungbauer	Marko	Reiter	Stumpf
Chaudhary	Kelley	Marty	Rest	Vickerman
Cohen	Kierlin	McGinn	Robling	Wergin
Day	Kiscaden	Metzen	Rosen	Wiger
Dibble	Kleis	Michel	Ruud	
Dille	Knutson	Moua	Sams	
Fischbach	Koering	Murphy	Saxhaug	
Foley	Kubly	Neuville	Scheid	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 314: A bill for an act relating to traffic regulations; allowing display of flashing blue lights to the front of emergency vehicles; amending Minnesota Statutes 2002, section 169.64, subdivision 4.

Senator Rudd moved that the amendment made to H.F. No. 314 by the Committee on Rules and Administration in the report adopted May 2, 2003, pursuant to Rule 45, be stricken. The motion prevailed. So the amendment was stricken.

H.F. No. 314 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hann	Larson	Ortman	Senjem
Bachmann	Hottinger	LeClair	Pappas	Skoe
Bakk	Johnson, D.E.	Limmer	Pariseau	Skoglund
Belanger	Johnson, D.J.	Lourey	Pogemiller	Solon
Berglin	Jungbauer	Marko	Ranum	Sparks
Betzold	Kelley	Marty	Reiter	Stumpf
Chaudhary	Kierlin	McGinn	Rest	Vickerman
Cohen	Kiscaden	Metzen	Robling	Wergin
Dibble	Kleis	Michel	Rosen	Wiger
Dille	Knutson	Moua	Ruud	
Fischbach	Koering	Murphy	Sams	
Foley	Kubly	Neuville	Saxhaug	
Gaither	Langseth	Nienow	Scheid	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 944: A bill for an act relating to local government; providing an exception to the priorities for designating a qualified newspaper; amending Minnesota Statutes 2002, section 331A.04, by adding a subdivision.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gaither	Larson	Ortman	Senjem
Bachmann	Hottinger	Limmer	Pappas	Skoe
Bakk	Johnson, D.J.	Lourey	Pariseau	Skoglund
Belanger	Jungbauer	Marko	Pogemiller	Solon
Berglin	Kelley	Marty	Ranum	Sparks
Betzold	Kierlin	McGinn	Reiter	Stumpf
Chaudhary	Kiscaden	Metzen	Rest	Vickerman
Cohen	Kleis	Michel	Robling	Wergin
Dibble	Knutson	Moua	Ruud	Wiger
Dille	Koering	Murphy	Sams	
Fischbach	Kubly	Neuville	Saxhaug	
Foley	Langseth	Nienow	Scheid	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 419: A bill for an act relating to human services; changing child care licensing provisions; amending Minnesota Statutes 2002, section 245A.14, subdivision 8.

Senator Robling moved to amend H.F. No. 419, as amended pursuant to Rule 45, adopted by the Senate April 22, 2003, as follows:

(The text of the amended House File is identical to S.F. No. 796.)

Page 2, line 8, delete "upon"

Page 2, line 9, delete "enrollment"

The motion prevailed. So the amendment was adopted.

H.F. No. 419 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hann	Larson	Ortman	Scheid
Bachmann	Hottinger	LeClair	Ourada	Senjem
Bakk	Johnson, D.E.	Limmer	Pappas	Skoe
Belanger	Johnson, D.J.	Lourey	Pariseau	Skoglund
Berglin	Jungbauer	Marko	Pogemiller	Solon
Betzold	Kelley	Marty	Ranum	Sparks
Chaudhary	Kierlin	McGinn	Reiter	Stumpf
Cohen	Kiscaden	Metzen	Rest	Vickerman
Dibble	Kleis	Michel	Robling	Wergin
Dille	Knutson	Moua	Rosen	Wiger
Fischbach	Koering	Murphy	Ruud	
Foley	Kubly	Neuville	Sams	
Gaither	Langseth	Nienow	Saxhaug	

So the bill, as amended, was passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 645: A bill for an act relating to technology business; providing for exemptions from Minnesota Electrical Act; amending Minnesota Statutes 2002, sections 326.01, subdivision 6m; 326.242, subdivisions 3d, 8, 12; 326.2421, subdivision 2; 326.244, subdivisions 1a, 5; repealing Minnesota Statutes 2002, sections 326.01, subdivision 6d; 326.2421, subdivisions 3, 4, 6, 8.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Foley	Koering	Michel	Ranum
Bachmann	Gaither	Kubly	Moua	Reiter
Bakk	Hann	Langseth	Murphy	Robling
Belanger	Johnson, D.E.	Larson	Neuville	Rosen
Berglin	Johnson, D.J.	LeClair	Nienow	Ruud
Betzold	Kelley	Lourey	Ortman	Sams
Chaudhary	Kierlin	Marko	Ourada	Saxhaug
Dibble	Kiscaden	Marty	Pappas	Scheid
Dille	Kleis	McGinn	Pariseau	Senjem
Fischbach	Knutson	Metzen	Pogemiller	Skoe

Skoglund
Solon

Sparks
Stumpf

Vickerman

Wergin

Wiger

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 1026: A bill for an act relating to human services; authorizing a medical assistance capitated payment option for waived services, day training and habilitation services, and intermediate care facility services for persons with mental retardation or a related condition; amending Minnesota Statutes 2002, sections 252.46, by adding a subdivision; 256B.69, subdivisions 6a, 23; proposing coding for new law in Minnesota Statutes, chapter 256B.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hann	Larson	Ortman	Scheid
Bachmann	Higgins	LeClair	Ourada	Senjem
Bakk	Hottinger	Limmer	Pappas	Skoe
Belanger	Johnson, D.E.	Lourey	Pariseau	Skoglund
Berglin	Johnson, D.J.	Marko	Pogemiller	Solon
Betzold	Kelley	Marty	Ranum	Sparks
Chaudhary	Kierlin	McGinn	Reiter	Stumpf
Cohen	Kiscaden	Metzen	Rest	Vickerman
Dibble	Kleis	Michel	Robling	Wergin
Dille	Knutson	Moua	Rosen	Wiger
Fischbach	Koering	Murphy	Ruud	
Foley	Kubly	Neuville	Sams	
Frederickson	Langseth	Nienow	Saxhaug	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1140: A bill for an act relating to crime prevention; prohibiting children under the age of 17 from renting or purchasing certain video games; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 609.

CALL OF THE SENATE

Senator Limmer imposed a call of the Senate for the balance of the proceedings on S.F. No. 1140. The Sergeant at Arms was instructed to bring in the absent members.

Senator Pappas moved that S.F. No. 1140 be laid on the table. The motion prevailed.

SPECIAL ORDER

H.F. No. 335: A bill for an act relating to water; requiring new landscape irrigation systems to have furnished and installed moisture or rainfall sensing equipment; proposing coding for new law in Minnesota Statutes, chapter 103G.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 44 and nays 19, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Lourey	Pogemiller	Skoe
Berglin	Johnson, D.E.	Marko	Ranum	Skoglund
Betzold	Jungbauer	Marty	Rest	Solon
Chaudhary	Kelley	McGinn	Robling	Stumpf
Cohen	Kierlin	Metzen	Rosen	Tomassoni
Dibble	Knutson	Moua	Ruud	Vickerman
Foley	Kubly	Neuville	Sams	Wergin
Frederickson	Langseth	Nienow	Saxhaug	Wiger
Higgins	Larson	Ortman	Scheid	

Those who voted in the negative were:

Bachmann	Fischbach	Kleis	Michel	Reiter
Belanger	Gaither	Koering	Murphy	Senjem
Day	Hann	LeClair	Ourada	Sparks
Dille	Johnson, D.J.	Limmer	Pariseau	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 1044: A bill for an act relating to professions; providing clarification of costs and penalties that may be collected in disciplinary proceedings by the boards of nursing home administrators, optometry, chiropractic examiners, physical therapy, dietetics and nutrition practice, dentistry, podiatric medicine, pharmacy, and veterinary medicine; providing for civil penalties; amending Minnesota Statutes 2002, sections 148.10, subdivision 3; 148.603; 148.631; 150A.08, subdivision 3, by adding a subdivision; 151.06, by adding a subdivision; 153.22, subdivisions 1, 5; 156.127, subdivisions 1, 3; proposing coding for new law in Minnesota Statutes, chapters 144A; 148.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 56 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gaither	LeClair	Ourada	Skoglund
Bachmann	Higgins	Limmer	Pariseau	Solon
Belanger	Johnson, D.E.	Lourey	Reiter	Sparks
Berglin	Johnson, D.J.	Marko	Rest	Stumpf
Betzold	Kelley	Marty	Robling	Tomassoni
Chaudhary	Kierlin	McGinn	Rosen	Vickerman
Day	Kleis	Metzen	Ruud	Wergin
Dibble	Knutson	Michel	Sams	Wiger
Dille	Koering	Moua	Saxhaug	
Fischbach	Kubly	Murphy	Scheid	
Foley	Langseth	Neuville	Senjem	
Frederickson	Larson	Nienow	Skoe	

So the bill passed and its title was agreed to.

SPECIAL ORDER

H.F. No. 428: A bill for an act relating to cities; specifying and clarifying the authority of cities to exercise certain town powers and to impose service charges for emergency services; amending Minnesota Statutes 2002, section 415.01.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hann	Larson	Nienow	Senjem
Bachmann	Higgins	LeClair	Ourada	Skoe
Belanger	Johnson, D.E.	Limmer	Pappas	Skoglund
Berglin	Johnson, D.J.	Lourey	Pogemiller	Solon
Betzold	Kelley	Marko	Reiter	Sparks
Chaudhary	Kierlin	Marty	Rest	Stumpf
Dibble	Kiscaden	McGinn	Robling	Tomassoni
Dille	Kleis	Metzen	Rosen	Vickerman
Fischbach	Knutson	Michel	Ruud	Wergin
Foley	Koering	Moua	Sams	Wiger
Frederickson	Kubly	Murphy	Saxhaug	
Gaither	Langseth	Neuville	Scheid	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 1090: A bill for an act relating to highways; modifying provisions governing gross vehicle weights on interstate highways; providing for vehicles and vehicle combinations weighing up to 88,000 pounds to travel on nine-ton roads in winter; amending Minnesota Statutes 2002, sections 168.013, subdivision 3; 169.826, subdivision 1, by adding a subdivision; 169.85, subdivision 2; 169.86, subdivision 5.

Was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 58 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Hann	Larson	Nienow	Senjem
Bachmann	Higgins	LeClair	Ourada	Skoe
Belanger	Johnson, D.E.	Limmer	Pappas	Skoglund
Berglin	Johnson, D.J.	Lourey	Pariseau	Solon
Betzold	Kelley	Marko	Ranum	Sparks
Chaudhary	Kierlin	Marty	Reiter	Stumpf
Dibble	Kiscaden	McGinn	Robling	Tomassoni
Dille	Kleis	Metzen	Rosen	Vickerman
Fischbach	Knutson	Michel	Ruud	Wergin
Foley	Koering	Moua	Sams	Wiger
Frederickson	Kubly	Murphy	Saxhaug	
Gaither	Langseth	Neuville	Scheid	

So the bill passed and its title was agreed to.

SPECIAL ORDER

S.F. No. 308: A bill for an act relating to mining; specifying duties of owners and operators when operations are discontinued; amending Minnesota Statutes 2002, section 93.003.

Senator Tomassoni moved to amend S.F. No. 308 as follows:

Page 2, delete lines 1 to 17 and insert:

"Subd. 2. [TEMPORARY MAINTENANCE PLAN.] At least 60 days before the owner or operator of an iron mine or related production or beneficiation facilities determines to discontinue the operation of the mine or facilities, it shall submit a temporary maintenance plan to the state for approval. The plan must provide for:

- (1) the orderly shutdown of the mine and facilities, including:
- (i) movement of all mobile equipment to an area above the high water mark;
 - (ii) drainage of water from all bins, mills, thickeners, storage tanks, water lines, and slurry lines; and
 - (iii) the emptying and cleaning of all tailings handling equipment, including thickeners, pipes, belts, and bins;
- (2) health, safety, and security, including:
- (i) security of any blasting materials and hazardous materials;
 - (ii) provisions for fire prevention; and
 - (iii) staffing for security;
- (3) maintenance of mine, plant facilities, and tailing basins, including:
- (i) supplying heat or cooling where needed;
 - (ii) maintenance of utility lines needed to support the property;
 - (iii) maintenance of mills, grates, kilns, coolers, and other machinery in running condition;
 - (iv) taking dust prevention measures; and
 - (v) maintenance of tailings dikes, water level controls, water run-off control structures, and erosion controls;
- (4) compliance with all permit requirements; and
- (5) a schedule for reporting periodically to the state on all maintenance activities and any plans to liquidate assets.

Any plan to liquidate assets that would diminish the ability to effectively operate the mine, plant facilities, or tailings basin must first be approved by the state before the plan may be implemented.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

The motion prevailed. So the amendment was adopted.

S.F. No. 308 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Gaither	Langseth	Ourada	Skoe
Bachmann	Hann	Larson	Pappas	Skoglund
Belanger	Higgins	LeClair	Pariseau	Solon
Berglin	Hottinger	Limmer	Ranum	Sparks
Betzold	Johnson, D.E.	Lourey	Reiter	Stumpf
Chaudhary	Johnson, D.J.	Marko	Rest	Tomassoni
Cohen	Kelley	Marty	Robling	Vickerman
Day	Kierlin	McGinn	Rosen	Wergin
Dibble	Kiscaden	Metzen	Ruud	Wiger
Dille	Kleis	Michel	Sams	
Fischbach	Knutson	Moua	Saxhaug	
Foley	Koering	Murphy	Scheid	
Frederickson	Kubly	Nienow	Senjem	

So the bill, as amended, was passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Pappas moved that S.F. No. 1140 be taken from the table. The motion prevailed.

S.F. No. 1140: A bill for an act relating to crime prevention; prohibiting children under the age of 17 from renting or purchasing certain video games; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 609.

Senator Ranum moved to amend S.F. No. 1140 as follows:

Page 1, line 12, before "A" insert "(a)"

Page 1, after line 15, insert:

"(b) A person who knowingly sells or rents a restricted video game to a person under the age of 17 is guilty of a petty misdemeanor."

Amend the title accordingly

CALL OF THE SENATE

Senator Limmer imposed a call of the Senate for the balance of the proceedings on S.F. No. 1140. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Ranum amendment.

The roll was called, and there were yeas 32 and nays 30, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Limmer	Pogemiller	Solon
Bachmann	Hann	Marko	Ranum	Stumpf
Berglin	Hottinger	Marty	Robling	Wergin
Cohen	Johnson, D.E.	Metzen	Scheid	Wiger
Dibble	Kleis	Neuville	Senjem	
Dille	Kubly	Ortman	Skoe	
Foley	Langseth	Pariseau	Skoglund	

Those who voted in the negative were:

Belanger	Higgins	Koering	Moua	Rest
Betzold	Johnson, D.J.	Larson	Murphy	Rosen
Chaudhary	Jungbauer	LeClair	Nienow	Ruud
Day	Kelley	Lourey	Ourada	Sams
Fischbach	Kiscaden	McGinn	Pappas	Sparks
Gaither	Knutson	Michel	Reiter	Vickerman

The motion prevailed. So the amendment was adopted.

Senator Reiter moved that S.F. No. 1140 be re-referred to the Committee on Commerce and Utilities. The motion did not prevail.

RECONSIDERATION

Having voted on the prevailing side, Senator Anderson moved that the vote whereby the Ranum amendment to S.F. No. 1140 was adopted on May 8, 2003, be now reconsidered.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 35 and nays 25, as follows:

Those who voted in the affirmative were:

Anderson	Hann	Kubly	Murphy	Rosen
Bachmann	Higgins	Langseth	Nienow	Ruud
Belanger	Hottinger	Larson	Ortman	Sams
Betzold	Johnson, D.E.	LeClair	Pappas	Scheid
Cohen	Kelley	Lourey	Pogemiller	Skoe
Fischbach	Kiscaden	Metzen	Rest	Sparks
Frederickson	Knutson	Moua	Robling	Wergin

Those who voted in the negative were:

Berglin	Gaither	Limmer	Neuville	Skoglund
Chaudhary	Johnson, D.J.	Marko	Ourada	Solon
Dibble	Jungbauer	Marty	Ranum	Stumpf
Dille	Kleis	McGinn	Reiter	Vickerman
Foley	Koering	Michel	Senjem	Wiger

The motion prevailed. So the vote was reconsidered.

Senator Ranum withdrew her amendment.

Senator Ortman moved to amend S.F. No. 1140 as follows:

Page 1, after line 15, insert:

"Subd. 3. [POSTED SIGN REQUIRED.] A person or entity engaged in the retail business of selling or renting video games from a location or structure with access to the public shall post a sign in a location that is clearly visible to consumers. The sign must display the following language: "It is against the law for a person under 17 to rent or purchase a video game rated AO or M. Violators may be subject to a \$25 penalty.""

The motion prevailed. So the amendment was adopted.

Senator Neuville moved to amend S.F. No. 1140 as follows:

Page 1, after line 6, insert:

"Section 1. Minnesota Statutes 2002, section 144.335, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(a) "Patient" means a natural person who has received health care services from a provider for treatment or examination of a medical, psychiatric, or mental condition, the surviving spouse and parents of a deceased patient, or a person the patient appoints in writing as a representative, including a health care agent acting pursuant to chapter 145C, unless the authority of the agent has been limited by the principal in the principal's health care directive. ~~Except for minors who have received health care services pursuant to sections 144.341 to 144.347,~~ In the case of a minor, patient includes a parent or guardian, or a person acting as a parent or guardian in the absence of a parent or guardian.

(b) "Provider" means (1) any person who furnishes health care services and is regulated to furnish the services pursuant to chapter 147, 147A, 147B, 147C, 147D, 148, 148B, 148C, 150A, 151, 153, or 153A, or Minnesota Rules, chapter 4666; (2) a home care provider licensed under section 144A.46; (3) a health care facility licensed pursuant to this chapter or chapter 144A; (4) a physician assistant registered under chapter 147A; and (5) an unlicensed mental health practitioner regulated pursuant to sections 148B.60 to 148B.71.

(c) "Individually identifiable form" means a form in which the patient is or can be identified as the subject of the health records.

Sec. 2. Minnesota Statutes 2002, section 144.343, subdivision 1, is amended to read:

Subdivision 1. [MINOR'S CONSENT VALID.] Any minor may give effective consent for medical, mental and other health services to determine the presence of or to treat pregnancy and conditions associated therewith, venereal disease, alcohol and other drug abuse, and the consent of no other person is required. This section does not preclude parents from having access to the medical records of their unemancipated minor children."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Berglin questioned whether the amendment was germane.

The President ruled that the amendment was not germane.

S.F. No. 1140 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 53 and nays 8, as follows:

Those who voted in the affirmative were:

Anderson	Gaither	Larson	Nienow	Scheid
Bachmann	Hann	Limmer	Ortman	Senjem
Belanger	Higgins	Lourey	Ourada	Skoe
Berglin	Hottinger	Marko	Pappas	Skoglund
Betzold	Johnson, D.E.	Marty	Pariseau	Sparks
Cohen	Jungbauer	McGinn	Pogemiller	Stumpf
Day	Kierlin	Metzen	Ranum	Vickerman
Dibble	Kleis	Michel	Rest	Wergin
Dille	Knutson	Moua	Robling	Wiger
Fischbach	Kubly	Murphy	Rosen	
Foley	Langseth	Neuville	Sams	

Those who voted in the negative were:

Chaudhary	Kelley	LeClair	Ruud	Solon
Johnson, D.J.	Koering	Reiter		

So the bill, as amended, was passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committees and Second Reading of Senate Bills.

REPORTS OF COMMITTEES

Senator Hottinger moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

Senator Hottinger from the Committee on Rules and Administration, to which was re-referred

S.F. No. 794: A bill for an act relating to energy; amending the definition of a radioactive waste management facility; specifying the applicability of the renewable development fund; authorizing sufficient dry cask storage capacity to allow the nuclear reactors at the Prairie Island nuclear generation facility to operate until the end of their current licenses; requiring a public utility that owns a nuclear generation facility to seek commission approval for additional storage capacity for spent nuclear fuel; amending Minnesota Statutes 2002, sections 116C.71, subdivision 7; 116C.779; 216B.1645, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 116C.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2002, section 116C.71, subdivision 7, is amended to read:

Subd. 7. [RADIOACTIVE WASTE MANAGEMENT FACILITY.] "Radioactive waste management facility" means a geographic site, including buildings, structures, and equipment in or upon which radioactive waste is retrievably or irretrievably disposed by burial in soil or permanently stored. An independent spent fuel storage installation located on the site of a Minnesota nuclear generation facility for dry cask storage of spent nuclear fuel generated solely by that facility is not a radioactive waste management facility.

Sec. 2. Minnesota Statutes 2002, section 116C.779, is amended to read:

116C.779 [FUNDING FOR RENEWABLE DEVELOPMENT.]

Subdivision 1. [RENEWABLE DEVELOPMENT FUND.] (a) The public utility that operates owns the Prairie Island nuclear generating plant must transfer to a renewable development account \$500,000 each year for each dry cask containing spent fuel that is located at the independent spent fuel storage installation at Prairie Island after January 1, 1999 \$8,500,000 annually. Beginning January 1, 2005, if a contracted biomass project of 50 megawatts is terminated, the public utility shall transfer an additional \$8,500,000 per year to the renewable development account. The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent fuel storage facility at Prairie Island for any part of a year in which the plant is in operation. Funds in the account may be expended only for development of renewable and sustainable energy sources. Preference must be given to development of renewable and sustainable energy source projects located within the state.

(b) Expenditures from the account may only be made after approval by order of the public utilities commission upon a petition by the public utility.

Subd. 2. [HYDROGEN ECONOMY RESEARCH.] (a) Notwithstanding subdivision 1, \$2,500,000 annually from the renewable development account must be allocated to support basic and applied research at the Minnesota hydrogen and renewables research center at the University of Minnesota.

(b) Research funded under this subdivision must focus on:

(1) conversion of state wind resources to hydrogen for energy storage and transportation to areas of energy demand;

(2) improvement of scalable hydrogen fuel cells for stationary combined electricity generation and heating/cooling function for residential and commercial use; and

(3) processing of agricultural and forestry plant products for production of hydrogen and other fuels and sequestration of carbon using a variety of means, including biocatalysis and fermentation.

Sec. 3. [116C.83] [AUTHORIZATION FOR ADDITIONAL DRY CASK STORAGE.]

Subdivision 1. [AUTHORIZATION TO END OF CURRENT PRAIRIE ISLAND LICENSE.] (a) Subject to the cask storage limits of the federal license for the independent spent fuel storage installation at Prairie Island, the public utility that owns the Prairie Island nuclear generation plant has authorization for sufficient dry cask storage capacity at that installation to allow:

(1) the unit 1 reactor at Prairie Island to operate until the end of its current license in 2013; and

(2) the unit 2 reactor at Prairie Island to operate until the end of its current license in 2014.

(b) A settlement agreement between the Mdewakanton Dakota Tribal Council at Prairie Island, a federally recognized Indian Tribe, and the public utility, to resolve outstanding issues with

respect to the provisions of Laws 1994, chapter 641, article 1, section 4, shall provide for payments to be used for, among other purposes, acquiring land in the state of Minnesota for placement in trust.

Subd. 2. [COMMISSION AND LEGISLATIVE PROCESS FOR FUTURE ADDITIONAL AUTHORIZATION.] (a) Authorization of any additional dry cask storage other than that provided for in subdivision 1, or expansion or establishment of an independent spent fuel storage facility at a nuclear generation facility in this state is subject to approval of a certificate of need by the public utilities commission pursuant to section 216B.243.

(b) The certificate of need approved by the commission under paragraph (a) shall be stayed until the June 1 following the next regular annual session of the legislature that begins after the date of the commission decision to approve the certificate of need. The stay of the certificate of need shall apply to the construction of the concrete pad and other site structures of the independent spent fuel storage installation and not the fabrication of spent fuel storage casks, if the utility accepts the business risk associated therewith. If the legislature does not modify or reject the certificate of need approved by the commission by law enacted during such regular legislative session, authorization under the certificate of need shall become effective on the expiration of the stay.

Subd. 3. [OTHER CONDITIONS.] (a) The storage of spent nuclear fuel in the pool and in dry casks at a nuclear generating plant must be managed to facilitate the shipment of waste out of state to a permanent or interim storage facility as soon as feasible in a manner that allows the continued operation of the plant consistent with sections 116C.71 to 116C.83 and 216B.1645, subdivision 2.

(b) The authorization for storage capacity pursuant to this section is limited to the storage of spent nuclear fuel generated by a Minnesota nuclear generation facility and stored on the site of that facility.

Sec. 4. [216B.0975] [DISCONNECTION DURING EXTREME HEAT CONDITIONS; RECONNECTION.]

A utility may not effect an involuntary disconnection of services in affected counties when an excessive heat watch, heat advisory, or excessive heat warning issued by the national weather service is in effect. For purposes of this section, "utility" means a public utility providing electric service, municipal utility, or cooperative electric association.

Sec. 5. Minnesota Statutes 2002, section 216B.1645, subdivision 2, is amended to read:

Subd. 2. [COST RECOVERY.] The expenses incurred by the utility over the duration of the approved contract or useful life of the investment and expenditures made pursuant to section 116C.779 and an agreement with the Mdewakanton Dakota Tribal Council at Prairie Island regarding the provisions of Laws 1994, chapter 641, article 1, section 4, shall be recoverable from the ratepayers of the utility, to the extent they are not offset by utility revenues attributable to the contracts, investments, or expenditures. Upon petition by a public utility, the commission shall approve or approve as modified a rate schedule providing for the automatic adjustment of charges to recover the expenses or costs approved by the commission, which, in the case of transmission expenditures, are limited to the portion of actual transmission costs that are directly allocable to the need to transmit power from the renewable sources of energy. The commission may not approve recovery of the costs for that portion of the power generated from sources governed by this section that the utility sells into the wholesale market.

Sec. 6. Minnesota Statutes 2002, section 216B.1691, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) "Eligible energy technology" means an energy technology that:

(1) generates electricity from the following renewable energy sources: solar; wind; hydroelectric with a capacity of less than 60 megawatts; or biomass, which shall include an energy recovery facility used to capture the heat value of mixed municipal solid waste including refuse-derived fuel as a primary fuel; and

(2) was not mandated by state energy law or commission order enacted or issued prior to August 1, 2001.

(b) "Electric utility" means a public utility providing electric service, a generation and transmission cooperative electric association, or a municipal power agency.

Sec. 7. Minnesota Statutes 2002, section 216B.1691, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE ENERGY OBJECTIVES.] (a) Each electric utility shall make a good faith effort to generate or procure sufficient electricity generated by an eligible energy technology to provide its retail consumers, or the retail members of a distribution utility to which the electric utility provides wholesale electric service, so that:

(1) commencing in 2005, at least one percent of the electric energy provided to those retail customers is generated by eligible energy technologies;

(2) the amount provided under clause (1) is increased by one percent each year until 2015;

(3) ten percent of the electric energy provided to retail customers in Minnesota is generated by eligible energy technologies; and

(4) of the eligible energy technology generation required under clauses (1) and (2), at least but not more than 0.5 percent of the energy must be generated by biomass energy technologies, including an energy recovery facility used to capture the heat value of mixed municipal solid waste including refuse-derived fuel as a primary fuel, by 2010 and one percent by 2015 2005. By 2010, 1.0 percent of the eligible energy technology generation required under clauses (1) and (2) shall be generated by the sources described in this clause. An energy recovery facility, as described in subdivision 1, clause (1), with a power sales agreement in effect as of the date of this act that terminates after December 31, 2010, does not qualify as an eligible energy technology unless the agreement provides for rate adjustment in the event the facility qualifies as a renewable energy source.

(b) Each electric utility shall report on its activities and progress with regard to these objectives in their filings under section 216B.2422.

(c) The commission, in consultation with the commissioner of commerce, shall compile the information provided to the commission under paragraph (b), and report to the chairs of the house of representatives and senate committees with jurisdiction over energy and environment policy issues as to the progress of utilities in the state in increasing the amount of renewable energy provided to retail customers, with any recommendations for regulatory or legislative action, by January 15, 2002.

Sec. 8. Minnesota Statutes 2002, section 216B.241, subdivision 1b, is amended to read:

Subd. 1b. [CONSERVATION IMPROVEMENT BY COOPERATIVE ASSOCIATION OR MUNICIPALITY.] (a) This subdivision applies to:

(1) a cooperative electric association that provides retail service to its members;

(2) a municipality that provides electric service to retail customers; and

(3) a municipality with gross operating revenues in excess of \$5,000,000 from sales of natural gas to retail customers.

(b) Each cooperative electric association and municipality subject to this subdivision shall spend and invest for energy conservation improvements under this subdivision the following amounts:

(1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas and 1.5 percent of its gross operating revenues from the sale of electricity, excluding gross operating revenues from electric and gas service provided in the state to large electric customer facilities; and

(2) for a cooperative electric association, 1.5 percent of its gross operating revenues from service provided in the state, excluding gross operating revenues from service provided in the state to large electric customer facilities indirectly through a distribution cooperative electric association.

(c) Each municipality and cooperative electric association subject to this subdivision shall identify and implement energy conservation improvement spending and investments that are appropriate for the municipality or association, except that a municipality or association may not spend or invest for energy conservation improvements that directly benefit a large electric customer facility for which the commissioner has issued an exemption under subdivision 1a, paragraph (b).

(d) Each municipality and cooperative electric association subject to this subdivision may spend and invest annually up to ten percent of the total amount required to be spent and invested on energy conservation improvements under this subdivision on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the municipality or cooperative electric association.

(e) Load-management activities that do not reduce energy use but that increase the efficiency of the electric system may be used to meet the following percentage of the conservation investment and spending requirements of this subdivision:

- (1) 2002 - 90 percent;
- (2) 2003 - 80 percent;
- (3) 2004 - 65 percent; and
- (4) 2005 and thereafter - 50 percent.

(f) A generation and transmission cooperative electric association that provides energy services to cooperative electric associations that provide electric service at retail to consumers may invest in energy conservation improvements on behalf of the associations it serves and may fulfill the conservation, spending, reporting, and energy savings goals on an aggregate basis. A municipal power agency or other not-for-profit entity that provides energy service to municipal utilities that provide electric service at retail may invest in energy conservation improvements on behalf of the municipal utilities it serves and may fulfill the conservation, spending, reporting, and energy savings goals on an aggregate basis, under an agreement between the municipal power agency or not-for-profit entity and each municipal utility for funding the investments.

(g) By June 1, 2002, and every two years thereafter, each municipality or cooperative shall file an overview of its conservation improvement plan with the commissioner. With this overview, the municipality or cooperative shall also provide an evaluation to the commissioner detailing its energy conservation improvement spending and investments for the previous period. The evaluation must briefly describe each conservation program and must specify the energy savings or increased efficiency in the use of energy within the service territory of the utility or association that is the result of the spending and investments. The evaluation must analyze the cost effectiveness of the utility's or association's conservation programs, using a list of baseline energy and capacity savings assumptions developed in consultation with the department.

The commissioner shall review each evaluation and make recommendations, where appropriate, to the municipality or association to increase the effectiveness of conservation improvement activities. Up to three percent of a utility's conservation spending obligation under this section may be used for program pre-evaluation, testing, and monitoring and program evaluation. The overview filed by a municipality with less than \$2,500,000 in annual gross revenues from the retail sale of electric service may consist of a letter from the governing board of the municipal utility to the department providing the amount of annual conservation spending required of that municipality and certifying that the required amount has been spent on conservation programs pursuant to this subdivision.

(h) The commissioner shall also review each evaluation for whether a portion of the money spent on residential conservation improvement programs is devoted to programs that directly address the needs of renters and low-income persons unless an insufficient number of appropriate programs are available. For the purposes of this subdivision and subdivision 2, "low-income" means an income at or below 50 percent of the state median income.

(i) As part of its spending for conservation improvement, a municipality or association may contribute to the energy and conservation account. A municipality or association may propose to the commissioner to designate that all or a portion of funds contributed to the account be used for research and development projects that can best be implemented on a statewide basis. Any amount contributed must be remitted to the commissioner by February 1 of each year.

(j) A municipality may spend up to 50 percent of its required spending under this section to refurbish an existing district heating or cooling system.

Sec. 9. Minnesota Statutes 2002, section 216B.2424, subdivision 5, is amended to read:

Subd. 5. [MANDATE.] (a) A public utility, as defined in section 216B.02, subdivision 4, that operates a nuclear-powered electric generating plant within this state must construct and operate, purchase, or contract to construct and operate (1) by December 31, 1998, 50 megawatts of electric energy installed capacity generated by farm-grown closed-loop biomass scheduled to be operational by December 31, 2001; and (2) by December 31, 1998, an additional 75 megawatts of installed capacity so generated scheduled to be operational by December 31, 2002.

(b) Of the 125 megawatts of biomass electricity installed capacity required under this subdivision, no more than 50 megawatts of this capacity may be provided by a facility that uses poultry litter as its primary fuel source and any such facility:

(1) need not use biomass that complies with the definition in subdivision 1;

(2) must enter into a contract with the public utility for such capacity, that has an average purchase price per megawatt hour over the life of the contract that is equal to or less than the average purchase price per megawatt hour over the life of the contract in contracts approved by the public utilities commission before April 1, 2000, to satisfy the mandate of this section, and file that contract with the public utilities commission prior to September 1, 2000; and

(3) must schedule such capacity to be operational by December 31, 2002.

(c) Of the total 125 megawatts of biomass electric energy installed capacity required under this section, no more than 75 megawatts may be provided by a single project.

(d) Of the 75 megawatts of biomass electric energy installed capacity required under paragraph (a), clause (2), no more than 25 33 megawatts of this capacity may be provided by a St. Paul district heating and cooling system cogeneration facility utilizing waste wood as a primary fuel source. The St. Paul district heating and cooling system cogeneration facility need not use biomass that complies with the definition in subdivision 1.

(e) The public utility must accept and consider on an equal basis with other biomass proposals:

(1) a proposal to satisfy the requirements of this section that includes a project that exceeds the megawatt capacity requirements of either paragraph (a), clause (1) or (2), and that proposes to sell the excess capacity to the public utility or to other purchasers; and

(2) a proposal for a new facility to satisfy more than ten but not more than 20 megawatts of the electrical generation requirements by a small business-sponsored independent power producer facility to be located within the northern quarter of the state, which means the area located north of Constitutional Route No. 8 as described in section 161.114, subdivision 2, and that utilizes biomass residue wood, sawdust, bark, chipped wood, or brush to generate electricity. A facility described in this clause is not required to utilize biomass complying with the definition in subdivision 1, but must have the capacity required by this clause operational by December 31, 2002.

(f) If a public utility files a contract with the commission for electric energy installed capacity that uses poultry litter as its primary fuel source, the commission must do a preliminary review of the contract to determine if it meets the purchase price criteria provided in paragraph (b), clause (2), of this subdivision. The commission shall perform its review and advise the parties of its determination within 30 days of filing of such a contract by a public utility. A public utility may submit by September 1, 2000, a revised contract to address the commission's preliminary determination.

(g) The commission shall finally approve, modify, or disapprove no later than July 1, 2001, all contracts submitted by a public utility as of September 1, 2000, to meet the mandate set forth in this subdivision.

(h) If a public utility subject to this section exercises an option to increase the generating capacity of a project in a contract approved by the commission prior to April 25, 2000, to satisfy the mandate in this subdivision, the public utility must notify the commission by September 1, 2000, that it has exercised the option and include in the notice the amount of additional megawatts to be generated under the option exercised. Any review by the commission of the project after exercise of such an option shall be based on the same criteria used to review the existing contract.

(i) A facility specified in this subdivision qualifies for exemption from property taxation under section 272.02, subdivision 43.

Sec. 10. Minnesota Statutes 2002, section 216C.051, subdivision 2, is amended to read:

Subd. 2. [ESTABLISHMENT.] (a) There is established a legislative electric energy task force to study future electric energy sources and costs and to make recommendations for legislation for an environmentally and economically sustainable and advantageous electric energy supply.

(b) The task force consists of:

(1) ~~ten~~ eight members of the house of representatives including the chairs of the environment and natural resources committee and regulated industries subcommittee committees and ~~eight~~ six members to be appointed by the speaker of the house, ~~four~~ three of whom must be from the minority caucus; and

(2) ~~ten~~ eight members of the senate including the chairs of the environment and natural resources and jobs, energy, and community development commerce and utilities committees and ~~eight~~ six members to be appointed by the subcommittee on committees, ~~four~~ three of whom must be from the minority caucus.

(c) The task force may employ staff, contract for consulting services, and may reimburse the expenses of persons requested to assist it in its duties other than state employees or employees of electric utilities. The director of the legislative coordinating commission shall assist the task force in administrative matters. The task force shall elect cochair, one member of the house and one member of the senate from among the committee and subcommittee chairs named to the committee. The task force members from the house shall elect the house cochair, and the task force members from the senate shall elect the senate cochair.

Sec. 11. Minnesota Statutes 2002, section 216C.051, subdivision 3, is amended to read:

Subd. 3. [FUTURE ENERGY SOLUTIONS; TECHNICAL AND ECONOMIC ANALYSIS.] (a) In light of the electric energy guidelines established in subdivision 7 and ~~in light of existing conservation improvement programs and plans, utility resource plans, and other existing energy plans and analyses, the legislative task force on energy shall undertake an analysis of the technical and economic feasibility of an electric energy future for the state that relies on environmentally and economically sustainable and advantageous electric energy supply utility resource plans and competitive bidding dockets before the commission, the task force shall gather information and make recommendations to the legislature regarding potential electric energy resources. The task force shall may contract with one or more energy policy experts and energy economists to assist it in its analysis. The task force may not contract for service nor employ any person who was involved in any capacity in any portion of any proceeding before the public utilities commission,~~

the administrative law judge, the state court of appeals, or the United States Nuclear Regulatory Commission related to the dry cask storage proposal on Prairie Island. The task force must gather information on at least the following electric energy resources, but may expand its inquiry as warranted by the information collected:

- (1) wind energy;
- (2) hydrogen as a fuel carrier produced from renewable and fossil fuel resources;
- (3) biomass;
- (4) decomposition gases produced by solid waste management facilities; and
- (5) solid waste as a direct fuel or refuse-derived fuel.

(b) The analysis must address In evaluating these electric energy resources, the task force must consider at least the following:

(1) to the best of forecasting abilities, how much electric generation capacity and demand for electric energy is necessary to maintain a strong economy and a high quality of life in the state over the next 15 to 20 years; how is this demand level affected by achievement of the maximum reasonably feasible and cost-effective demand side management and generation and distribution efficiencies;

(2) what alternative forms of energy can provide a stable supply of energy and are producible and sustainable in the state and at what cost;

(3) what are the costs to the state and ratepayers to ensure that new electric energy generation utilizes less environmentally damaging sources; how do those costs change as the time frame for development and implementation of new generation sources is compressed;

(4) what are the implications for delivery systems for energy produced in areas of the state that do not now have high-volume transmission capability; are new transmission technologies being developed that can address some of the concerns with transmission; can a more dispersed electric generation system lessen the need for long-distance transmission;

(5) what are the actual costs and benefits of purchasing electricity and fuel to generate electricity from outside the state; what are the present costs to the state's economy of exporting a large percentage of the state's energy dollars and what is the future economic impact of continuing to do so;

(6) are there benefits to be had from a large immediate investment in quickly implementing alternative electric energy sources in terms of developing an exportable technology and/or commodity; is it feasible to turn around the flow of dollars for energy so that the state imports dollars and exports energy and energy technology; what is a reasonable time frame for the shift if it is possible;

(7) are there taxation or regulatory barriers to developing more sustainable and less problematic electric energy generation; what are they specifically and how can they be specifically addressed;

(8) can an approach be developed that moves quickly to development and implementation of alternative energy sources that can be forgiving of interim failures but that is also sufficiently deliberate to ensure ultimate success on a large scale; and

(9) in what specific ways can the state assist regional energy suppliers to accelerate phasing out energy production processes that produce wastes or emissions that must necessarily be carefully controlled and monitored to minimize adverse effects on the environment and human health and to assist in developing and implementing base load energy production that both prevents or minimizes by its nature adverse environmental and human health effects and utilizes resources that are available or producible in the state;

~~(10) whether there is a need to establish additional dislocated worker assistance for workers at the Prairie Island nuclear power plant; if so, how that assistance should be structured;~~

~~(11) can the state monitor, evaluate, and affect federal actions relating to permanent storage of high-level radioactive waste; what actions by the state over what period of time would expedite federal action to take responsibility for the waste;~~

~~(12) should the state establish a legislative oversight commission on energy issues; should the responsibilities of an oversight commission be coordinated with the activities of the public utilities commission and the department of public service and if so, how; and~~

~~(13) is it feasible to convert existing nuclear power and coal-fired electric generating plants to utilization of energy sources that result in significantly less environmental damage; if so, what are the short-term and long-term costs and benefits of doing so; how do shorter or longer time periods for conversion affect the cost/benefit analysis.~~

(c) The task force must study issues related to the transportation of spent nuclear fuel from this state to interim or permanent repositories outside this state.

Sec. 12. Minnesota Statutes 2002, section 216C.051, is amended by adding a subdivision to read:

Subd. 4a. [REPORT AND RECOMMENDATIONS.] By January 15, 2005, and every two years thereafter, the task force shall submit a report to the chairs of the committees in the house of representatives and in the senate that have responsibility for energy and for environmental and natural resources issues that contains an overview of information gathered and analyses that have been prepared, and specific recommendations, if any, for legislative action that will ensure development and implementation of electric energy policy that will provide the state with adequate, sustainable, and economic electric power for the long-term.

Sec. 13. Minnesota Statutes 2002, section 216C.051, subdivision 6, is amended to read:

Subd. 6. [ASSESSMENT; APPROPRIATION.] On request by the cochairs of the legislative task force and after approval of the legislative coordinating commission, the commissioner of commerce shall assess from all public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing electric or natural gas services in Minnesota, in addition to assessments made under section 216B.62, the amount requested for the operation of the task force not to exceed \$150,000 \$250,000 in a fiscal year. The amount assessed under this section is appropriated to the director of the legislative coordinating commission for those purposes, and is available until expended. The department shall apportion those costs among all energy utilities in proportion to their respective gross operating revenues from the sale of gas or electric service within the state during the last calendar year. For the purposes of administrative efficiency, the department shall assess energy utilities and issue bills in accordance with the billing and assessment procedures provided in section 216B.62, to the extent that these procedures do not conflict with this subdivision.

Sec. 14. Minnesota Statutes 2002, section 216C.051, subdivision 9, is amended to read:

Subd. 9. [EXPIRATION.] This section is repealed June 30, ~~2005~~ 2007.

Sec. 15. [REDUCTION OF BIOMASS MANDATE.]

Notwithstanding Minnesota Statutes, section 216B.2424, the biomass electric energy mandate shall be reduced from 125 megawatts to 83 megawatts. The public utilities commission shall not approve any request for a deadline extension for obtaining financing beyond September 1, 2004, for any contract previously approved to satisfy a portion of the biomass mandate. Any new or expanded contract for mandated biomass above a total of 75 megawatts contracted for pursuant to Minnesota Statutes, section 216B.2424, shall be limited to the public utility's avoided cost of generation.

Sec. 16. [REFURBISHMENT OF METROPOLITAN GENERATING PLANTS.]

(a) The public utility that owns the Prairie Island nuclear generation facility shall immediately provide all remaining information that the commission may request with regard to its plans to

undertake the repowering and upgrading of its electric generation facilities located in the metropolitan area, as described in its metropolitan emission reduction plan filed with the public utilities commission in July 2002. The commission shall within six months render its decision on the plan.

(b) Notwithstanding Minnesota Statutes, section 216B.1692, subdivision 1, clause (2), and subdivision 5, paragraphs (c) and (d), all investments in repowering, emissions reduction technologies and equipment, and power plant rehabilitation and life extension included in the plan filed in July 2002 and currently pending before the commission are deemed qualifying projects under Minnesota Statutes, section 216B.1692, and all costs related to all such investments are eligible for rider recovery under Minnesota Statutes, section 216B.1692, subdivision 5.

Sec. 17. [CREATION OF AN ENERGY ENTERPRISE ZONE.]

Subdivision 1. [PURPOSE.] In order to encourage the state's interest in innovative clean energy sources and in recovery in the most economically problematic regions of the state, an energy enterprise zone is hereby authorized, to consist of:

(1) one or more industrial sites capable of hosting at least 750 megawatts of baseload or intermediate electrical generation capacity, which shall not exceed 5,000 acres; and

(2) one or more sites capable of hosting up to 250 megawatts of renewable or hydrogen-fueled electrical generation capacity not to exceed the aggregate of 250 megawatts.

Subd. 2. [ELIGIBILITY FOR ENERGY ENTERPRISE ZONE DESIGNATION.] In order to be eligible for designation as an energy enterprise zone under this section, a proposed energy project must:

(1) make use of an innovative generation technology with production efficiencies greater than traditional generation technologies and with significantly reduced emissions;

(2) be located in the taconite tax relief area of the state on a site with infrastructure to support new or expanded development and be designated by the commissioner of the iron range resources and rehabilitation board under subdivision 3; and

(3) for the renewable or hydrogen-fueled project sites, use as a primary fuel source solar, wind, fuel cells, pumped storage, or biomass energy, hydrogen, or hydroelectric energy with a capacity of less than 60 megawatts.

Subd. 3. [DESIGNATION OF ELIGIBLE AREA.] Upon receiving a proposal for an energy enterprise zone under this section, the commissioner of the iron range resources and rehabilitation board shall determine whether the energy project satisfies the criteria in subdivision 1 and shall designate the energy enterprise zone. The commissioner shall give priority to any projects that have received prior financial and other support from the board.

Subd. 4. [REGULATORY INCENTIVES.] (a) Projects designated as energy enterprise zones under this section:

(1) are granted a certificate of need under Minnesota Statutes, section 216B.243, for the generation facilities and transmission infrastructure associated with the generation facilities, but are subject to all applicable environmental review and permitting procedures of Minnesota Statutes, sections 116C.51 to 116C.69;

(2) once permitted and constructed, are eligible to increase the capacity of the associated transmission facilities without additional state review upon filing notice with the commission;

(3) have the power of eminent domain, which shall be limited to the sites and routes approved by the environmental quality board for the project facilities;

(4) shall qualify as an "eligible energy technology" for purposes of Minnesota Statutes, section 216B.1691; and

(5) shall, prior to the approval by the commission of any arrangement of an eligible entity to build or expand a fossil-fuel-fired generation facility, or enter into an agreement to purchase capacity or energy from such a facility for a term exceeding five years, be considered as a supply option for such generation facility, and the commission shall ensure such consideration and take any action with respect to such supply proposal that it deems to be in the best interest of ratepayers. "Eligible entity" means any entity subject to the resource planning requirements of state law, and whose most recent resource plan demonstrates a need for at least 450 megawatts of new generation capacity or energy resources.

(b) This subdivision does not apply to competitive solicitations for which bids have been received or proposals to add utility-owned resources that are pending before the public utilities commission.

Sec. 18. [RENEWABLE DEVELOPMENT FUND ADMINISTRATION.]

The public utilities commission may review the appropriateness of the transfer of the administration of the renewable development account under Minnesota Statutes, section 116C.779, to an organization with a board of directors that includes representatives from the public utility currently administering the fund, environmental organizations, the Mdewakanton Dakota Community, and other affected communities.

Sec. 19. [SUNSET.]

Minnesota Statutes, section 116C.779, subdivision 2, expires June 30, 2007. Minnesota Statutes, section 216B.241, subdivision 1b, paragraph (j), expires July 1, 2007.

Sec. 20. [REPEALER.]

Minnesota Statutes 2002, section 216C.051, subdivisions 1, 4, and 5, are repealed.

Sec. 21. [EFFECTIVE DATE.]

Sections 1 to 20 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to energy; amending the definition of a radioactive waste management facility; increasing funding for renewable development; specifying the applicability of the renewable development fund; authorizing sufficient dry cask storage capacity to allow the nuclear reactors at the Prairie Island nuclear generation facility to operate until the end of their current licenses; modifying duties of the legislative energy task force; amending Minnesota Statutes 2002, sections 116C.71, subdivision 7; 116C.779; 216B.1645, subdivision 2; 216B.1691, subdivisions 1, 2; 216B.241, subdivision 1b; 216B.2424, subdivision 5; 216C.051, subdivisions 2, 3, 6, 9, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 116C; 216B; repealing Minnesota Statutes 2002, section 216C.051, subdivisions 1, 4, 5."

And when so amended the bill be reported to the Senate without recommendation. Amendments adopted. Report adopted.

Senator Hottinger from the Committee on Rules and Administration, to which was re-referred

S.F. No. 733: A bill for an act relating to energy; declaring the goal of moving Minnesota to a hydrogen energy economy; providing incentive payments for producing qualified hydrogen; supporting research and development related to hydrogen energy; providing a sales tax exemption for hydrogen and hydrogen fuel cells; providing an exemption from the motor vehicle excise tax for hydrogen-fueled vehicles; amending Minnesota Statutes 2002, sections 116C.779; 216B.1691, subdivision 1; 216B.241, subdivisions 1, 2; 216B.2422, subdivision 1; 216C.41, subdivisions 1, 2, 3, 4, 5; 297A.67, by adding a subdivision; 297B.03; proposing coding for new law in Minnesota Statutes, chapter 216B.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1
DRY CASK STORAGE

Section 1. [116C.83] [AUTHORIZATION FOR ADDITIONAL DRY CASK STORAGE.]

Subdivision 1. [AUTHORIZATION.] Subject to the cask storage limits of the federal license for the independent spent fuel storage installation at Prairie Island, the public utility that owns the Prairie Island nuclear generation plant has authorization without additional administrative review to place an additional 12 TN-40 casks at that installation to allow:

- (1) the unit 1 reactor at Prairie Island to operate until the end of its current license in 2013; and
- (2) the unit 2 reactor at Prairie Island to operate until the end of its current license in 2014.

Subd. 2. [SETTLEMENT WITH TRIBE.] The authorization contained in subdivision 1 is not effective until the public utility enters into a settlement agreement with the Mdewakanton Dakota Tribal Council at Prairie Island, a federally recognized Indian Tribe, to resolve outstanding disputes with respect to the provisions of Laws 1994, chapter 641, article 1, section 4. The settlement agreement shall provide for payments to the tribe of at least \$2,250,000 annually for a period of at least ten years to be used for, among other purposes, acquiring land in the state of Minnesota for placement in trust.

Sec. 2. Minnesota Statutes 2002, section 216B.1645, subdivision 2, is amended to read:

Subd. 2. [COST RECOVERY.] The expenses incurred by the utility over the duration of the approved contract or useful life of the investment and expenditures made pursuant to section 116C.779 and an agreement with the Mdewakanton Dakota Tribal Council at Prairie Island regarding the provisions of Laws 1994, chapter 641, article 1, section 4, shall be recoverable from the ratepayers of the utility, to the extent they are not offset by utility revenues attributable to the contracts, investments, or expenditures. Upon petition by a public utility, the commission shall approve or approve as modified a rate schedule providing for the automatic adjustment of charges to recover the expenses or costs approved by the commission, which, in the case of transmission expenditures, are limited to the portion of actual transmission costs that are directly allocable to the need to transmit power from the renewable sources of energy. The commission may not approve recovery of the costs for that portion of the power generated from sources governed by this section that the utility sells into the wholesale market.

Sec. 3. Minnesota Statutes 2002, section 216B.243, subdivision 3b, is amended to read:

Subd. 3b. [NUCLEAR POWER PLANT; NEW CONSTRUCTION PROHIBITED; RELICENSING.] (a) The commission may not issue a certificate of need for the construction of a new nuclear-powered electric generating plant.

(b) A public utility that operates a nuclear generating facility in the state must seek and obtain approval by the commission of a proposal to renew a federal license to operate that nuclear generation facility beyond the initial license period. The commission shall treat the proposal to seek such a renewal as a proposal for construction of a new large energy facility for the purpose of this section and section 216B.2422.

(c) Within 30 days of issuing a decision to authorize continued operation of a nuclear generation facility, the commission must issue a report to the chairs of the house of representatives and senate committees with jurisdiction over energy regulation and environmental protections, detailing the grounds for its decision. A decision by the commission to authorize continued operation of a nuclear generation facility under paragraph (b) is not effective until ratified by law.

ARTICLE 2
RENEWABLE ENERGY DEVELOPMENT

Section 1. Minnesota Statutes 2002, section 116C.779, is amended to read:

116C.779 [FUNDING FOR RENEWABLE DEVELOPMENT.]

Subdivision 1. [RENEWABLE DEVELOPMENT ACCOUNT.] (a) The public utility that operates owns the Prairie Island nuclear generating plant must transfer to a renewable development account \$500,000 each year for each dry cask containing spent fuel that is located at the independent spent fuel storage installation at Prairie Island after January 1, 1999 \$26,500,000 annually. The fund transfer must be made if waste is stored in a cask for any part of a year in which the plant is in operation. Funds in the account may be expended only for development of renewable energy sources and energy storage technologies that facilitate the development of intermittent renewable energy sources. Preference must be given to development of renewable energy source projects located within the state.

(b) Expenditures from the account may only be made after approval by order of the public utilities commission upon a petition by the public utility.

Subd. 2. [HYDROGEN ECONOMY RESEARCH.] (a) \$5,000,000 annually from the renewable development account must be allocated to support basic and applied research at the Minnesota hydrogen and renewables research center at the University of Minnesota.

(b) Research funded under this subdivision must focus on:

(1) conversion of state wind resources to hydrogen for energy storage and transportation to areas of energy demand;

(2) improvement of scalable hydrogen fuel cells for stationary combined electricity generation and heating/cooling function for residential and commercial use; and

(3) processing of agricultural and forestry plant products for production of hydrogen and other fuels and sequestration of carbon using a variety of means, including biocatalysis and fermentation.

Subd. 3. [WIND ENERGY PRODUCTION INCENTIVE.] (a) Until January 1, 2018, up to \$7,000,000 annually must be allocated from the account to fund the renewable energy production incentive for up to 150 megawatts of electricity generated by wind energy conversion systems larger than 40 kilowatts in size that are eligible for the incentive under section 216C.41. Any portion of the \$7,000,000 not expended in any calendar year for the incentive is available for other spending purposes under this section.

(b) The state energy office shall determine eligibility of projects under section 216C.41 for the purposes of this subdivision. At least quarterly, the state energy office shall notify the public utility of the name and address of each eligible project owner and the amount due to each project under section 216C.41. The public utility shall make payments within 15 working days after receipt of notification of payments due. Payments made more than 15 working days following receipt of notification of payments due must include late fees of:

(1) five percent for payments made up to 20 working days of notification;

(2) ten percent for payments made up to 25 working days of notification; and

(3) 25 percent for payments made after 25 working days of notification.

Late fees required under this section may not be charged to the renewable development account and may not be recovered from ratepayers.

Sec. 2. [216B.013] [HYDROGEN ENERGY ECONOMY GOAL.]

It is a goal of this state that Minnesota move to hydrogen as an increasing source of energy for its electrical power, heating, and transportation needs.

Sec. 3. Minnesota Statutes 2002, section 216B.1691, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) "Eligible energy technology" means an energy technology that:

(1) generates electricity from the following renewable energy sources: solar, wind, hydroelectric with a capacity of less than 60 megawatts, or biomass, or an energy recovery facility used to capture the heat value of mixed municipal solid waste or refuse-derived fuel; and

(2) was not mandated by state energy law or commission order enacted or issued prior to August 1, 2001.

(b) "Electric utility" means a public utility providing electric service, a generation and transmission cooperative electric association, or a municipal power agency.

Sec. 4. Minnesota Statutes 2002, section 216B.1691, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE ENERGY OBJECTIVES.] (a) Each electric utility shall make a good faith effort to generate or procure sufficient electricity generated by an eligible energy technology to provide its retail consumers, or the retail members of a distribution utility to which the electric utility provides wholesale electric service, so that:

(1) commencing in 2005, at least one percent of the electric energy provided to those retail customers is generated by eligible energy technologies;

(2) the amount provided under clause (1) is increased by one percent each year until 2015;

(3) ten percent of the electric energy provided to retail customers in Minnesota is generated by eligible energy technologies; and

(4) of the eligible energy technology generation required under clauses (1) and (2), at least but not more than 0.5 percent of the energy must be generated by biomass energy technologies or an energy recovery facility used to capture the heat value of mixed municipal solid waste or refuse-derived fuel by 2010 and one percent by 2015 2005. By 2010, one percent of the eligible energy technology generation required under clauses (1) and (2) shall be generated by the sources described in this clause. An energy recovery facility, as described in subdivision 1, clause (1), with a power sales agreement in effect as of the date of this act that terminates after December 31, 2010, does not qualify as an eligible energy technology unless the agreement provides for rate adjustment in the event the facility qualifies as a renewable energy source.

(b) Each electric utility shall report on its activities and progress with regard to these objectives in their filings under section 216B.2422.

(c) The commission, in consultation with the commissioner of commerce, shall compile the information provided to the commission under paragraph (b), and report to the chairs of the house of representatives and senate committees with jurisdiction over energy and environment policy issues as to the progress of utilities in the state in increasing the amount of renewable energy provided to retail customers, with any recommendations for regulatory or legislative action, by January 15, 2002.

Sec. 5. Minnesota Statutes 2002, section 216B.1691, is amended by adding a subdivision to read:

Subd. 3. [TRANSMISSION.] (a) Each electric utility shall determine necessary transmission upgrades to support development of renewable energy resources required to meet the renewable energy objective under this section and shall:

(1) seek approval for those upgrades from the appropriate regional transmission entity or entities at the earliest practicable date; and

(2) submit to the commission an application for certificates of need for those transmission upgrades, with a firm schedule for construction, not later than January 1, 2005.

(b) Transmission capacity upgrades under paragraph (a) qualify for rate treatment provided

under section 216B.1645, provided the utility coordinates the construction of the transmission capacity with the signing of power purchase agreements for wind generation.

Sec. 6. Minnesota Statutes 2002, section 216B.1691, is amended by adding a subdivision to read:

Subd. 4. [REQUIREMENT.] The good faith objective set forth in subdivision 2 shall be a requirement for the public utility that owns the Prairie Island nuclear generation plant, unless the cost of eligible energy technology is found by the commission to not be the utility's least cost energy source inclusive of ancillary services costs.

Sec. 7. Minnesota Statutes 2002, section 216B.2424, subdivision 5, is amended to read:

Subd. 5. [MANDATE.] (a) A public utility, as defined in section 216B.02, subdivision 4, that operates a nuclear-powered electric generating plant within this state must construct and operate, purchase, or contract to construct and operate (1) by December 31, 1998, 50 megawatts of electric energy installed capacity generated by farm-grown closed-loop biomass scheduled to be operational by December 31, 2001; and (2) by December 31, 1998, an additional 75 megawatts of installed capacity so generated scheduled to be operational by December 31, 2002.

(b) Of the 125 megawatts of biomass electricity installed capacity required under this subdivision, no more than 50 megawatts of this capacity may be provided by a facility that uses poultry litter as its primary fuel source and any such facility:

(1) need not use biomass that complies with the definition in subdivision 1;

(2) must enter into a contract with the public utility for such capacity, that has an average purchase price per megawatt hour over the life of the contract that is equal to or less than the average purchase price per megawatt hour over the life of the contract in contracts approved by the public utilities commission before April 1, 2000, to satisfy the mandate of this section, and file that contract with the public utilities commission prior to September 1, 2000; and

(3) must schedule such capacity to be operational by December 31, 2002.

(c) Of the total 125 megawatts of biomass electric energy installed capacity required under this section, no more than 75 megawatts may be provided by a single project.

(d) Of the 75 megawatts of biomass electric energy installed capacity required under paragraph (a), clause (2), no more than ~~25~~ 33 megawatts of this capacity may be provided by a St. Paul district heating and cooling system cogeneration facility utilizing waste wood as a primary fuel source. The St. Paul district heating and cooling system cogeneration facility need not use biomass that complies with the definition in subdivision 1.

(e) The public utility must accept and consider on an equal basis with other biomass proposals:

(1) a proposal to satisfy the requirements of this section that includes a project that exceeds the megawatt capacity requirements of either paragraph (a), clause (1) or (2), and that proposes to sell the excess capacity to the public utility or to other purchasers; and

(2) a proposal for a new facility to satisfy more than ten but not more than 20 megawatts of the electrical generation requirements by a small business-sponsored independent power producer facility to be located within the northern quarter of the state, which means the area located north of Constitutional Route No. 8 as described in section 161.114, subdivision 2, and that utilizes biomass residue wood, sawdust, bark, chipped wood, or brush to generate electricity. A facility described in this clause is not required to utilize biomass complying with the definition in subdivision 1, but must have the capacity required by this clause operational by December 31, 2002.

(f) If a public utility files a contract with the commission for electric energy installed capacity that uses poultry litter as its primary fuel source, the commission must do a preliminary review of the contract to determine if it meets the purchase price criteria provided in paragraph (b), clause

(2), of this subdivision. The commission shall perform its review and advise the parties of its determination within 30 days of filing of such a contract by a public utility. A public utility may submit by September 1, 2000, a revised contract to address the commission's preliminary determination.

(g) The commission shall finally approve, modify, or disapprove no later than July 1, 2001, all contracts submitted by a public utility as of September 1, 2000, to meet the mandate set forth in this subdivision.

(h) If a public utility subject to this section exercises an option to increase the generating capacity of a project in a contract approved by the commission prior to April 25, 2000, to satisfy the mandate in this subdivision, the public utility must notify the commission by September 1, 2000, that it has exercised the option and include in the notice the amount of additional megawatts to be generated under the option exercised. Any review by the commission of the project after exercise of such an option shall be based on the same criteria used to review the existing contract.

(i) A facility specified in this subdivision qualifies for exemption from property taxation under section 272.02, subdivision 43.

Sec. 8. Minnesota Statutes 2002, section 216C.41, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Qualified hydroelectric facility" means a hydroelectric generating facility in this state that:

(1) is located at the site of a dam, if the dam was in existence as of March 31, 1994; and

(2) begins generating electricity after July 1, 1994, or generates electricity after substantial refurbishing of a facility that begins after July 1, 2001.

(c) "Qualified wind energy conversion facility" means a wind energy conversion system in this state that:

(1) produces two megawatts or less of electricity as measured by nameplate rating and begins generating electricity after December 31, 1996, and before July 1, 1999;

(2) begins generating electricity after June 30, 1999, produces two megawatts or less of electricity as measured by nameplate rating, and is:

(i) ~~located within one county and~~ owned by a natural person who owns the land where the facility is sited;

(ii) owned by a Minnesota small business as defined in section 645.445;

(iii) owned by a Minnesota nonprofit organization; ~~or~~

(iv) owned by a tribal council if the facility is located within the boundaries of the reservation; ~~or~~

(v) owned by a Minnesota municipal utility or a Minnesota cooperative electric association; or

(vi) owned by a Minnesota political subdivision or local government, including, but not limited to, a county, statutory or home rule charter city, town, school district, or any other local or regional governmental organization such as a board, commission, or association; or

(3) begins generating electricity after June 30, 1999, produces seven megawatts or less of electricity as measured by nameplate rating, and:

(i) is owned by a cooperative organized under chapter 308A other than a Minnesota cooperative electric association; and

(ii) ~~all shares and membership in the cooperative are held by natural persons or estates, at least~~

~~51 percent of whom reside in a county or contiguous to a county where the wind energy production facilities of the cooperative are located~~ Minnesota residents or estates of persons who were Minnesota residents.

(d) "Qualified on-farm biogas recovery facility" means an anaerobic digester system that:

- (1) is located at the site of an agricultural operation;
- (2) is owned by a natural person who owns or rents the land where the facility is located; and
- (3) begins generating electricity after July 1, 2001.

(e) "Anaerobic digester system" means a system of components that processes animal waste based on the absence of oxygen and produces gas used to generate electricity.

[EFFECTIVE DATE.] This section is effective the day following final enactment.

Sec. 9. Minnesota Statutes 2002, section 216C.41, subdivision 2, is amended to read:

Subd. 2. [INCENTIVE PAYMENT; APPROPRIATION.] (a) Incentive payments must be made according to this section to (1) a qualified on-farm biogas recovery facility, (2) the owner or operator of a qualified hydropower facility or qualified wind energy conversion facility for electric energy generated and sold by the facility, (3) a publicly owned hydropower facility for electric energy that is generated by the facility and used by the owner of the facility outside the facility, or (4) the owner of a publicly owned dam that is in need of substantial repair, for electric energy that is generated by a hydropower facility at the dam and the annual incentive payments will be used to fund the structural repairs and replacement of structural components of the dam, or to retire debt incurred to fund those repairs.

(b) Payment may only be made upon receipt by the commissioner of finance of an incentive payment application that establishes that the applicant is eligible to receive an incentive payment and that satisfies other requirements the commissioner deems necessary. The application must be in a form and submitted at a time the commissioner establishes.

(c) There is annually appropriated from the general fund to the commissioner of commerce sums sufficient to make the payments required under this section, other than the amounts funded by the renewable development account as specified in subdivision 5a.

Sec. 10. Minnesota Statutes 2002, section 216C.41, subdivision 3, is amended to read:

Subd. 3. [ELIGIBILITY WINDOW.] Payments may be made under this section only for electricity generated:

(1) from a qualified hydroelectric facility that is operational and generating electricity before December 31, 2005;

(2) from a qualified wind energy conversion facility that is operational and generating electricity before January 1, ~~2005~~ 2007; or

(3) from a qualified on-farm biogas recovery facility from July 1, 2001, through December 31, 2015.

[EFFECTIVE DATE.] This section is effective the day following final enactment.

Sec. 11. Minnesota Statutes 2002, section 216C.41, subdivision 4, is amended to read:

Subd. 4. [PAYMENT PERIOD.] (a) A facility may receive payments under this section for a ten-year period. No payment under this section may be made for electricity generated:

(1) by a qualified hydroelectric facility after December 31, 2015;

(2) by a qualified wind energy conversion facility after December 31, ~~2015~~ 2017; or

(3) by a qualified on-farm biogas recovery facility after December 31, 2015.

(b) ~~The payment period begins and runs consecutively from the first year in which electricity generated from the facility is eligible for incentive payment the date the facility begins generating electricity or, in the case of refurbishment of a hydropower facility, after substantial repairs to the hydropower facility dam funded by the incentive payments are initiated.~~

[EFFECTIVE DATE.] This section is effective the day following final enactment.

Sec. 12. Minnesota Statutes 2002, section 216C.41, subdivision 5, is amended to read:

Subd. 5. **[AMOUNT OF PAYMENT; WIND FACILITIES LIMIT.]** (a) An incentive payment is based on the number of kilowatt hours of electricity generated. The amount of the payment is:

(1) for a facility described under subdivision 2, paragraph (a), clause (4), 1.0 cent per kilowatt hour; and

(2) for all other facilities, 1.5 cents per kilowatt hour.

For electricity generated by qualified wind energy conversion facilities greater than 40 kilowatts nameplate capacity, the incentive payment under this section is limited to no more than 100 megawatts of nameplate capacity. During any period in which qualifying claims for incentive payments exceed 100 megawatts of nameplate capacity, the payments must be made to producers in the order in which the production capacity was brought into production.

(b) For wind energy conversion systems installed and contracted for after January 1, 2002, the total size of a wind energy conversion system under this section must be determined according to this paragraph. Unless the systems are interconnected with different distribution systems, the nameplate capacity of one wind energy conversion system must be combined with the nameplate capacity of any other wind energy conversion system that is:

(1) located within five miles of the wind energy conversion system;

(2) constructed within the same calendar year as the wind energy conversion system; and

(3) under common ownership.

In the case of a dispute, the commissioner of commerce shall determine the total size of the system, and shall draw all reasonable inferences in favor of combining the systems.

(c) In making a determination under paragraph (b), the commissioner of commerce may determine that two wind energy conversion systems are under common ownership when the underlying ownership structure contains similar persons or entities, even if the ownership shares differ between the two systems. Wind energy conversion systems are not under common ownership solely because the same person or entity provided equity financing for the systems.

(d) A qualified wind energy conversion system is eligible for the incentive on the date the commissioner receives:

(1) an application for payment of the incentive;

(2) one of the following:

(i) a copy of a signed power purchase agreement;

(ii) a copy of a binding agreement other than a power purchase agreement to sell electricity generated by the facility to a third person; or

(iii) if the facility developer or owner will sell electricity to its own members or customers, a copy of the purchase order for equipment to construct the facility with a delivery date and a copy of a signed receipt for a nonrefundable deposit; and

(3) any other information the commissioner deems necessary to determine whether the proposed facility qualifies for the incentive under this section.

(e) The commissioner or the commissioner's designee shall determine whether a facility qualifies for the incentive and respond in writing to the applicant approving or denying the application within 15 working days of receipt of the information required in paragraph (d). A facility that is not operational within 18 months of receipt of a letter of approval is no longer approved for the incentive. The commissioner shall notify an applicant of potential loss of approval not less than 60 days prior to the end of the 18-month period. Eligibility for a facility that loses approval may be reestablished as of the date the commissioner receives a new completed application. Approval applies only to the person or persons who applied for the incentive and may not be transferred to any other person or persons.

[EFFECTIVE DATE.] This section is effective the day following final enactment.

Sec. 13. Minnesota Statutes 2002, section 216C.41, is amended by adding a subdivision to read:

Subd. 5a. [ADDITIONAL SMALL WIND ENERGY PRODUCTION INCENTIVE.] The state energy office shall authorize payment of the renewable energy production incentive to wind energy conversion systems larger than 40 kilowatts in size for 150 megawatts of nameplate capacity in addition to the capacity authorized under subdivision 5. Payment of the incentive shall be made from the renewable energy development account as provided under section 116C.779, subdivision 3. Any amount needed to fully fund incentive payments under this subdivision in addition to funds available in the renewable energy development account will be provided under subdivision 2, notwithstanding the limit specified in subdivision 5.

Sec. 14. Minnesota Statutes 2002, section 297A.67, is amended by adding a subdivision to read:

Subd. 31. [HYDROGEN AND HYDROGEN FUEL CELLS.] (a) Hydrogen and hydrogen fuel cells are exempt when used to produce electricity and when used to power a vehicle that is fueled primarily by hydrogen. After January 1, 2010, hydrogen must be generated from the renewable resources specified in section 216B.2422, subdivision 1, paragraph (c), clauses (1) through (6), to qualify for the exemption provided by this subdivision.

(b) Material and equipment used exclusively for, consumed in, or incorporated into a hydrogen vehicle fueling station are exempt. For purposes of this subdivision, materials and equipment include, but are not limited to, compressors, storage cylinders, framing, tubing, fittings, valves, fuel poles, sensors, and fuel-delivery lines.

Sec. 15. Minnesota Statutes 2002, section 297B.03, is amended to read:

297B.03 [EXEMPTIONS.]

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by the United States and its agencies and instrumentalities and by any person described in and subject to the conditions provided in section 297A.67, subdivision 11;

(2) purchase or use of any motor vehicle by any person who was a resident of another state or country at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person began residing in the state of Minnesota and the motor vehicle was registered in the person's name in the other state or country;

(3) purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.90;

(4) purchase or use of any motor vehicle previously registered in the state of Minnesota when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code of 1986, as amended through December 31, 1999;

(5) purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota based private or for hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales tax or sales tax on motor vehicles used in interstate commerce;

(6) purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution. "Automotive training programs" includes motor vehicle body and mechanical repair courses but does not include driver education programs;

(7) purchase of a motor vehicle for use as an ambulance by an ambulance service licensed under section 144E.10;

(8) purchase of a motor vehicle by or for a public library, as defined in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

(9) purchase of a ready-mixed concrete truck;

(10) purchase or use of a motor vehicle by a town for use exclusively for road maintenance, including snowplows and dump trucks, but not including automobiles, vans, or pickup trucks;

(11) purchase or use of a motor vehicle by a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, except a public school, university, or library, but only if the vehicle is:

(i) a truck, as defined in section 168.011, a bus, as defined in section 168.011, or a passenger automobile, as defined in section 168.011, if the automobile is designed and used for carrying more than nine persons including the driver; and

(ii) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose;

(12) purchase of a motor vehicle for use by a transit provider exclusively to provide transit service is exempt if the transit provider is either (i) receiving financial assistance or reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29, 473.388, or 473.405; and

(13) purchase or use of a motor vehicle fueled primarily by hydrogen or hydrogen fuel cells.

Sec. 16. [DEPARTMENT OF TRADE AND ECONOMIC DEVELOPMENT; PROGRAM DEVELOPMENT.]

Subdivision 1. [DEVELOPMENT OF BUSINESSES ENGAGED IN HYDROGEN PRODUCTION.] The department of trade and economic development must develop a targeted program to promote and encourage the development and attraction of businesses engaged in the biocatalysis of agricultural and forestry plant products for the production of hydrogen, the manufacture of hydrogen fuel cells, and hydrogen electrolysis from renewable energy sources. The program may make use of existing departmental programs, either alone or in combination. The department shall report to the legislature by January 15, 2004, on legislative changes or additional funding needed, if any, to accomplish the purposes of this section.

Subd. 2. [ENERGY INNOVATION ZONES.] (a) The commissioner of trade and economic development, in consultation with the commissioners of commerce and revenue, shall develop a plan to designate not more than three energy innovation zones to spur the development of fuel cells, fuel cell components, hydrogen infrastructure, and other energy efficiency and renewable energy technologies in the state. In developing the criteria for the designations, the commissioner shall consider:

(1) the availability of business, academic, and government partners;

(2) the likelihood of establishing a distributed, renewable energy microgrid to power the zone, providing below-market electricity and heat to businesses from within the zone;

(3) the prospect of tenants for the zone that will represent net new jobs to the state; and

(4) the likelihood of the production, storage, distribution, and use of hydrogen, including its use in fuel cells, for electricity and heat.

(b) Energy under paragraph (a), clause (2), must come from one or more of the following renewable sources: wind, water, sun, biomass, not including municipal solid waste, or hydrogen reformed from natural gas up to 2010.

(c) The plan must allow for interested parties to form energy innovation cooperatives. In addition, the commissioner must consider the feasibility of the sale of energy innovation bonds for the construction of qualifying facilities.

(d) In drafting the plan, the commissioner must consider incentives for investment in the zone, including

(1) subsidization of construction of qualifying facilities;

(2) long-term contracts for market-rate heat and power;

(3) exemption from laws giving exclusive service territory;

(4) streamlined interconnection to the existing power grid;

(5) exemptions from property tax;

(6) expedited permitting;

(7) methods for providing technical assistance; and

(8) other methods of encouraging the development and use and development of fuel cell and hydrogen generation technologies.

(e) The commissioner shall report to the legislature by January 15, 2004, on legislative changes and necessary funding to accomplish the purposes of this subdivision.

Sec. 17. [DEMONSTRATION PROJECT.]

(a) The department of commerce, in cooperation with the department of trade and economic development, must develop and issue a request for proposal for the construction of a hydrogen-to-electricity demonstration project with the following components:

(1) commercial-scale windmill-powered electrolysis of water to hydrogen;

(2) on-site storage of hydrogen and fuel cells for hydrogen-to-electricity conversion to maintain the supply of electricity in the absence of wind;

(3) a hydrogen pipeline of less than ten miles to a public facility demonstration site; and

(4) a public facility with on-site hydrogen fuel cells providing hydrogen-to-electricity and, if practicable, heating/cooling function.

(b) For purposes of this section, a "public facility" is a municipal building, public school, state college or university, or other public building.

Sec. 18. [RENEWABLE DEVELOPMENT ACCOUNT ADMINISTRATION.]

The public utilities commission may review the appropriateness of a transfer of the administration of the renewable development account under Minnesota Statutes, section 116C.779, to an organization with a board of directors that includes representatives from the

public utility currently administering the fund, environmental organizations, the Mdewakanton Dakota Community, and other affected communities.

ARTICLE 3
CONSERVATION

Section 1. [16C.144] [GUARANTEED SAVINGS CONTRACTS.]

Subdivision 1. [DEFINITIONS.] (a) The following definitions apply to this subdivision.

(b) "Utility cost-savings measure" means a training program or facility alteration designed to produce utility cost savings or maintenance cost savings that includes:

- (1) insulation of the building structure and systems within the building;
- (2) storm windows and doors, caulking or weatherstripping, multiglazed windows and doors, heat absorbing or heat reflective glazed and coated window and door systems, additional glazing, reductions in glass area, and other window and door system modifications that reduce utility consumption;
- (3) automatic energy control systems;
- (4) heating, ventilating, or air conditioning system modifications or replacements;
- (5) replacement or modifications of lighting fixtures to increase the energy efficiency of the lighting system without increasing the overall illumination of a facility, unless an increase in illumination is necessary to conform to the applicable state or local building code for the lighting system after the proposed modifications are made;
- (6) energy recovery systems;
- (7) cogeneration systems that produce steam or forms of utility such as heat, as well as electricity, for use primarily within a building or complex of buildings;
- (8) utility cost-savings measures that provide long-term operating cost reductions;
- (9) devices that reduce water consumption or sewer charges;
- (10) changes in operation or maintenance practices;
- (11) procurement of low-cost utility supplies of all types including electricity, natural gas, and other fuel sources, and water;
- (12) building operation programs that reduce utility and operating costs including, but not limited to, computerized energy management and consumption tracking programs, staff and occupant training, and other similar activities;
- (13) indoor air quality improvements that conform to applicable building code requirements;
- (14) services to reduce utility costs by identifying utility errors and optimizing existing rate schedules under which service is provided; or
- (15) any other installation, modification of installation, or remodeling of building infrastructure improvements, including deferred maintenance improvements, that produce utility or operational cost savings for their appointed functions in compliance with applicable state and local building codes.

(c) "Guaranteed savings contract" means a contract for the evaluation, recommendation, and installation of one or more utility cost-savings measures. The contract must provide that all payments, except obligations on termination of the contract before its expiration, are to be made over time, but not to exceed 15 years from the date of final installation, and the savings are guaranteed to the extent necessary to make payments for the systems.

(d) "Operation and maintenance cost savings" means a measurable decrease in operation and maintenance costs that are a direct result of the implementation of one or more utility cost-savings measures. Such savings shall be calculated in comparison with an established baseline of operation and maintenance costs.

(e) "Qualified provider" means a person or business experienced in the design, implementation, and installation of utility cost-savings measures.

(f) "Capital cost avoidance" means money expended by a state agency to pay for utility cost-savings measures or equipment replacement, whose cost has been discounted by any additional utility and operation savings generated from other utility cost-savings measures identified in a contract under this section.

(g) "Utility cost savings" means:

(1) cost savings caused by a reduction in metered or measured physical quantities of a bulk fuel or utility resulting from the implementation of one or more utility cost-savings measures when compared with an established baseline of usage; or

(2) decrease in utility costs as a result of changes in applicable utility rates or utility service suppliers. The decrease must be calculated in comparison with an estimable baseline of utility costs.

Subd. 2. [GUARANTEED SAVINGS CONTRACT.] The commissioner may enter into a guaranteed savings contract with a qualified provider to significantly reduce utility or operating costs. The guaranteed savings contract must be completed using a solicitation. The qualified provider must give a sufficient bond to the commissioner for the faithful performance of the contract.

Before installation of equipment, modification, or remodeling, the qualified provider shall first issue a report summarizing estimates of all costs of installations, modifications, or remodeling, including costs of design, engineering, installation, maintenance, repairs, or debt service, and estimates of the amounts by which utility or operating costs will be reduced.

The commissioner may enter into a guaranteed savings contract with a qualified provider if, after review of the report, the commissioner finds that the amount it would spend on the utility cost-savings measures recommended in the report is not likely to exceed the amount to be saved in utility and operation costs over 15 years from the date of installation if the recommendations in the report were followed, and the qualified provider provides a written guarantee that the utility or operating cost savings will meet or exceed the costs of the system. The guaranteed savings contract may provide for payments over a period of time, not to exceed 15 years.

The commissioner may enter into a lease-purchase agreement with any party for the purchase and installation of utility cost-savings conservation measures. The lease is assignable in accordance with terms approved by the commissioner of finance. The contract must provide for payments of not less than 1/15 of the price to be paid within two years from the date of the first operation, and the remaining costs to be paid monthly, not to exceed a 15-year term from the date of the first operation.

Subd. 3. [USE OF CAPITAL COST AVOIDANCE.] The commissioner may contribute funds for capital cost avoidance for guaranteed savings contracts. Use of capital cost avoidance is subject to the following:

- (1) the utility cost-savings measures or equipment replacement must include facility alteration;
- (2) the current facility systems must be consuming excess maintenance and operating costs;
- (3) the savings generated by the utility cost-savings measures or equipment replacement must be guaranteed; and
- (4) the equipment that is replaced must either have exceeded its useful life as determined by a

life-cycle cost analysis or must be deemed in need of replacement by a registered professional engineer.

Sec. 2. Minnesota Statutes 2002, section 216B.241, subdivision 1a, is amended to read:

Subd. 1a. [INVESTMENT, EXPENDITURE, AND CONTRIBUTION; PUBLIC UTILITY.]

(a) For purposes of this subdivision and subdivision 2, "public utility" has the meaning given it in section 216B.02, subdivision 4. Each public utility shall spend and invest for energy conservation improvements under this subdivision and subdivision 2 the following amounts:

(1) for a utility that furnishes gas service, 0.5 percent of its gross operating revenues from service provided in the state;

(2) for a utility that furnishes electric service, 1.5 percent of its gross operating revenues from service provided in the state; and

(3) for a utility that furnishes electric service and that operates a nuclear-powered electric generating plant within the state, ~~two~~ 2.5 percent of its gross operating revenues from service provided in the state.

For purposes of this paragraph (a), "gross operating revenues" do not include revenues from large electric customer facilities exempted by the commissioner under paragraph (b).

(b) The owner of a large electric customer facility may petition the commissioner to exempt both electric and gas utilities serving the large energy customer facility from the investment and expenditure requirements of paragraph (a) with respect to retail revenues attributable to the facility. At a minimum, the petition must be supported by evidence relating to competitive or economic pressures on the customer and a showing by the customer of reasonable efforts to identify, evaluate, and implement cost-effective conservation improvements at the facility. If a petition is filed on or before October 1 of any year, the order of the commissioner to exempt revenues attributable to the facility can be effective no earlier than January 1 of the following year. The commissioner shall not grant an exemption if the commissioner determines that granting the exemption is contrary to the public interest. The commissioner may, after investigation, rescind any exemption granted under this paragraph upon a determination that cost-effective energy conservation improvements are available at the large electric customer facility. For the purposes of this paragraph, "cost-effective" means that the projected total cost of the energy conservation improvement at the large electric customer facility is less than the projected present value of the energy and demand savings resulting from the energy conservation improvement. For the purposes of investigations by the commissioner under this paragraph, the owner of any large electric customer facility shall, upon request, provide the commissioner with updated information comparable to that originally supplied in or with the owner's original petition under this paragraph.

(c) The commissioner may require investments or spending greater than the amounts required under this subdivision for a public utility whose most recent advance forecast required under section 216B.2422 or 216C.17 projects a peak demand deficit of 100 megawatts or greater within five years under mid-range forecast assumptions.

(d) A public utility or owner of a large electric customer facility may appeal a decision of the commissioner under paragraph (b) or (c) to the commission under subdivision 2. In reviewing a decision of the commissioner under paragraph (b) or (c), the commission shall rescind the decision if it finds that the required investments or spending will:

(1) not result in cost-effective energy conservation improvements; or

(2) otherwise not be in the public interest.

(e) Each utility shall determine what portion of the amount it sets aside for conservation improvement will be used for conservation improvements under subdivision 2 and what portion it will contribute to the energy and conservation account established in subdivision 2a. A public utility may propose to the commissioner to designate that all or a portion of funds contributed to

the account established in subdivision 2a be used for research and development projects that can best be implemented on a statewide basis. Contributions must be remitted to the commissioner by February 1 of each year. Nothing in this subdivision prohibits a public utility from spending or investing for energy conservation improvement more than required in this subdivision.

Sec. 3. Minnesota Statutes 2002, section 216B.241, subdivision 1b, is amended to read:

Subd. 1b. [CONSERVATION IMPROVEMENT BY COOPERATIVE ASSOCIATION OR MUNICIPALITY.] (a) This subdivision applies to:

- (1) a cooperative electric association that provides retail service to its members;
- (2) a municipality that provides electric service to retail customers; and
- (3) a municipality with gross operating revenues in excess of \$5,000,000 from sales of natural gas to retail customers.

(b) Each cooperative electric association and municipality subject to this subdivision shall spend and invest for energy conservation improvements under this subdivision the following amounts:

(1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas and 1.5 percent of its gross operating revenues from the sale of electricity, excluding gross operating revenues from electric and gas service provided in the state to large electric customer facilities; and

(2) for a cooperative electric association, 1.5 percent of its gross operating revenues from service provided in the state, excluding gross operating revenues from service provided in the state to large electric customer facilities indirectly through a distribution cooperative electric association.

(c) Each municipality and cooperative electric association subject to this subdivision shall identify and implement energy conservation improvement spending and investments that are appropriate for the municipality or association, except that a municipality or association may not spend or invest for energy conservation improvements that directly benefit a large electric customer facility for which the commissioner has issued an exemption under subdivision 1a, paragraph (b).

(d) Each municipality and cooperative electric association subject to this subdivision may spend and invest annually up to ten percent of the total amount required to be spent and invested on energy conservation improvements under this subdivision on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the municipality or cooperative electric association.

(e) Load-management activities that do not reduce energy use but that increase the efficiency of the electric system may be used to meet the following percentage of the conservation investment and spending requirements of this subdivision:

- (1) 2002 - 90 percent;
- (2) 2003 - 80 percent;
- (3) 2004 - 65 percent; and
- (4) 2005 and thereafter - 50 percent.

(f) A generation and transmission cooperative electric association that provides energy services to cooperative electric associations that provide electric service at retail to consumers may invest in energy conservation improvements on behalf of the associations it serves and may fulfill the conservation, spending, reporting, and energy savings goals on an aggregate basis. A municipal power agency or other not-for-profit entity that provides energy service to municipal utilities that provide electric service at retail may invest in energy conservation improvements on behalf of the

municipal utilities it serves and may fulfill the conservation, spending, reporting, and energy savings goals on an aggregate basis, under an agreement between the municipal power agency or not-for-profit entity and each municipal utility for funding the investments.

(g) By June 1, 2002, and every two years thereafter, each municipality or cooperative shall file an overview of its conservation improvement plan with the commissioner. With this overview, the municipality or cooperative shall also provide an evaluation to the commissioner detailing its energy conservation improvement spending and investments for the previous period. The evaluation must briefly describe each conservation program and must specify the energy savings or increased efficiency in the use of energy within the service territory of the utility or association that is the result of the spending and investments. The evaluation must analyze the cost effectiveness of the utility's or association's conservation programs, using a list of baseline energy and capacity savings assumptions developed in consultation with the department.

The commissioner shall review each evaluation and make recommendations, where appropriate, to the municipality or association to increase the effectiveness of conservation improvement activities. Up to three percent of a utility's conservation spending obligation under this section may be used for program pre-evaluation, testing, and monitoring and program evaluation. The overview filed by a municipality with less than \$2,500,000 in annual gross revenues from the retail sale of electric service may consist of a letter from the governing board of the municipal utility to the department providing the amount of annual conservation spending required of that municipality and certifying that the required amount has been spent on conservation programs pursuant to this subdivision.

(h) The commissioner shall also review each evaluation for whether a portion of the money spent on residential conservation improvement programs is devoted to programs that directly address the needs of renters and low-income persons unless an insufficient number of appropriate programs are available. For the purposes of this subdivision and subdivision 2, "low-income" means an income at or below 50 percent of the state median income.

(i) As part of its spending for conservation improvement, a municipality or association may contribute to the energy and conservation account. A municipality or association may propose to the commissioner to designate that all or a portion of funds contributed to the account be used for research and development projects that can best be implemented on a statewide basis. Any amount contributed must be remitted to the commissioner by February 1 of each year.

(j) A municipality may spend up to 50 percent of its required spending under this section to refurbish an existing district heating or cooling system.

Sec. 4. Minnesota Statutes 2002, section 216B.241, subdivision 2, is amended to read:

Subd. 2. [PROGRAMS.] (a) The commissioner may require public utilities to make investments and expenditures in energy conservation improvements, explicitly setting forth the interest rates, prices, and terms under which the improvements must be offered to the customers. The required programs must cover a two-year period. Public utilities shall file conservation improvement plans by June 1, on a schedule determined by order of the commissioner. Plans received by a public utility by June 1 must be approved or approved as modified by the commissioner by December 1 of that same year. The commissioner shall give special consideration and encouragement to programs that bring about significant net savings through the use of energy-efficient lighting. The commissioner shall evaluate the program on the basis of cost effectiveness and the reliability of technologies employed. The commissioner's order must provide to the extent practicable for a free choice, by consumers participating in the program, of the device, method, material, or project constituting the energy conservation improvement and for a free choice of the seller, installer, or contractor of the energy conservation improvement, provided that the device, method, material, or project seller, installer, or contractor is duly licensed, certified, approved, or qualified, including under the residential conservation services program, where applicable.

(b) The commissioner may require a utility to make an energy conservation improvement

investment or expenditure whenever the commissioner finds that the improvement will result in energy savings at a total cost to the utility less than the cost to the utility to produce or purchase an equivalent amount of new supply of energy. The commissioner shall nevertheless ensure that every public utility operate one or more programs under periodic review by the department.

(c) Each public utility subject to subdivision 1a may spend and invest annually up to ten percent of the total amount required to be spent and invested on energy conservation improvements under this section by the utility on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the public utility.

(d) A public utility may not spend for or invest in energy conservation improvements that directly benefit a large electric customer facility for which the commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b). The commissioner shall consider and may require a utility to undertake a program suggested by an outside source, including a political subdivision or a nonprofit or community organization.

(e) The commissioner may, by order, establish a list of programs that may be offered as energy conservation improvements by a public utility, municipal utility, cooperative electric association, or other entity providing conservation services pursuant to this section. The list of programs may include rebates for high-efficiency appliances, rebates or subsidies for high-efficiency lamps, small business energy audits, and building recommissioning. The commissioner may, by order, change this list to add or subtract programs as the commissioner determines is necessary to promote efficient and effective conservation programs.

(f) The commissioner shall ensure that a portion of the money spent on residential conservation improvement programs is devoted to programs that directly address the needs of renters and low-income persons, in proportion to the amount the utility has historically spent on such programs based on the most recent three-year average relative to the utility's total conservation spending under this section, unless an insufficient number of appropriate programs are available.

(g) A utility, a political subdivision, or a nonprofit or community organization that has suggested a program, the attorney general acting on behalf of consumers and small business interests, or a utility customer that has suggested a program and is not represented by the attorney general under section 8.33 may petition the commission to modify or revoke a department decision under this section, and the commission may do so if it determines that the program is not cost effective, does not adequately address the residential conservation improvement needs of low-income persons, has a long-range negative effect on one or more classes of customers, or is otherwise not in the public interest. The commission shall reject a petition that, on its face, fails to make a reasonable argument that a program is not in the public interest.

(h) The commissioner may order a public utility to include, with the filing of the utility's proposed conservation improvement plan under paragraph (a), the results of an independent audit of the utility's conservation improvement programs and expenditures performed by the department or an auditor with experience in the provision of energy conservation and energy efficiency services approved by the commissioner and chosen by the utility. The audit must specify the energy savings or increased efficiency in the use of energy within the service territory of the utility that is the result of the spending and investments. The audit must evaluate the cost effectiveness of the utility's conservation programs.

(i) Up to three percent of a utility's conservation spending obligation under this section may be used for program pre-evaluation, testing, and monitoring and program audit and evaluation.

(j) At least 33 percent of an electric utility's conservation spending under subdivision 1a, paragraph (a), clauses (2) and (3), must be used to provide programs and direct incentives to reduce baseload energy use as defined by the commissioner provided the cost of these conservation measures is less than the cost of new energy supplies.

Sec. 5. Minnesota Statutes 2002, section 471.345, subdivision 13, is amended to read:

Subd. 13. [ENERGY EFFICIENCY PROJECTS.] The following definitions apply to this subdivision.

(a) "Energy conservation measure" means a training program or facility alteration designed to reduce energy consumption or operating costs and includes:

- (1) insulation of the building structure and systems within the building;
- (2) storm windows and doors, caulking or weatherstripping, multiglazed windows and doors, heat absorbing or heat reflective glazed and coated window and door systems, additional glazing, reductions in glass area, and other window and door system modifications that reduce energy consumption;
- (3) automatic energy control systems;
- (4) heating, ventilating, or air conditioning system modifications or replacements;
- (5) replacement or modifications of lighting fixtures to increase the energy efficiency of the lighting system without increasing the overall illumination of a facility, unless an increase in illumination is necessary to conform to the applicable state or local building code for the lighting system after the proposed modifications are made;
- (6) energy recovery systems;
- (7) cogeneration systems that produce steam or forms of energy such as heat, as well as electricity, for use primarily within a building or complex of buildings;
- (8) energy conservation measures that provide long-term operating cost reductions.

(b) "Guaranteed energy savings contract" means a contract for the evaluation and recommendations of energy conservation measures, and for one or more energy conservation measures. The contract must provide that all payments, except obligations on termination of the contract before its expiration, are to be made over time, but not to exceed ~~ten~~ 15 years from the date of final installation, and the savings are guaranteed to the extent necessary to make payments for the systems.

(c) "Qualified provider" means a person or business experienced in the design, implementation, and installation of energy conservation measures. A qualified provider to whom the contract is awarded shall give a sufficient bond to the municipality for its faithful performance.

Notwithstanding any law to the contrary, a municipality may enter into a guaranteed energy savings contract with a qualified provider to significantly reduce energy or operating costs.

Before entering into a contract under this subdivision, the municipality shall provide published notice of the meeting in which it proposes to award the contract, the names of the parties to the proposed contract, and the contract's purpose.

Before installation of equipment, modification, or remodeling, the qualified provider shall first issue a report, summarizing estimates of all costs of installations, modifications, or remodeling, including costs of design, engineering, installation, maintenance, repairs, or debt service, and estimates of the amounts by which energy or operating costs will be reduced.

A guaranteed energy savings contract that includes a written guarantee that savings will meet or exceed the cost of energy conservation measures is not subject to competitive bidding requirements of section 471.345 or other law or city charter. The contract is not subject to section 123B.52.

A municipality may enter into a guaranteed energy savings contract with a qualified provider if, after review of the report, it finds that the amount it would spend on the energy conservation measures recommended in the report is not likely to exceed the amount to be saved in energy and operation costs over ~~ten~~ 15 years from the date of installation if the recommendations in the report were followed, and the qualified provider provides a written guarantee that the energy or operating cost savings will meet or exceed the costs of the system. The guaranteed energy savings contract may provide for payments over a period of time, not to exceed ~~ten~~ 15 years.

A municipality may enter into an installment payment contract for the purchase and installation of energy conservation measures. The contract must provide for payments of not less than ~~one-tenth~~ 1/15 of the price to be paid within two years from the date of the first operation, and the remaining costs to be paid monthly, not to exceed a ~~ten-year~~ 15-year term from the date of the first operation.

Guaranteed energy savings contracts may extend beyond the fiscal year in which they become effective. The municipality shall include in its annual appropriations measure for each later fiscal year any amounts payable under guaranteed energy savings contracts during the year. Failure of a municipality to make such an appropriation does not affect the validity of the guaranteed energy savings contract or the municipality's obligations under the contracts.

Sec. 6. [SUNSET.]

Minnesota Statutes, section 216B.241, subdivision 1b, paragraph (j), expires as of July 1, 2007.

ARTICLE 4

OTHER PROVISIONS

Section 1. Minnesota Statutes 2002, section 216A.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS.] The public utilities commission shall consist of five members. The terms of members shall be six years and until their successors have been appointed and qualified. Each commissioner shall be appointed by the governor by and with the advice and consent of the senate. Not more than three commissioners shall belong to the same political party. At least ~~one commissioner~~ two commissioners must have been be domiciled at the time of appointment outside the seven-county metropolitan area. If the membership of the commission after ~~July 31, 1986~~ August 1, 2003, does not consist of at least ~~one member~~ two members domiciled at the time of appointment outside the seven-county metropolitan area, the membership shall conform to this requirement following normal attrition of the present commissioners. The governor when selecting commissioners shall give consideration to persons learned in the law or persons who have engaged in the profession of engineering, public accounting, property and utility valuation, finance, physical or natural sciences, production agriculture, or natural resources as well as being representative of the general public.

For purposes of this subdivision, "seven-county metropolitan area" means Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties.

Sec. 2. Minnesota Statutes 2002, section 216B.02, is amended by adding a subdivision to read:

Subd. 1b. [COMMISSIONER.] "Commissioner" means the commissioner of commerce.

Sec. 3. Minnesota Statutes 2002, section 216B.095, is amended to read:

216B.095 [DISCONNECTION DURING COLD WEATHER.]

The commission shall amend its rules governing disconnection of residential utility customers who are unable to pay for utility service during cold weather to include the following:

(1) coverage of customers whose household income is less than 50 percent of the state median income;

(2) a requirement that a customer who pays the utility at least ten percent of the customer's income or the full amount of the utility bill, whichever is less, in a cold weather month cannot be disconnected during that month. The customer's income means the actual monthly income of the customer or the average monthly income of the customer computed on an annual calendar year, whichever is less, and does not include any amount received for energy assistance;

(3) that the ten percent figure in clause (2) must be prorated between energy providers proportionate to each provider's share of the customer's total energy costs where the customer receives service from more than one provider;

(4) verification of income by the local energy assistance provider or the utility, unless the customer is automatically eligible for protection against disconnection as a recipient of any form of public assistance, including energy assistance, that uses income eligibility in an amount at or below the income eligibility in clause (1);

(5) a requirement that the customer receive referrals to energy assistance, weatherization, conservation, or other programs likely to reduce the customer's energy bills; and

(6) a requirement that customers who have demonstrated an inability to pay on forms provided for that purpose by the utility, and who make reasonably timely payments to the utility under a payment plan that considers the financial resources of the household, cannot be disconnected from utility service from October 15 through April 15. A customer who is receiving energy assistance is deemed to have demonstrated an inability to pay.

For the purposes of this section, disconnection includes a service or load limiter or any device that limits or interrupts electric service in any way.

Sec. 4. Minnesota Statutes 2002, section 216B.097, is amended by adding a subdivision to read:

Subd. 4. [APPLICATION TO SERVICE LIMITERS.] For the purposes of this section, disconnection includes a service or load limiter or any device that limits or interrupts electric service in any way.

Sec. 5. [216B.0975] [DISCONNECTION DURING EXTREME HEAT CONDITIONS; RECONNECTION.]

A utility may not effect an involuntary disconnection of services in affected counties when an excessive heat watch, heat advisory, or excessive heat warning issued by the national weather service is in effect. For purposes of this section, "utility" means a public utility providing electric service, municipal utility, or cooperative electric association.

[EFFECTIVE DATE.] This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2002, section 216C.051, subdivision 1, is amended to read:

Subdivision 1. [FINDINGS.] The legislature finds that it needs more information on the future management of high-level radioactive waste, the costs of that management, and the technical and economic feasibility of utilizing alternative energy resources. Before any legislative determinations may be reasonably made that are more specific than the determinations made in Laws 1994, chapter 641, the legislature needs detailed, credible, and reliable information on these issues various energy resources capable of being developed within the state. The legislative electric energy task force exists to study issues related to future electric energy sources and costs and to make recommendations for legislation. However, new issues with respect to the state's energy future have arisen since the task force received its original charge that must be evaluated. The legislature further finds that it may be in the state's economic interest to more fully develop indigenous renewable energy resources for use by citizens of the state and export to neighboring states. Such development may benefit the state economy by attracting investment capital to economically stressed areas of the state for the development and manufacture of such energy resources, and by avoiding health care and other costs associated with more traditional energy sources.

Sec. 7. Minnesota Statutes 2002, section 216C.051, subdivision 2, is amended to read:

Subd. 2. [ESTABLISHMENT.] (a) There is established a legislative electric energy task force to study future electric energy sources and costs and to make recommendations for legislation for an environmentally and economically sustainable and advantageous electric energy supply.

(b) The task force consists of:

(1) ~~ten~~ eight members of the house of representatives including the chairs of the environment and natural resources ~~committee~~ and regulated industries ~~subcommittee~~ committees and ~~eight~~ six

members to be appointed by the speaker of the house, ~~four~~ two of whom must be from the minority caucus; and

(2) ~~ten~~ eight members of the senate including the chairs of the environment and natural resources and ~~jobs, energy, and community development~~ commerce and utilities committees and ~~eight~~ six members to be appointed by the subcommittee on ~~committees~~, ~~four~~ two of whom must be from the minority caucus.

(c) The task force may employ staff, contract for consulting services, and may reimburse the expenses of persons requested to assist it in its duties other than state employees or employees of electric utilities. The director of the legislative coordinating commission shall assist the task force in administrative matters. The task force shall elect cochairs, one member of the house and one member of the senate from among the committee and ~~subcommittee~~ chairs named to the committee. The task force members from the house shall elect the house cochair, and the task force members from the senate shall elect the senate cochair.

Sec. 8. Minnesota Statutes 2002, section 216C.051, subdivision 3, is amended to read:

Subd. 3. [FUTURE ENERGY SOLUTIONS; TECHNICAL AND ECONOMIC ANALYSIS.]
 (a) ~~In light of the electric energy guidelines established in subdivision 7 and in light of existing conservation improvement programs and plans, utility resource plans, and other existing energy plans and analyses, the legislative task force on energy shall undertake an analysis of the technical and economic feasibility of an electric energy future for the state that relies on environmentally and economically sustainable and advantageous electric energy supply utility resource plans and competitive bidding dockets before the commission, the task force shall gather information and make recommendations to the legislature regarding potential electric energy resources and modes of energy production. The task force shall may contract with one or more energy policy experts and energy economists to assist it in its analysis. The task force may not contract for service nor employ any person who was involved in any capacity in any portion of any proceeding before the public utilities commission, the administrative law judge, the state court of appeals, or the United States Nuclear Regulatory Commission related to the dry cask storage proposal on Prairie Island. The task force must gather information on at least the following electric energy resources, but may expand its inquiry as warranted by the information collected:~~

- (1) wind energy;
- (2) hydrogen as a fuel carrier produced from renewable and fossil fuel resources;
- (3) biomass;
- (4) decomposition gases produced by solid waste management facilities; and
- (5) solid waste as a direct fuel or refuse-derived fuel.

In addition, the task force must gather information on at least the following modes of electric energy production or demand-side efficiency:

- (1) demand-side management and energy efficiency;
- (2) combined heat and power;
- (3) district heating and cooling;
- (4) distributed generation;
- (5) use of hydrogen as an energy carrier;
- (6) combined-cycle coal gasification with carbon sequestration; and
- (7) imports of power from outside the state.

~~(b) The analysis must address~~ In evaluating these electric energy resources and modes of electric energy production, the task force must consider at least the following:

(1) to the best of forecasting abilities, how much electric generation capacity and demand for electric energy is necessary to maintain a strong economy and a high quality of life in the state over the next 15 to 20 years; how is this demand level affected by achievement of the maximum reasonably feasible and cost-effective demand side management and generation and distribution efficiencies;

(2) what alternative forms of energy can provide a stable supply of energy and are producible and sustainable in the state and at what cost;

(3) what are the costs to the state and ratepayers to ensure that new electric energy generation utilizes less environmentally damaging sources; how do those costs change as the time frame for development and implementation of new generation sources is compressed;

(4) what are the implications for delivery systems for energy produced in areas of the state that do not now have high-volume transmission capability; are new transmission technologies being developed that can address some of the concerns with transmission; can a more dispersed electric generation system lessen the need for long-distance transmission;

(5) what are the actual costs and benefits of purchasing electricity and fuel to generate electricity from outside the state; what are the present costs to the state's economy of exporting a large percentage of the state's energy dollars and what is the future economic impact of continuing to do so;

(6) are there benefits to be had from a large immediate investment in quickly implementing alternative electric energy sources in terms of developing an exportable technology and/or commodity; is it feasible to turn around the flow of dollars for energy so that the state imports dollars and exports energy and energy technology; what is a reasonable time frame for the shift if it is possible;

(7) are there taxation or regulatory barriers to developing more sustainable and less problematic electric energy generation; what are they specifically and how can they be specifically addressed;

(8) can an approach be developed that moves quickly to development and implementation of alternative energy sources that can be forgiving of interim failures but that is also sufficiently deliberate to ensure ultimate success on a large scale; and

(9) in what specific ways can the state assist regional energy suppliers to accelerate phasing out energy production processes that produce wastes or emissions that must necessarily be carefully controlled and monitored to minimize adverse effects on the environment and human health and to assist in developing and implementing base load energy production that both prevents or minimizes by its nature adverse environmental and human health effects and utilizes resources that are available or producible in the state;

~~(10) whether there is a need to establish additional dislocated worker assistance for workers at the Prairie Island nuclear power plant; if so, how that assistance should be structured;~~

~~(11) can the state monitor, evaluate, and affect federal actions relating to permanent storage of high-level radioactive waste; what actions by the state over what period of time would expedite federal action to take responsibility for the waste;~~

~~(12) should the state establish a legislative oversight commission on energy issues; should the responsibilities of an oversight commission be coordinated with the activities of the public utilities commission and the department of public service and if so, how; and~~

~~(13) is it feasible to convert existing nuclear power and coal-fired electric generating plants to utilization of energy sources that result in significantly less environmental damage; if so, what are the short-term and long-term costs and benefits of doing so; how do shorter or longer time periods for conversion affect the cost/benefit analysis.~~

(c) The task force must study issues related to the transportation of spent nuclear fuel from this state to interim or permanent repositories outside this state. The task force shall identify potential routes which avoid population centers.

Sec. 9. Minnesota Statutes 2002, section 216C.051, is amended by adding a subdivision to read:

Subd. 4a. [REPORT AND RECOMMENDATIONS.] By January 15, 2005, and every two years thereafter, the task force shall submit a report to the chairs of the committees in the house of representatives and in the senate that have responsibility for energy and for environmental and natural resources issues that contains an overview of information gathered and analyses that have been prepared, a critique of how the information and analyses will assist in implementation of the energy conservation and sources for generation policies and goals in chapters 216B and 216C, and specific recommendations for legislative action that will ensure development and implementation of electric energy policy that will provide the state with adequate, sustainable, and economic electric power for the long-term while utilizing, to the maximum reasonable extent, energy resources that are available or producible within the state and while developing, maintaining, and strengthening a viable and robust energy and utility infrastructure.

Sec. 10. Minnesota Statutes 2002, section 216C.051, subdivision 9, is amended to read:

Subd. 9. [EXPIRATION.] This section is repealed June 30, ~~2005~~ 2007.

Sec. 11. Minnesota Statutes 2002, section 216C.052, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATIVE ISSUES.] (a) The commissioner may select the administrator who shall serve for a four-year term. The administrator may not have been a party or a participant in a commission energy proceeding for at least one year prior to selection by the commissioner. The commissioner shall oversee and direct the work of the administrator, annually review the expenses of the administrator, and annually approve the budget of the administrator. The administrator may hire staff and may contract for technical expertise in performing duties when existing state resources are required for other state responsibilities or when special expertise is required. The salary of the administrator is governed by section 15A.0815, subdivision 2.

(b) Costs relating to a specific proceeding, analysis, or project are not general administrative costs. For purposes of this section, "energy utility" means public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing natural gas or electric service in the state.

(c) The department of commerce shall pay:

(1) the general administrative costs of the administrator, not to exceed ~~\$1,500,000~~ \$1,000,000 in a fiscal year, and shall assess energy utilities ~~for reimbursement~~ for those administrative costs. These costs must be consistent with the budget approved by the commissioner under paragraph (a). The department shall apportion the costs among all energy utilities in proportion to their respective gross operating revenues from sales of gas or electric service within the state during the last calendar year, and shall then render a bill to each utility on a regular basis; and

(2) costs relating to a specific proceeding analysis or project and shall render a bill ~~for reimbursement~~ to the specific energy utility or utilities participating in the proceeding, analysis, or project directly, either at the conclusion of a particular proceeding, analysis, or project, or from time to time during the course of the proceeding, analysis, or project.

(d) For purposes of administrative efficiency, the department shall assess energy utilities and issue bills in accordance with the billing and assessment procedures provided in section 216B.62, to the extent that these procedures do not conflict with this subdivision. The amount of the bills rendered by the department under paragraph (c) must be paid by the energy utility into an account in the special revenue fund in the state treasury within 30 days from the date of billing and is appropriated to the commissioner for the purposes provided in this section. The commission shall approve or approve as modified a rate schedule providing for the automatic adjustment of charges to recover amounts paid by utilities under this section. All amounts assessed under this section are in addition to amounts appropriated to the commission and the department by other law.

Sec. 12. [REFURBISHMENT OF METROPOLITAN GENERATING PLANTS.]

(a) The public utility that owns the Prairie Island nuclear generation facility shall immediately

provide all remaining information that the commission may request with regard to its plans to undertake the repowering and upgrading of its electric generation facilities located in the metropolitan area, as described in its metropolitan emission reduction plan filed with the public utilities commission in July 2002. The commission shall within three months render its decision on the plan.

(b) Notwithstanding Minnesota Statutes, section 216B.1692, subdivision 1, clause (2), and subdivision 5, paragraphs (c) and (d), all investments in repowering, emissions reduction technologies and equipment, and power plant rehabilitation and life extension described in the primary emissions reduction proposal filed in July 2002 and currently pending before the commission are deemed qualifying projects under Minnesota Statutes, section 216B.1692, and all costs related to all such investments are eligible for rider recovery under Minnesota Statutes, section 216B.1692, subdivision 5.

Sec. 13. [REDUCTION OF BIOMASS MANDATE.]

Notwithstanding Minnesota Statutes, section 216B.2424, the biomass electric energy mandate shall be reduced from 125 megawatts to 83 megawatts. The public utilities commission shall not approve any request for assignment, amendment, or deadline extension beyond January 1, 2004, for any contract previously approved to satisfy a portion of the biomass mandate.

[EFFECTIVE DATE.] This section is effective the day following final enactment.

Sec. 14. [REPEALER.]

Minnesota Statutes 2002, section 216C.051, subdivisions 4 and 5, are repealed.

ARTICLE 5

ENERGY ENTERPRISE ZONE

Section 1. [CREATION OF AN ENERGY ENTERPRISE ZONE.]

Subdivision 1. [PURPOSE.] In order to encourage the state's interest in innovative clean energy sources and in recovery in the most economically problematic regions of the state, an energy enterprise zone is hereby authorized, to consist of:

(1) one or more industrial sites capable of hosting at least 750 megawatts of baseload or intermediate electrical generation capacity, which shall not exceed 5,000 acres; and

(2) one or more sites capable of hosting up to 250 megawatts of renewable or hydrogen-fueled electrical generation capacity not to exceed the aggregate of 250 megawatts.

Subd. 2. [ELIGIBILITY FOR ENERGY ENTERPRISE ZONE DESIGNATION.] In order to be eligible for designation as an energy enterprise zone under this section, a proposed energy project must:

(1) make use of an innovative generation technology with production efficiencies greater than traditional generation technologies and with significantly reduced emissions;

(2) be located in the taconite tax relief area of the state on a site with infrastructure to support new or expanded development and be designated by the commissioner of the iron range resources and rehabilitation board under subdivision 3; and

(3) for the renewable or hydrogen-fueled project sites, use as a primary fuel source solar, wind, fuel cells, or biomass energy, or hydroelectric energy with a capacity of less than 60 megawatts.

Subd. 3. [DESIGNATION OF ELIGIBLE AREA.] Upon receiving a proposal for an energy enterprise zone under this section, the commissioner of the iron range resources and rehabilitation board shall determine whether the energy project satisfies the criteria in subdivision 1 and shall designate the energy enterprise zone. The commissioner shall give priority to any projects that have received prior financial and other support from the board.

Subd. 4. [TAX EXEMPTIONS.] (a) Effective upon designation, the owner of and investors in the energy enterprise zone, with respect to the operations of the zone, are:

- (1) exempt from the individual income tax under Minnesota Statutes, chapter 290; and
- (2) exempt from the corporate franchise tax under Minnesota Statutes, chapter 290.

(b) In addition, the property in the energy enterprise zone is exempt from taxation under Minnesota Statutes, section 272.01. The exemption is limited to improvements and personal property, such as attached machinery, and does not apply to land.

(c) In addition, the income generated by facilities in the energy enterprise zone and received by the owner of the zone is to be subtracted from federal taxable income and excluded from alternative minimum taxable income under Minnesota Statutes, section 290.0921, subdivision 3.

(d) In addition, purchases of tangible personal property, fuel, or taxable services by a person for use in a trade or business are exempt from the sales and use taxes imposed under Minnesota Statutes, chapter 297A, if the property or services are primarily used or consumed by the facilities in the zone.

(e) In addition, the purchase and use of construction materials and supplies for constructing improvements to real property in the zone are exempt from the sales and use taxes imposed under Minnesota Statutes, chapter 297A, if the improvements after completion of construction are to be used in the conduct of a trade or business. This exemption applies regardless of whether the purchases are made by the business or a contractor.

(f) In addition, the owner of the zone may elect to employ an accelerated five-year depreciation schedule for corporate and franchise tax purposes.

(g) The incentives listed in this subdivision also apply to costs associated with necessary transmission infrastructure construction and improvements wherever located.

Subd. 5. [REGULATORY INCENTIVES.] Projects designated as energy enterprise zones under this section:

(1) shall, prior to the approval by the commission of any arrangement of an eligible entity to build or expand a fossil-fuel-fired generation facility, or to enter into an agreement to purchase capacity or energy from such a facility for a term exceeding five years, be considered as a supply option for such generation facility, and the commission shall ensure such consideration and take any action with respect to such supply proposal that it deems to be in the best interest of ratepayers. "Eligible entity" means any entity subject to the resource planning requirements of this section and whose most recent resource plan demonstrates a need for at least 450 megawatts of new generation capacity or energy resources;

(2) shall, subject to approval of the terms and conditions thereof by the commission, be entitled to enter into a contract with an eligible entity to provide 450 megawatts of baseload capacity and energy under a long-term contract; and

(3) shall make a good-faith effort to secure funding from the United States Department of Energy and the United States Department of Agriculture to conduct a demonstration project at the facility for either geologic or terrestrial carbon sequestration projects to achieve reductions in facility emissions or carbon dioxide."

Delete the title and insert:

"A bill for an act relating to energy; authorizing additional dry cask storage at Prairie Island; increasing funding for renewable energy development; encouraging conservation; modifying duties of the legislative energy task force; authorizing creation of an energy enterprise zone; amending Minnesota Statutes 2002, sections 116C.779; 216A.03, subdivision 1; 216B.02, by adding a subdivision; 216B.095; 216B.097, by adding a subdivision; 216B.1645, subdivision 2; 216B.1691, subdivisions 1, 2, by adding subdivisions; 216B.241, subdivisions 1a, 1b, 2;

216B.2424, subdivision 5; 216B.243, subdivision 3b; 216C.051, subdivisions 1, 2, 3, 9, by adding a subdivision; 216C.052, subdivision 2; 216C.41, subdivisions 1, 2, 3, 4, 5, by adding a subdivision; 297A.67, by adding a subdivision; 297B.03; 471.345, subdivision 13; proposing coding for new law in Minnesota Statutes, chapters 16C; 116C; 216B; repealing Minnesota Statutes 2002, sections 216C.051, subdivisions 4, 5."

And when so amended the bill be reported to the Senate without recommendation. Amendments adopted. Report adopted.

SECOND READING OF SENATE BILLS

S.F. Nos. 794 and 733 were read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Sams moved that S.F. No. 283, on General Orders, be stricken and re-referred to the Committee on Taxes. The motion prevailed.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Senator Frederickson introduced--

S.F. No. 1538: A bill for an act relating to taxation; exempting certain baseball parks from property taxation; amending Minnesota Statutes 2002, section 272.02, subdivision 25.

Referred to the Committee on Taxes.

Senators Ruud, Pariseau, Olson, Jungbauer and Nienow introduced--

S.F. No. 1539: A bill for an act relating to natural resources; modifying provisions for renewal of game and fish agent license agreements.

Referred to the Committee on Environment and Natural Resources.

Senator Ruud introduced--

S.F. No. 1540: A bill for an act relating to education; providing for an election to determine whether to detach land from independent school district No. 2170, Staples-Motley, for a new school district.

Referred to the Committee on Education.

Senators Chaudhary and Neuville introduced--

S.F. No. 1541: A bill for an act proposing an amendment to the Minnesota Constitution, article XI, section 5; providing for public debt to be incurred for loans for personal rapid transit systems.

Referred to the Committee on Finance.

Senator Rosen introduced--

S.F. No. 1542: A bill for an act relating to tax increment financing; allowing the city of Fairmont to adjust the original tax capacity of a tax increment financing district.

Referred to the Committee on Taxes.

RECESS

Senator Hottinger moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

Without objection, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 627:

H.F. No. 627: A bill for an act relating to appropriations; appropriating money for transportation, public safety, and other purposes; authorizing issuance of state bonds; modifying provisions relating to reverse auctions, land appraisal, archaeological or historic sites, high-occupancy vehicle lanes, highways and transportation corridors, town line roads and easements, major transportation projects commission, advertisements for bids, regional railroad authorities, city transit capital improvement projects in metropolitan area, bus rapid transit and other transit, bus operator liability, local government permits, and other transportation-related activities; providing for fees, funds and accounts, transfers, allocations, and expenditures; modifying provisions regulating special mobile equipment, special vehicle license plates, speed limits and other traffic regulations, vehicle weight limits and other vehicle regulations, vehicle insurance requirements, drivers' licenses and identification cards, essential employee status, the capitol complex security oversight committee, and other activities related to public safety; authorizing administrative powers, penalties, and remedies for public safety purposes; requiring studies and reports; making technical and clarifying changes; changing transit funding, aid, and tax levy provisions; amending Minnesota Statutes 2002, sections 10A.01, subdivision 24; 13.44, subdivision 3; 16A.88, subdivision 1; 16C.10, subdivision 7; 84.87, subdivision 1; 138.40, subdivisions 2, 3; 160.28, by adding a subdivision; 161.08; 161.20, subdivision 3; 164.12; 168.011, subdivision 22; 168.013, subdivision 3; 168.12, subdivision 5; 168.54, subdivision 4; 168A.29, subdivision 1; 169.14, subdivision 5a, by adding a subdivision; 169.18, subdivision 11; 169.791, subdivision 1; 169.796, by adding a subdivision; 169.797, subdivision 4a; 169.798, subdivision 1, by adding a subdivision; 169.826, subdivision 1, by adding a subdivision; 169.86, subdivision 5; 169.87, by adding a subdivision; 171.06, subdivision 3; 171.07, subdivisions 1, 3; 171.13, by adding a subdivision; 171.14; 171.20, subdivision 4; 171.22, subdivision 2; 171.29, subdivision 2; 174.03, subdivision 6a; 174.22, by adding a subdivision; 174.24, subdivisions 1, 3b; 174.55, subdivision 2; 179A.03, subdivision 7; 179A.10, subdivision 2; 275.065, subdivision 3; 275.71, subdivision 5; 297B.09, subdivision 1; 299A.465, subdivision 4; 299E.01, by adding a subdivision; 299E.03, subdivision 3; 398A.03, subdivision 1; 471.345, subdivision 14; 473.399, subdivision 1; 473.3994, subdivision 2; 473.3997; 473.446, subdivision 1; 609.531, subdivision 1; Laws 1999, chapter 238, article 1, section 2, subdivision 2; Laws 2000, chapter 433, section 4; Laws 2001, First Special Session chapter 8, article 1, section 2, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 117; 160; 168; 171; 299A; 331A; 373; 398A; 414; 473; repealing Minnesota Statutes 2002, sections 16A.88, subdivision 3; 169.794; 169.799; 174.242; Minnesota Rules, parts 7403.1300; 7413.0400; 7413.0500.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

Kuisle; Holberg; Westerberg; Anderson, B. and Ruth have been appointed as such committee on the part of the House.

House File No. 627 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 8, 2003

Senator Johnson, D.E. moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 627, and that a Conference Committee of 5 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

RECESS

Senator Hottinger moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

APPOINTMENTS

Senator Hottinger from the Subcommittee on Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 627: Senators Johnson, D.E.; Marko; Dibble; Rest and Langseth.

Senator Hottinger moved that the foregoing appointments be approved. The motion prevailed.

MEMBERS EXCUSED

Senator Olson was excused from the Session of today. Senator Anderson was excused from the Session of today from 9:30 to 10:00 a.m. Senator Stumpf was excused from the Session of today from 9:40 to 10:00 a.m. Senator Higgins was excused from the Session of today from 10:00 to 10:20 a.m. Senator Tomassoni was excused from the Session of today from 10:00 to 10:20 a.m. and from 11:00 a.m. to 12:25 p.m. Senator Frederickson was excused from the Session of today from 10:00 to 10:20 a.m. and at 12:00 noon. Senator Rest was excused from the Session of today from 10:10 to 10:15 a.m. Senator Bakk was excused from the Session of today from 10:30 a.m. to 12:00 noon. Senator Hottinger was excused from the Session of today from 10:45 to 10:55 a.m. Senator Ortman was excused from the Session of today from 10:50 to 11:05 a.m. Senator Saxhaug was excused from the Session of today from 11:00 a.m. to 12:25 p.m.

ADJOURNMENT

Senator Hottinger moved that the Senate do now adjourn until 9:00 a.m., Friday, May 9, 2003. The motion prevailed.

Patrick E. Flahaven, Secretary of the Senate

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