

SIXTY-FIRST DAY

St. Paul, Minnesota, Sunday, May 21, 2017

The Senate met at 3:00 p.m. and was called to order by the President.

CALL OF THE SENATE

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

Prayer was offered by Senator Andrew Mathews.

The members of the Senate gave the pledge of allegiance to the flag of the United States of America.

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

Abeler	Dziedzic	Ingebrigtsen	Lourey	Schoen
Anderson, B.	Eaton	Isaacson	Marty	Senjem
Anderson, P.	Eichorn	Jasinski	Mathews	Simonson
Bakk	Eken	Jensen	Miller	Sparks
Benson	Fischbach	Johnson	Nelson	Tomassoni
Carlson	Franzen	Kent	Newman	Torres Ray
Chamberlain	Frentz	Kiffmeyer	Newton	Utke
Champion	Gazelka	Klein	Osmek	Weber
Clausen	Goggin	Koran	Pappas	Westrom
Cohen	Hall	Laine	Pratt	Wiger
Cwodzinski	Hawj	Lang	Relph	Wiklund
Dahms	Hayden	Latz	Rest	
Dibble	Hoffman	Limmer	Rosen	
Draheim	Housley	Little	Ruud	

The President declared a quorum present.

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

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senators Wiklund and Laine introduced--

S.F. No. 2416: A bill for an act relating to manufactured housing; modifying requirements for manufactured home park closings; modifying manufactured home park owner requirements prior

to sale of the manufactured home park; authorizing rulemaking; amending Minnesota Statutes 2016, sections 327C.095, subdivisions 1, 4, 6, 11; 327C.096; repealing Minnesota Statutes 2016, section 327C.095, subdivisions 8, 9.

Referred to the Committee on Agriculture, Rural Development, and Housing Policy.

Senators Eichorn and Ruud introduced--

S.F. No. 2417: A bill for an act relating to the Sustainable Forest Incentive Act; modifying eligibility requirements; amending Minnesota Statutes 2016, section 290C.02, subdivision 6.

Referred to the Committee on Environment and Natural Resources Policy and Legacy Finance.

Senators Pratt; Anderson, P.; Dzedzic; Eichorn; and Miller introduced--

S.F. No. 2418: A bill for an act relating to taxation; individual income; providing a credit for teachers of concurrent enrollment students.

Referred to the Committee on Taxes.

Senators Westrom, Weber, Eken, Sparks, and Ingebrigtsen introduced--

S.F. No. 2419: A bill for an act relating to natural resources; clarifying public waters and public drainage system laws; amending Minnesota Statutes 2016, sections 103E.701, subdivision 2; 103G.225; 103G.245, subdivision 2.

Referred to the Committee on Environment and Natural Resources Policy and Legacy Finance.

Senators Hayden, Senjem, Nelson, Pappas, and Schoen introduced--

S.F. No. 2420: A bill for an act relating to capital improvements; appropriating money for predesign and design of space at Harriet Tubman Center West.

Referred to the Committee on Capital Investment.

Senators Schoen, Rest, Housley, Hoffman, and Hayden introduced--

S.F. No. 2421: A bill for an act relating to health; establishing goals to reduce blood lead levels in Minnesota children; requiring the commissioner of health to issue annual public reports; amending Minnesota Statutes 2016, section 144.9502, subdivision 1, by adding subdivisions.

Referred to the Committee on Health and Human Services Finance and Policy.

Senator Lourey introduced--

S.F. No. 2422: A bill for an act relating to human rights; prohibiting discrimination by a health plan company; amending Minnesota Statutes 2016, section 363A.17.

Referred to the Committee on Judiciary and Public Safety Finance and Policy.

Senator Benson introduced--

S.F. No. 2423: A bill for an act relating to health; establishing a public health response contingency account; authorizing the commissioner of health to use funds from the account for certain purposes; transferring money; proposing coding for new law in Minnesota Statutes, chapter 144.

Referred to the Committee on Health and Human Services Finance and Policy.

MOTIONS AND RESOLUTIONS

Senator Klein moved that the names of Senators Wiger and Clausen be added as co-authors to S.F. No. 2414. The motion prevailed.

Senator Rest moved that S.F. No. 2404 be withdrawn from the Committee on Judiciary and Public Safety Finance and Policy and returned to its author. The motion prevailed.

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

REPORTS OF COMMITTEES**Senator Hall from the Committee on Local Government, to which was referred**

H.F. No. 739: A bill for an act relating to telecommunications; providing for collocation of small wireless facilities; amending Minnesota Statutes 2016, sections 237.162, subdivisions 2, 4, 9, by adding subdivisions; 237.163, subdivisions 2, 4, 6, 7, by adding subdivisions.

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

Pursuant to Joint Rule 2.03, the bill was referred to the Committee on Rules and Administration.

RECESS

Senator Benson 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.

CALL OF THE SENATE

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 943 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. No. 943

A bill for an act relating to higher education; appropriating money for an education debt relief grant; requiring a report.

May 21, 2017

The Honorable Michelle L. Fischbach
President of the Senate

The Honorable Kurt L. Daudt
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 943 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 943 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1**HIGHER EDUCATION APPROPRIATIONS**Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2018" and "2019" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium" is fiscal years 2018 and 2019.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2018</u>	<u>2019</u>

Sec. 2. **MINNESOTA OFFICE OF HIGHER EDUCATION**

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>260,036,000</u>	<u>\$</u>	<u>256,495,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

<u>Subd. 2. State Grants</u>		<u>198,206,000</u>		<u>198,356,000</u>
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If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

Subd. 3. <u>Child Care Grants</u>	<u>6,694,000</u>	<u>6,694,000</u>
Subd. 4. <u>State Work-Study</u>	<u>14,502,000</u>	<u>14,502,000</u>
Subd. 5. <u>Interstate Tuition Reciprocity</u>	<u>11,018,000</u>	<u>11,018,000</u>

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available to meet reciprocity contract obligations.

Subd. 6. <u>Safety Officer's Survivors</u>	<u>100,000</u>	<u>100,000</u>
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This appropriation is to provide educational benefits under Minnesota Statutes, section 299A.45, to eligible dependent children and to the spouses of public safety officers killed in the line of duty.

If the appropriation in this subdivision for either year is insufficient, the appropriation for the other year is available for it.

Subd. 7. <u>Indian Scholarships</u>	<u>3,500,000</u>	<u>3,500,000</u>
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The commissioner must contract with or employ at least one person with demonstrated competence in American Indian culture and residing in or near the city of Bemidji to assist students with the scholarships under Minnesota Statutes, section 136A.126, and with other information about financial aid for which the students may be eligible. Bemidji State University must provide office space at no cost to the Office of Higher Education for purposes of administering the American Indian scholarship program under Minnesota Statutes, section 136A.126. This appropriation includes funding to administer the American Indian scholarship program.

Subd. 8. <u>Tribal College Grants</u>	<u>150,000</u>	<u>150,000</u>
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For tribal college assistance grants under Minnesota Statutes, section 136A.1796.

Subd. 9. Intervention for College Attendance Program Grants

671,000

671,000

For the intervention for college attendance program under Minnesota Statutes, section 136A.861.

The commissioner may use no more than three percent of this appropriation to administer the intervention for college attendance program grants.

Subd. 10. Student-Parent Information

122,000

122,000

Subd. 11. Get Ready!

180,000

180,000

Subd. 12. Minnesota Education Equity Partnership

45,000

45,000

Subd. 13. Midwest Higher Education Compact

115,000

115,000

Subd. 14. United Family Medicine Residency Program

501,000

501,000

For a grant to United Family Medicine residency program. This appropriation shall be used to support up to 21 resident physicians each year in family practice at United Family Medicine residency programs and shall prepare doctors to practice family care medicine in underserved rural and urban areas of the state. It is intended that this program will improve health care in underserved communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a cost-effective manner.

Subd. 15. MnLINK Gateway and Minitex

5,905,000

5,905,000

Subd. 16. Statewide Longitudinal Education Data System

882,000

882,000

Subd. 17. Hennepin County Medical Center

645,000

645,000

For transfer to Hennepin County Medical Center for graduate family medical education programs at Hennepin County Medical Center.

Subd. 18. MNSCU Two-Year Public College Program

3,481,000

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(a) \$2,780,000 in fiscal year 2018 is for two-year public college program grants under Laws 2015, chapter 69, article 3, section 20.

(b) \$545,000 in fiscal year 2018 is to provide mentoring and outreach as specified under Laws 2015, chapter 69, article 3, section 20.

(c) \$156,000 in fiscal year 2018 is for information technology and administrative costs associated with implementation of the grant program.

Subd. 19. College Possible

250,000

250,000

(a) This appropriation is for immediate transfer to College Possible to support programs of college admission and college graduation for low-income students through an intensive curriculum of coaching and support at both the high school and postsecondary level.

(b) This appropriation must, to the extent possible, be proportionately allocated between students from greater Minnesota and students in the seven-county metropolitan area.

(c) This appropriation must be used by College Possible only for programs supporting students who are residents of Minnesota and attending colleges or universities within Minnesota.

(d) By February 1 of each year, College Possible must report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over higher education and E-12 education on activities funded by this appropriation. The report must include, but is not limited to, information about the expansion of College Possible in Minnesota, the number of College Possible coaches hired, the expansion within existing partner high schools, the expansion of high school partnerships, the number of high school and college students served, the total hours of community service by high

school and college students, and a list of communities and organizations benefiting from student service hours.

Subd. 20. Spinal Cord Injury and Traumatic Brain Injury Research Grant Program

3,000,000

3,000,000

For spinal cord injury and traumatic brain injury research grants authorized under Minnesota Statutes, section 136A.901.

The commissioner may use no more than three percent of this appropriation to administer the grant program under this subdivision.

Subd. 21. Summer Academic Enrichment Program

125,000

125,000

For summer academic enrichment grants under Minnesota Statutes, section 136A.091.

The commissioner may use no more than three percent of this appropriation to administer the grant program under this subdivision.

Subd. 22. Dual Training Competency Grants; Office of Higher Education

2,000,000

2,000,000

For training grants under Minnesota Statutes, section 136A.246.

The commissioner may use no more than three percent of this appropriation to administer the grant program under this subdivision.

Subd. 23. Dual Training Competency Grants; Department of Labor and Industry

200,000

200,000

For transfer to the commissioner of labor and industry for identification of competency standards for dual training under Minnesota Statutes, section 175.45.

Subd. 24. Concurrent Enrollment Courses

340,000

340,000

(a) \$225,000 in fiscal year 2018 and \$225,000 in fiscal year 2019 are for grants to develop new concurrent enrollment courses under Minnesota Statutes, section

124D.09, subdivision 10, that satisfy the elective standard for career and technical education. Any balance in the first year does not cancel but is available in the second year.

(b) \$115,000 in fiscal year 2018 and \$115,000 in fiscal year 2019 are for grants to postsecondary institutions currently sponsoring a concurrent enrollment course to expand existing programs. The commissioner shall determine the application process and the grant amounts. The commissioner must give preference to expanding programs that are at capacity. Any balance in the first year does not cancel but is available in the second year.

(c) By December 1 of each year, the office shall submit a brief report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education regarding:

(1) the courses developed by grant recipients and the number of students who enrolled in the courses under paragraph (a); and

(2) the programs expanded and the number of students who enrolled in programs under paragraph (b).

<u>Subd. 25. Campus Sexual Assault Reporting</u>	<u>25,000</u>	<u>25,000</u>
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For the sexual assault reporting required under Minnesota Statutes, section 135A.15.

<u>Subd. 26. Campus Sexual Violence Prevention and Response Coordinator</u>	<u>150,000</u>	<u>150,000</u>
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For the Office of Higher Education to staff a campus sexual violence prevention and response coordinator to serve as a statewide resource providing professional development and guidance on best practices for postsecondary institutions. \$50,000 each year are for administrative funding to conduct trainings and provide materials to postsecondary institutions.

Subd. 27. Addiction Medicine Graduate Fellowship Program

210,000

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For the addiction medicine graduate fellowship program under Laws 2016, chapter 189, article 1, section 2, subdivision 4.

Subd. 28. Student and Employer Connection Information System

405,000

405,000

For a grant to the Minnesota Chamber Foundation for the creation of a web-based job and intern-seeking software tool that blind matches the needs of employers located in Minnesota with the individual profiles of high school seniors and postsecondary students attending Minnesota high schools and postsecondary institutions. No more than three percent of this appropriation may be used for administrative expenses of the foundation. The foundation must report by January 15, 2019, on activities under this subdivision to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance.

Subd. 29. Emergency Assistance for Postsecondary Students

175,000

175,000

(a) This appropriation is for the Office of Higher Education to allocate grant funds on a matching basis to schools with a demonstrable homeless student population.

(b) This appropriation shall be used to meet immediate student needs that could result in a student not completing the term or their program including, but not limited to, emergency housing, food, and transportation. Emergency assistance does not impact the amount of state financial aid received.

(c) The commissioner shall determine the application process and the grant amounts. Any balance in the first year does not cancel but shall be available in the second year. The Office of Higher Education shall partner with

interested postsecondary institutions, other state agencies, and student groups to establish the programs.

Subd. 30. Grants to Teacher Candidates 500,000 500,000

For grants to teacher candidates under Minnesota Statutes, section 136A.1275. This appropriation is in addition to the money available under Laws 2016, chapter 189, article 25, section 62, subdivision 11.

The commissioner may use no more than three percent of the appropriation for administration of the program.

Subd. 31. Teacher Shortage Loan Forgiveness 200,000 200,000

For the loan forgiveness program under Minnesota Statutes, section 136A.1791.

The commissioner may use no more than three percent of this appropriation to administer the program under this subdivision.

Subd. 32. Large Animal Veterinarian Loan Forgiveness Program 375,000 375,000

For the large animal veterinarian loan forgiveness program under Minnesota Statutes, section 136A.1795.

Subd. 33. Agricultural Educators Loan Forgiveness 50,000 50,000

For deposit in the agricultural education loan forgiveness account.

Subd. 34. Aviation Degree Loan Forgiveness Program 25,000 25,000

For the aviation degree loan forgiveness program under Minnesota Statutes, section 136A.1789.

Subd. 35. Grants for Students with Intellectual and Developmental Disabilities 200,000 200,000

For grants for students with intellectual and developmental disabilities under Minnesota Statutes, section 136A.1215.

<u>Subd. 36. Loan Repayment Assistance Program</u>	<u>25,000</u>	<u>25,000</u>
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For a grant to the Loan Repayment Assistance Program of Minnesota to provide education debt relief to attorneys with full-time employment providing legal advice or representation to low-income clients or support services for this work.

<u>Subd. 37. Minnesota Life College</u>	<u>1,000,000</u>	<u>1,000,000</u>
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For a grant to Minnesota Life College for need-based scholarships and tuition reduction.

<u>Subd. 38. Agency Administration</u>	<u>4,064,000</u>	<u>4,064,000</u>
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Subd. 39. **Balances Forward**

A balance in the first year under this section does not cancel, but is available for the second year.

Subd. 40. **Transfers**

The commissioner of the Office of Higher Education may transfer unencumbered balances from the appropriations in this section to the state grant appropriation, the interstate tuition reciprocity appropriation, the child care grant appropriation, the Indian scholarship appropriation, the state work-study appropriation, the get ready appropriation, and the public safety officers' survivors appropriation. Transfers from the child care or state work-study appropriations may only be made to the extent there is a projected surplus in the appropriation. A transfer may be made only with prior written notice to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over higher education finance.

Sec. 3. BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES

<u>Subdivision 1. Total Appropriation</u>	<u>\$ 731,019,000</u>	<u>\$ 721,919,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

<u>Subd. 2. Central Office and Shared Services Unit</u>	<u>33,074,000</u>	<u>33,074,000</u>
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For the Office of the Chancellor and the Shared Services Division.

<u>Subd. 3. Operations and Maintenance</u>	<u>693,830,000</u>	<u>684,730,000</u>
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(a) The Board of Trustees must establish tuition rates as follows:

(1) for the 2017-2018 academic year, the tuition rate at colleges must not exceed the 2016-2017 academic year rate by more than one percent; and

(2) for the 2018-2019 academic year, the tuition rates for undergraduates at colleges and universities must not exceed the 2017-2018 academic year rates.

The student tuition relief may not be offset by increases in mandatory fees, charges, or other assessments to the student. Colleges and universities are permitted to increase differential tuition charges in fiscal years 2018 and 2019 where costs for course or program delivery have increased due to extraordinary circumstances beyond the control of the college or university. Rates and rationale must be approved by the Board of Trustees.

(b) \$3,000,000 in fiscal year 2018 and \$3,000,000 in fiscal year 2019 are to provide the supplemental aid under article 2, section 24.

(c) The Board of Trustees is requested to help Minnesota close the attainment gap by funding activities which improve retention and completion for students of color.

(d) This appropriation includes \$1,000,000 in fiscal year 2019 for workforce development scholarships under Minnesota

Statutes, section 136F.38. The base for this appropriation in fiscal year 2020 is \$500,000.

(e) \$200,000 each year is for transfer to the Cook County Higher Education Board to provide educational programming and academic support services to remote regions in northeastern Minnesota. The Cook County Higher Education Board shall continue to provide information to the Board of Trustees on the number of students served, credit hours delivered, and services provided to students.

(f) \$50,000 in fiscal year 2018 and \$50,000 in fiscal year 2019 are for developing and teaching online agricultural courses by farm business management faculty at colleges that offer farm business management.

(g) \$175,000 in fiscal year 2018 and \$175,000 in fiscal year 2019 are for the veterans-to-agriculture pilot program established by Laws 2015, chapter 69, article 1, section 4, subdivision 3. The program shall continue to conform to the requirements of that subdivision. The appropriation shall be used to support, in equal amounts, up to six program sites statewide. No more than two percent of the total appropriation provided by this section may be used for administrative purposes at the system level.

No later than December 15, 2018, the program shall report to the committees of the house of representatives and the senate with jurisdiction over issues related to agriculture, veterans affairs, and higher education on program operations, including information on participation rates, new job placements, and any unmet needs.

(h) This appropriation includes \$40,000 in fiscal year 2018 and \$40,000 in fiscal year 2019 to implement the sexual assault policies required under Minnesota Statutes, section 135A.15.

(i) This appropriation includes \$4,000,000 in fiscal year 2018 and \$4,000,000 in fiscal year 2019 for upgrading the Integrated Statewide Record System.

(j) \$100,000 in fiscal year 2018 is for use by Winona State University for HealthForce Minnesota to develop educational materials that increase awareness of career opportunities available in the field of senior care. The educational materials developed under this provision must be appropriate for students in K-12 education settings, dislocated workers, and rural communities. Materials must be developed in collaboration with employers and trade organizations representing employers in the field of senior care.

Winona State University shall submit a report by February 1, 2019, to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance and policy. The report must include information about the materials developed, to whom materials were distributed, and identify any collaborations with employers and trade organizations.

Subd. 4. Learning Network of Minnesota	<u>4,115,000</u>	<u>4,115,000</u>
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Sec. 4. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

Subdivision 1. Total Appropriation	\$	<u>660,843,000</u>	\$	<u>650,793,000</u>
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Appropriations by Fund

	<u>2018</u>	<u>2019</u>
General	<u>658,686,000</u>	<u>648,636,000</u>
Health Care Access	<u>2,157,000</u>	<u>2,157,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Operations and Maintenance	<u>590,248,000</u>	<u>580,198,000</u>
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(a) The Board of Regents is requested to set resident tuition rates for academic year

2018-2019 at levels not to exceed the rates for academic year 2017-2018.

(b) \$15,000,000 in fiscal year 2018 and \$15,000,000 in fiscal year 2019 are to: (1) increase the medical school's research capacity; (2) improve the medical school's ranking in National Institutes of Health funding; (3) ensure the medical school's national prominence by attracting and retaining world-class faculty, staff, and students; (4) invest in physician training programs in rural and underserved communities; and (5) translate the medical school's research discoveries into new treatments and cures to improve the health of Minnesotans.

(c) \$7,800,000 in fiscal year 2018 and \$7,800,000 in fiscal year 2019 are for health training restoration. This appropriation must be used to support all of the following: (1) faculty physicians who teach at eight residency program sites, including medical resident and student training programs in the Department of Family Medicine; (2) the Mobile Dental Clinic; and (3) expansion of geriatric education and family programs.

(d) \$4,000,000 in fiscal year 2018 and \$4,000,000 in fiscal year 2019 are for the Minnesota Discovery, Research, and InnoVation Economy funding program for cancer care research.

(e) \$50,000 in fiscal year 2018 is to develop and implement a plan to offer the academic program for students with intellectual and developmental disabilities required in article 2, section 18. The Board of Regents must submit a report on the plan to the chairs and ranking minority members of the committees of the legislature with jurisdiction over higher education finance and policy no later than January 15, 2018. The report must describe program plans, including strategies for recruitment of applicants, and strategies to address anticipated program needs that

cannot be filled using existing campus or system resources. This is a onetime appropriation.

(f) \$500,000 in fiscal year 2018 and \$500,000 in fiscal year 2019 are for the University of Minnesota, Morris branch, to cover the costs of tuition waivers under Minnesota Statutes, section 137.16.

Subd. 3. <u>Primary Care Education Initiatives</u>	<u>2,157,000</u>	<u>2,157,000</u>
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This appropriation is from the health care access fund.

Subd. 4. Special Appropriations

(a) <u>Agriculture and Extension Service</u>	<u>42,922,000</u>	<u>42,922,000</u>
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For the Agricultural Experiment Station and the Minnesota Extension Service:

(1) the agricultural experiment stations and Minnesota Extension Service must convene agricultural advisory groups to focus research, education, and extension activities on producer needs and implement an outreach strategy that more effectively and rapidly transfers research results and best practices to producers throughout the state;

(2) this appropriation includes funding for research and outreach on the production of renewable energy from Minnesota biomass resources, including agronomic crops, plant and animal wastes, and native plants or trees. The following areas should be prioritized and carried out in consultation with Minnesota producers, renewable energy, and bioenergy organizations:

(i) biofuel and other energy production from perennial crops, small grains, row crops, and forestry products in conjunction with the Natural Resources Research Institute (NRRI);

(ii) alternative bioenergy crops and cropping systems; and

(iii) biofuel coproducts used for livestock feed;

(3) this appropriation includes funding for the College of Food, Agricultural, and Natural Resources Sciences to establish and provide leadership for organic agronomic, horticultural, livestock, and food systems research, education, and outreach and for the purchase of state-of-the-art laboratory, planting, tilling, harvesting, and processing equipment necessary for this project;

(4) this appropriation includes funding for research efforts that demonstrate a renewed emphasis on the needs of the state's agriculture community. The following areas should be prioritized and carried out in consultation with Minnesota farm organizations:

(i) vegetable crop research with priority for extending the Minnesota vegetable growing season;

(ii) fertilizer and soil fertility research and development;

(iii) soil, groundwater, and surface water conservation practices and contaminant reduction research;

(iv) discovering and developing plant varieties that use nutrients more efficiently;

(v) breeding and development of turf seed and other biomass resources in all three Minnesota biomes;

(vi) development of new disease-resistant and pest-resistant varieties of turf and agronomic crops;

(vii) utilizing plant and livestock cells to treat and cure human diseases;

(viii) the development of dairy coproducts;

(ix) a rapid agricultural response fund for current or emerging animal, plant, and insect problems affecting production or food safety;

(x) crop pest and animal disease research;

(xi) developing animal agriculture that is capable of sustainably feeding the world;

(xii) consumer food safety education and outreach;

(xiii) programs to meet the research and outreach needs of organic livestock and crop farmers; and

(xiv) alternative bioenergy crops and cropping systems; and growing, harvesting, and transporting biomass plant material; and

(5) by February 1, 2019, the Board of Regents must submit a report to the legislative committees and divisions with jurisdiction over agriculture and higher education finance on the status and outcomes of research and initiatives funded in this paragraph.

(b) Health Sciences

9,204,000

9,204,000

\$346,000 each year is to support up to 12 resident physicians in the St. Cloud Hospital family practice residency program. The program must prepare doctors to practice primary care medicine in rural areas of the state. The legislature intends this program to improve health care in rural communities, provide affordable access to appropriate medical care, and manage the treatment of patients in a more cost-effective manner. The remainder of this appropriation is for the rural physicians associates program; the Veterinary Diagnostic Laboratory; health sciences research; dental care; the Biomedical Engineering Center; and the collaborative partnership between the University of Minnesota and Mayo Clinic for regenerative medicine, research, clinical translation, and commercialization.

(c) Institute of Technology1,140,0001,140,000

For the geological survey and the talented youth mathematics program.

(d) System Special7,181,0007,181,000

For general research, the Labor Education Service, Natural Resources Research Institute, Center for Urban and Regional Affairs, Bell Museum of Natural History, and the Humphrey exhibit.

\$2,000,000 in fiscal year 2018 and \$2,000,000 in fiscal year 2019 are for the Natural Resources Research Institute to invest in applied research for economic development.

(e) University of Minnesota and Mayo Foundation Partnership7,991,0007,991,000

This appropriation is for the following activities:

(1) \$7,491,000 in fiscal year 2018 and \$7,491,000 in fiscal year 2019 are for the direct and indirect expenses of the collaborative research partnership between the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics. An annual report on the expenditure of these funds must be submitted to the governor and the chairs of the legislative committees responsible for higher education finance by June 30 of each fiscal year.

(2) \$500,000 in fiscal year 2018 and \$500,000 in fiscal year 2019 are to award competitive grants to conduct research into the prevention, treatment, causes, and cures of Alzheimer's disease and other dementias.

Subd. 5. Academic Health Center

The appropriation for Academic Health Center funding under Minnesota Statutes, section 297F.10, is estimated to be \$22,250,000 each year.

Sec. 5. MAYO CLINIC

Subdivision 1. Total Appropriation	\$	<u>1,351,000</u>	\$	<u>1,351,000</u>
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The amounts that may be spent are specified in the following subdivisions.

Subd. 2. Medical School		<u>665,000</u>		<u>665,000</u>
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The state must pay a capitation each year for each student who is a resident of Minnesota. The appropriation may be transferred between each year of the biennium to accommodate enrollment fluctuations. It is intended that during the biennium the Mayo Clinic use the capitation money to increase the number of doctors practicing in rural areas in need of doctors.

Subd. 3. Family Practice and Graduate Residency Program		<u>686,000</u>		<u>686,000</u>
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The state must pay stipend support for up to 27 residents each year.

ARTICLE 2**HIGHER EDUCATION POLICY**

Section 1. Minnesota Statutes 2016, section 43A.06, subdivision 1, is amended to read:

Subdivision 1. **General.** (a) The commissioner shall perform the duties assigned to the commissioner by sections 3.855, 179A.01 to 179A.25 and this section.

(b) The commissioner shall be the state labor negotiator for purposes of negotiating and administering agreements with exclusive representatives of employees and shall perform any other duties delegated by the commissioner subject to the limitations in paragraph (c).

(c) The Board of Trustees of the Minnesota State Colleges and Universities may exercise the powers under this section for employees included in the units provided in clauses (9), (10), and (11) of section 179A.10, subdivision 2, except with respect to sections 43A.22 to 43A.31, which shall continue to be the responsibility of the commissioner. The commissioner shall have the right to review and comment to the Minnesota State Colleges and Universities on the board's final proposals prior to exchange of final positions with the designated bargaining units as well as any requests for interest arbitration. The legislature encourages the Board of Trustees, in coordination with the commissioner of management and budget and the Board of Regents of the University of Minnesota, to endeavor in collective bargaining negotiations to seek fiscal balance recognizing the ability of the employer to fund the agreements or awards. When submitting a proposed collective bargaining agreement to the Legislative Coordinating Commission and the legislature under section 3.855, subdivision 2, the Board of Trustees must use procedures and assumptions consistent with those

used by the commissioner in calculating the costs of the proposed contract. The Legislative Coordinating Commission must, when considering a collective bargaining agreement or arbitration award submitted by the Board of Trustees, evaluate market conditions affecting the employees in the bargaining unit, equity with other bargaining units in the executive branch, and the ability of the trustees and the state to fund the agreement or award.

Sec. 2. Minnesota Statutes 2016, section 135A.031, subdivision 7, is amended to read:

Subd. 7. **Reports.** (a) The University of Minnesota and the Minnesota State Colleges and Universities systems shall include in their biennial budget proposals to the legislature:

(1) a five-year history of systemwide expenditures, reported by:

(i) functional areas, including instruction, research, public service, student financial aid, and auxiliary services, and including direct costs and indirect costs, such as institutional support, academic support, student services, and facilities management, associated with each functional area; and

(ii) objects of expenditure, such as salaries, benefits, supplies, and equipment, including a full explanation of all material changes to the expenditure categories when compared to the prior fiscal year;

(2) a five-year history of the system's total instructional expenditures per full-year equivalent student, by level of instruction, including upper-division undergraduate, lower-division undergraduate, graduate, professional, and other categories of instructional programs offered by the system;

(3) a five-year history of the system's total revenues by funding source, including tuition, state operations and maintenance appropriations, state special appropriations, other restricted state funds, federal appropriations, sponsored research funds, gifts, auxiliary revenue, indirect cost recovery, and any other revenue sources;

(4) an explanation describing how state appropriations made to the system in the previous biennium were allocated and the methodology used to determine the allocation;

(5) data describing how the institution reallocated resources to advance the priorities set forth in the budget submitted under section 135A.034 and the statewide objectives under section 135A.011. The information must indicate whether instruction and support programs received a reduction in or additional resources. The total amount reallocated must be clearly explained;

(6) the tuition rates and fees established by the governing board in each of the past ten years and comparison data for peer institutions and national averages;

(7) data on the number and proportion of students graduating within four, five, and six years from universities and within three years from colleges as reported in the integrated postsecondary education data system. These data must be provided for each institution by race, ethnicity, and gender. Data and information must be submitted that describe the system's plan and progress toward attaining the goals set forth in the plan to increase the number and proportion of students that graduate within four, five, or six years from a university or within three years from a college;

(8) data on, and the methodology used to measure, the number of students traditionally underrepresented in higher education enrolled at the system's institutions. Data and information must be submitted that describe the system's plan and progress toward attaining the goals set forth in the plan to increase the recruitment, retention, and timely graduation of students traditionally underrepresented in higher education; ~~and~~

(9) data on the revenue received from all sources to support research or workforce development activities or the system's efforts to license, sell, or otherwise market products, ideas, technology, and related inventions created in whole or in part by the system. Data and information must be submitted that describe the system's plan and progress toward attaining the goals set forth in the plan to increase the revenue received to support research or workforce development activities or revenue received from the licensing, sale, or other marketing and technology transfer activities by the system;

(10) data on consulting contracts from the last two completed fiscal years for which the work is performed by a consultant who is not an employee of the system, for which the system paid in excess of \$500,000. Data must include the name of the consultant, the total value of the contract, a description of the work completed, and a description of the reasons for using an outside consultant and not internal staff. Consulting contracts are defined as contracts from management, investment and financial advisory services, project management, computer/technology advisory services, and construction project management; and

(11) aggregate data on the following:

(i) student demographics;

(ii) a five-year history of student enrollment, including student enrollment by legislative district;

(iii) a five-year history of student debt;

(iv) a five-year history of mandatory student fees by campus;

(v) employee head count and employee demographics;

(vi) facilities, including physical space overview, condition, square footage, distribution by region, any deferred maintenance, and capital bonding requested and received;

(vii) administrative costs, including the definition of "administrators" used by the system, the total number of "administrators" as percent of total employee head count, and system office budget for Minnesota State Colleges and Universities as percent of total system general fund revenue; and

(viii) college and university operating budgets.

(b) Data required by this subdivision shall be submitted by the public postsecondary systems to the Minnesota Office of Higher Education and the Department of Management and Budget and included in the biennial budget document. Representatives from each system, in consultation with the commissioner of management and budget and the commissioner of the Office of Higher Education, shall develop consistent reporting practices for this purpose.

(c) To the extent practicable, each system shall develop the ability to respond to legislative requests for financial analyses that are more detailed than those required by this subdivision, including but not limited to analyses that show expenditures or revenues by institution or program, or in multiple categories of expenditures or revenues, and analyses that show revenue sources for particular types of expenditures.

Sec. 3. **[135A.0434] MANDATORY STUDENT ACTIVITY FEES REFERENDUM.**

Subdivision 1. **Referendum.** The governing body of a public postsecondary institution must not increase mandatory student activity fees by greater than two percent relative to the previous academic year unless the increase is approved by a majority of students voting in a campus referendum. This section does not apply to fees paid by students that are directly related to academic, administrative, health services, or debt obligations, including bonds issued under sections 136F.90 to 136F.98. The Board of Regents of the University of Minnesota is requested to adopt a policy implementing this section.

Subd. 2. **Penalty.** If the Board of Regents of the University of Minnesota increases mandatory student activity fees by more than two percent without approval by a vote of the student body as described in subdivision 1, the commissioner of management and budget shall deduct from the university's appropriation base an amount equal to one percent of the university's appropriation base in the first year of the next biennium.

EFFECTIVE DATE. This section is effective beginning September 1, 2017, and applies to actions taken by a governing body of a public postsecondary institution.

Sec. 4. **[135A.158] INFORMATION PROVIDED TO STUDENT PARENTS AND PREGNANT STUDENTS.**

A public or regionally accredited private postsecondary educational institution must provide information according to this section to students who are parents of one or more children age 12 or younger, and to students who notify the institution that they are pregnant. The information must include a fact sheet on the legal rights of student parents and pregnant students and a list of resources to support student parents and pregnant students. The list of resources may include resources for prenatal care, child care, transportation, and housing. This information must be available in languages that reflect the primary languages of the institution's student body. The Board of Regents of the University of Minnesota is requested to comply with this section.

Sec. 5. **[136A.055] DEVELOPMENTAL EDUCATION REPORTING.**

(a) The commissioner must report on the department's Web site the following summary data on students who graduated from a Minnesota high school and are attending a public postsecondary institution in Minnesota, limited to the most recent academic school year:

(1) the number of students placed in supplemental or developmental education;

(2) the number of students who complete supplemental or developmental education within one academic year;

(3) the number of students that complete gateway courses in one academic year; and

(4) time to complete a degree or certificate at a postsecondary institution.

(b) Summary data must be aggregated by school district, high school, and postsecondary institution. Summary data must be disaggregated by race, ethnicity, free or reduced-price lunch eligibility, and age.

(c) The commissioner must post the initial data on the department's Web site on or before February 15, 2018, and must update the data at least annually thereafter.

Sec. 6. Minnesota Statutes 2016, section 136A.101, subdivision 5a, is amended to read:

Subd. 5a. **Assigned family responsibility.** "Assigned family responsibility" means the amount of a family's contribution to a student's cost of attendance, as determined by a federal need analysis. For dependent students, the assigned family responsibility is ~~94~~ 84 percent of the parental contribution. For independent students with dependents other than a spouse, the assigned family responsibility is ~~86~~ 76 percent of the student contribution. For independent students without dependents other than a spouse, the assigned family responsibility is ~~50~~ 40 percent of the student contribution.

Sec. 7. Minnesota Statutes 2016, section 136A.121, subdivision 6, is amended to read:

Subd. 6. **Cost of attendance.** (a) The recognized cost of attendance consists of: (1) an allowance specified in law for living and miscellaneous expenses, and (2) an allowance for tuition and fees equal to the lesser of the average tuition and fees charged by the institution, or a tuition and fee maximum if one is established in law. If no living and miscellaneous expense allowance is established in law, the allowance is equal to 101 percent of the federal poverty guidelines for a one person household in Minnesota for nine months. If no tuition and fee maximum is established in law, the allowance for tuition and fees is equal to the lesser of: (1) the average tuition and fees charged by the institution, and (2) for two-year programs, an amount equal to the highest tuition and fees charged at a public two-year institution, or for four-year programs, an amount equal to the highest tuition and fees charged at a public university.

(b) For a student registering for less than full time, the office shall prorate the cost of attendance to the actual number of credits for which the student is enrolled.

(c) The recognized cost of attendance for a student who is confined to a Minnesota correctional institution shall consist of the tuition and fee component in paragraph (a), with no allowance for living and miscellaneous expenses.

(d) For the purpose of this subdivision, "fees" include only those fees that are mandatory and charged to full-time resident students attending the institution. Fees do not include charges for tools, equipment, computers, or other similar materials where the student retains ownership. Fees include charges for these materials if the institution retains ownership. Fees do not include optional or punitive fees.

Sec. 8. [136A.1215] GRANTS FOR STUDENTS WITH INTELLECTUAL AND DEVELOPMENTAL DISABILITIES.

Subdivision 1. **Establishment.** A program is established to provide financial assistance to students with intellectual and developmental disabilities that attend a Minnesota postsecondary institution.

Subd. 2. **Eligible students.** A postsecondary student is eligible for a grant under this section if the student:

(1) meets the eligibility requirements in section 136A.121, subdivision 2;

(2) is a student with an intellectual disability, as defined in Code of Federal Regulations, title 34, section 668.231, and is enrolled in a comprehensive transition and postsecondary program under that section; and

(3) attends an eligible institution, as defined in section 136A.101, subdivision 4.

Subd. 3. **Application.** To receive a grant under this section, a student must apply in the form and manner specified by the commissioner.

Subd. 4. **Grant amounts.** (a) The amount of a grant under this section equals the tuition and fees at the student's postsecondary institution, minus:

(1) any Pell or state grants the student receives; and

(2) any institutional aid the student receives.

(b) If appropriations are insufficient to provide the full amount calculated under paragraph (a) to all eligible applicants, the commissioner must reduce the grants of all recipients proportionally.

Subd. 5. **Reporting.** By February 15 of each year, the commissioner of higher education must submit a report on the details of the program under this section to the legislative committees with jurisdiction over higher education finance and policy. The report must include the following information, broken out by postsecondary institution:

(1) the number of students receiving an award;

(2) the average and total award amounts; and

(3) summary demographic data on award recipients.

Sec. 9. Minnesota Statutes 2016, section 136A.125, subdivision 2, is amended to read:

Subd. 2. **Eligible students.** (a) An applicant is eligible for a child care grant if the applicant:

(1) is a resident of the state of Minnesota or the applicant's spouse is a resident of the state of Minnesota;

(2) has a child 12 years of age or younger, or 14 years of age or younger who is disabled as defined in section 125A.02, and who is receiving or will receive care on a regular basis from a licensed or legal, nonlicensed caregiver;

(3) is income eligible as determined by the office's policies and rules, but is not a recipient of assistance from the Minnesota family investment program;

(4) either has not earned a baccalaureate degree and has been enrolled full time less than ~~eight~~ ten semesters or the equivalent, or has earned a baccalaureate degree and has been enrolled full time less than ~~eight~~ ten semesters or the equivalent in a graduate or professional degree program;

(5) is pursuing a nonsectarian program or course of study that applies to an undergraduate, graduate, or professional degree, diploma, or certificate;

(6) is enrolled in at least six credits in an undergraduate program or one credit in a graduate or professional program in an eligible institution; and

(7) is in good academic standing and making satisfactory academic progress.

(b) A student who withdraws from enrollment for active military service after December 31, 2002, because the student was ordered to active military service as defined in section 190.05, subdivision 5b or 5c, or for a major illness, while under the care of a medical professional, that substantially limits the student's ability to complete the term is entitled to an additional semester or the equivalent of grant eligibility and will be considered to be in continuing enrollment status upon return.

Sec. 10. Minnesota Statutes 2016, section 136A.125, subdivision 4, is amended to read:

Subd. 4. **Amount and length of grants.** (a) The amount of a child care grant must be based on:

- (1) the income of the applicant and the applicant's spouse;
- (2) the number in the applicant's family, as defined by the office; and
- (3) the number of eligible children in the applicant's family.

(b) The maximum award to the applicant shall be ~~\$2,800~~ \$3,000 for each eligible child per academic year, except that the campus financial aid officer may apply to the office for approval to increase grants by up to ten percent to compensate for higher market charges for infant care in a community. The office shall develop policies to determine community market costs and review institutional requests for compensatory grant increases to ensure need and equal treatment. The office shall prepare a chart to show the amount of a grant that will be awarded per child based on the factors in this subdivision. The chart shall include a range of income and family size.

(c) Applicants with family incomes at or below a percentage of the federal poverty level, as determined by the commissioner, will qualify for the maximum award. The commissioner shall attempt to set the percentage at a level estimated to fully expend the available appropriation for child care grants. Applicants with family incomes exceeding that threshold will receive the maximum award minus ten percent of their income exceeding that threshold. If the result is less than zero, the grant is zero.

(d) The academic year award amount must be disbursed by academic term using the following formula:

- (1) the academic year amount described in paragraph (b);
- (2) divided by the number of terms in the academic year;
- (3) divided by 15 for undergraduate students and six for graduate and professional students; and
- (4) multiplied by the number of credits for which the student is enrolled that academic term, up to 15 credits for undergraduate students and six for graduate and professional students.

(e) Payments shall be made each academic term to the student or to the child care provider, as determined by the institution. Institutions may make payments more than once within the academic term.

Sec. 11. Minnesota Statutes 2016, section 136A.1275, is amended to read:

136A.1275 GRANTS TO STUDENT TEACHERS IN SHORTAGE AREAS TEACHER CANDIDATE GRANTS.

Subdivision 1. **Establishment.** (a) ~~The commissioner of the Office of Higher Education must establish a grant program for student teaching stipends for low-income students enrolled in a Board of Teaching-approved teacher preparation program who are interested in teaching in a high needs subject area or region intend to teach in a shortage area after graduating and receiving their teaching license or belong to an underrepresented racial or ethnic group. For purposes of this section, "high needs subject area or region" means a shortage of teachers teaching in particular subject areas or a shortage of teachers teaching in particular regions of the state identified in the commissioner of education's biennial survey of districts under section 127A.05, subdivision 6, or in another Department of Education survey on teacher shortages.~~

(b) "Shortage area" means a license field or economic development region within Minnesota defined as a shortage area by the Department of Education using data collected for the teacher supply and demand report under section 127A.05, subdivision 6, or other surveys conducted by the Department of Education that provide indicators for teacher supply and demand.

Subd. 2. **Eligibility.** To be eligible for a grant under this section, a teacher candidate must:

(1) be enrolled in a Board of Teaching-approved teacher preparation program that requires at least 12 weeks of student teaching ~~and results in the teacher candidate receiving in order to be recommended for a full professional teaching license enabling the licensee to teach in a high needs subject area or region; and~~

(2) demonstrate financial need based on criteria established by the commissioner under subdivision 3;

(3) intend to teach in a shortage area or belong to an underrepresented racial or ethnic group; and

(4) be meeting satisfactory academic progress as defined under section 136A.101, subdivision 10.

Subd. 3. **Administration; repayment.** (a) The commissioner must establish an application process and other guidelines for implementing this program, including repayment responsibilities for stipend recipients who do not complete student teaching or who leave Minnesota to teach in another state during the first year after student teaching.

(b) The commissioner must determine each academic year the stipend amount up to \$7,500 based on the amount of available funding and the number of eligible applicants, and the financial need of the applicants.

(c) The percentage of the total award reserved for teacher candidates who identify as belonging to an underrepresented racial or ethnic group must be equal to or greater than the total percentage of students of underrepresented racial or ethnic groups as measured under section 120B.35, subdivision 3. If this percentage cannot be met because of a lack of qualifying candidates, the remaining amount may be awarded to teacher candidates who intend to teach in a shortage area.

Sec. 12. **[136A.1789] AVIATION DEGREE LOAN FORGIVENESS PROGRAM.**

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

(b) "Qualified aircraft technician" means an individual who (1) has earned an associate's or bachelor's degree from a postsecondary institution located in Minnesota, and (2) has obtained an aviation mechanic's certificate from the Federal Aviation Administration.

(c) "Qualified education loan" means a government, commercial, or foundation loan used by an individual for actual costs paid for tuition to a postsecondary institution located in Minnesota for a professional flight training degree.

(d) "Qualified pilot" means an individual who (1) has earned an associate's or bachelor's degree in professional flight training from a postsecondary institution located in Minnesota, and (2) is in the process of obtaining or has obtained an airline transport pilot certificate.

Subd. 2. **Creation of account.** (a) An aviation degree loan forgiveness program account is established to provide qualified pilots and qualified aircraft technicians with financial assistance in repaying qualified education loans. The commissioner must use money from the account to establish and administer the aviation degree loan forgiveness program.

(b) Appropriations made to the aviation degree loan forgiveness program account do not cancel and are available until expended.

Subd. 3. **Eligibility.** (a) To be eligible to participate in the loan forgiveness program under this section, an individual must:

(1) be a qualified pilot or qualified aircraft technician;

(2) have qualified education loans;

(3) reside in Minnesota; and

(4) submit an application to the commissioner in the form and manner prescribed by the commissioner.

(b) An applicant selected to participate must sign a contract to agree to serve a minimum one-year full-time service obligation according to subdivision 4. To complete the service obligation, the applicant must work full time in Minnesota as a qualified pilot or qualified aircraft technician. A participant must complete one year of service under this paragraph for each year the participant receives an award under this section.

Subd. 4. **Service obligation.** (a) Before receiving loan repayment disbursements and as requested, a participant must verify to the commissioner that the participant is employed in a position that fulfills the service obligation as required under subdivision 3, paragraph (b).

(b) If a participant does not fulfill the required service obligation, the commissioner must collect from the participant the total amount paid to the participant under the loan forgiveness program plus interest at a rate established according to section 270C.40. The commissioner must deposit the money collected in the aviation degree loan forgiveness account. The commissioner must allow waivers of all or part of the money owed the commissioner as a result of a nonfulfillment penalty if emergency circumstances prevented fulfillment of the minimum service commitment.

Subd. 5. **Loan forgiveness.** (a) The commissioner may select eligible applicants each year for participation in the aviation degree loan forgiveness program, within the limits of available funding. Applicants are responsible for securing their own qualified education loans.

(b) For each year that the participant meets the eligibility requirements under subdivision 3, the commissioner must make annual disbursements directly to:

(1) a selected qualified pilot of \$5,000 or the balance of the participant's qualified education loans, whichever is less; and

(2) a selected qualified aircraft technician of \$3,000 or the balance of the participant's qualified education loans, whichever is less.

(c) An individual may receive disbursements under this section for a maximum of five years.

(d) The participant must provide the commissioner with verification that the full amount of the loan repayment disbursement received by the participant has been applied toward the designated qualified education loan. After each disbursement, verification must be received by the commissioner and approved before the next repayment disbursement is made.

(e) If the participant receives a disbursement in the participant's fifth year of eligibility, the participant must provide the commissioner with verification that the full amount of the participant's final loan repayment disbursement was applied toward the designated qualified education loan. If a participant does not provide the verification as required under this paragraph within six months of receipt of the final disbursement, the commissioner must collect from the participant the amount of the final disbursement. The commissioner must deposit the money collected in the aviation degree loan forgiveness program account.

Subd. 6. **Rules.** The commissioner may adopt rules to implement this section.

Sec. 13. [136A.1794] AGRICULTURAL EDUCATION LOAN FORGIVENESS PROGRAM.

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

(b) "Qualified education loan" means a government, commercial, or foundation loan for actual costs paid for tuition, reasonable education expenses, and reasonable living expenses related to the graduate or undergraduate education of a qualified teacher.

(c) "Qualified teacher" means a teacher licensed under chapter 122A who:

(1) is employed in a nonadministrative position teaching agricultural education in any grade from grades 5 through 12 at a Minnesota school during the current year; and

(2) has completed an undergraduate or graduate program in agricultural education at a college or university approved by the state of Minnesota to prepare persons for teacher licensure.

(d) "School" means the following:

(1) a school or program operated by a school district or a group of school districts;

(2) a tribal contract school eligible to receive aid according to section 124D.83;

(3) a charter school; or

(4) a private school.

Subd. 2. **Account; appropriation.** An agricultural education loan forgiveness account is established in the special revenue fund to provide qualified teachers with financial assistance to repay qualified education loans. Money in the account, including interest, is appropriated to the commissioner for purposes of this section.

Subd. 3. **Eligibility.** (a) To be eligible to participate in the loan forgiveness program under this section, an individual must:

(1) be a qualified teacher;

(2) have qualified education loans; and

(3) submit an application to the commissioner in the form and manner prescribed by the commissioner.

(b) An applicant selected to participate must sign a contract to agree to serve a minimum one-year full-time service obligation according to subdivision 4. To complete the service obligation, the applicant must work full time in Minnesota as a qualified teacher. A participant must complete one year of service under this paragraph for each year the participant receives an award under this section.

Subd. 4. **Service obligation.** (a) Before receiving loan repayment disbursements and as requested, a participant must verify to the commissioner that the participant is employed in a position that fulfills the service obligation as required under subdivision 3, paragraph (b).

(b) If a participant does not fulfill the required service obligation, the commissioner must collect from the participant the total amount paid to the participant under the loan forgiveness program plus interest at a rate established according to section 270C.40. The commissioner must deposit the money collected in the agricultural education loan forgiveness account. The commissioner must allow waivers of all or part of the money owed the commissioner as a result of a nonfulfillment penalty if emergency circumstances prevented fulfillment of the minimum service commitment.

Subd. 5. **Loan forgiveness.** (a) The commissioner may select eligible applicants each year for participation in the agricultural education loan forgiveness program, within the limits of available funding. Applicants are responsible for securing their own qualified education loans.

(b) The commissioner must make annual disbursements directly to the eligible participant of \$3,000 or the balance of the participant's qualified education loans, whichever is less, for each year that the participant meets the eligibility requirements under subdivision 3, up to a maximum of five years.

(c) The participant must provide the commissioner with verification that the full amount of the loan repayment disbursement received by the participant has been applied toward the designated qualified education loan. After each disbursement, verification must be received by the commissioner and approved before the next repayment disbursement is made.

Sec. 14. Minnesota Statutes 2016, section 136A.653, is amended by adding a subdivision to read:

Subd. 5. **Regionally accredited institutions in Minnesota.** (a) A regionally accredited postsecondary institution with its primary physical location in Minnesota is exempt from the provisions of sections 136A.61 to 136A.71, including related fees, when it creates new or modifies existing:

(1) majors, minors, concentrations, specializations, and areas of emphasis within approved degrees;

(2) nondegree programs within approved degrees;

(3) underlying curriculum or courses;

(4) modes of delivery; and

(5) locations.

(b) The institution must annually notify the commissioner of the exempt actions listed in paragraph (a) and, upon the commissioner's request, must provide additional information about the action.

(c) The institution must notify the commissioner within 60 days of a program closing.

(d) Nothing in this subdivision exempts an institution from the annual registration and degree approval requirements of sections 136A.61 to 136A.71.

Sec. 15. Minnesota Statutes 2016, section 136A.685, is amended to read:

136A.685 PRIVATE INSTITUTIONS; ADJUDICATION OF FRAUD OR MISREPRESENTATION.

(a) The office shall not provide may revoke, or deny an application for, registration or degree or name approval to a school if there has been a criminal, civil, or administrative adjudication of fraud or misrepresentation in Minnesota or in another state or jurisdiction against the school or its owner, officers, agents, or sponsoring organization. If the adjudication was related to a particular academic program, the office may revoke or deny an application for:

(1) degree approval for the program only;

(2) registration for the school; or

(3) name approval for the school.

(b) The adjudication of fraud or misrepresentation is sufficient cause for the office to determine that a school:

(1) does not qualify for exemption under section 136A.657; or

(2) is not approved to grant degrees or to use the term "academy," "college," "institute," or "university" in its name.

Sec. 16. Minnesota Statutes 2016, section 136A.902, subdivision 1, is amended to read:

Subdivision 1. **Membership.** The commissioner shall appoint a ~~12-member~~ 14-member advisory council consisting of:

(1) one member representing the University of Minnesota Medical School;

(2) one member representing the Mayo Medical School;

(3) one member representing the Courage Kenny Rehabilitation Center;

(4) one member representing Hennepin County Medical Center;

(5) one member who is a neurosurgeon;

(6) one member who has a spinal cord injury;

(7) one member who is a family member of a person with a spinal cord injury;

(8) one member who has a traumatic brain injury;

(9) one member who is a veteran who has a spinal cord injury ~~or a traumatic brain injury~~;

(10) one member who is a veteran who has a traumatic brain injury;

(11) one member who is a family member of a person with a traumatic brain injury;

~~(11)~~ (12) one member who is a physician specializing in the treatment of spinal cord injury representing Gillette Children's Specialty Healthcare; and

~~(12)~~ (13) one member who is a physician specializing in the treatment of traumatic brain injury; and

(14) one member representing Gillette Children's Specialty Healthcare.

Sec. 17. **[136F.38] WORKFORCE DEVELOPMENT SCHOLARSHIPS.**

Subdivision 1. **Program established.** The board shall develop a scholarship program to incentivize new students to enter high-demand occupations upon graduation.

Subd. 2. **Scholarship awards.** The program shall award scholarships at the beginning of an academic term, in the amount of \$2,500, to be distributed evenly between two terms.

Subd. 3. **Program eligibility.** (a) Scholarships shall be awarded only to a student eligible for resident tuition, as defined in section 135A.043, who is enrolled in any of the following programs of study or certification: (1) advanced manufacturing; (2) agriculture; (3) health care services; or (4) information technology.

(b) The student must be enrolled for at least nine credits at a two-year college in the Minnesota State Colleges and Universities system.

Subd. 4. **Renewal; cap.** A student who has received a scholarship may apply again but total lifetime awards are not to exceed \$5,000 per student. Students may only be awarded a second scholarship upon completion of two academic terms.

Subd. 5. **Administration.** (a) The board shall establish an application process and other guidelines for implementing this program.

(b) The board shall give preference to students in financial need.

Subd. 6. **Report required.** The board must submit an annual report by February 1 of each year about the scholarship awards to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over higher education finance and policy. The first report is due no later than February 1, 2019. The annual report shall describe the following:

(1) the number of students receiving a scholarship at each two-year college during the previous fiscal year;

(2) the number of scholarships awarded for each program of study or certification described in subdivision 3, paragraph (a);

(3) the number of scholarship recipients who completed a program of study or certification described in subdivision 3, paragraph (a);

(4) the number of scholarship recipients who secured employment by their graduation date and those who secured employment within three months of their graduation date;

(5) a list of occupations scholarship recipients are entering; and

(6) the number of students who were denied a scholarship.

EFFECTIVE DATE. This section is effective July 1, 2018.

Sec. 18. [137.45] PROGRAM FOR STUDENTS WITH INTELLECTUAL AND DEVELOPMENTAL DISABILITIES.

Subdivision 1. **Program required.** The Board of Regents of the University of Minnesota is requested to offer an academic program consistent with the requirements of this section for students with intellectual and developmental disabilities at the University of Minnesota-Morris.

Subd. 2. **Enrollment and admission.** The program must establish an enrollment goal of at least 15 incoming students per academic year. The board is requested to establish an application process for the program. A student who successfully completes the program must be awarded a certificate, diploma, or other appropriate academic credential.

Subd. 3. **Curriculum and activities.** (a) The program must provide an inclusive, full-time, two-year residential college experience for students with intellectual and developmental disabilities. The curriculum must include:

(1) core courses that develop life skills, financial literacy, and the ability to live independently;

(2) rigorous academic work in a student's chosen field of study; and

(3) an internship, apprenticeship, or other skills-based experience to prepare for meaningful employment upon completion of the program.

(b) In addition to academic requirements, the program must allow participating students the opportunity to engage fully in campus life. Program activities must include, but are not limited to:

(1) the establishment of on-campus mentoring and peer support communities; and

(2) opportunities for personal growth through leadership development and other community engagement activities.

(c) The program may tailor its curriculum and activities to highlight academic programs, student and community life experiences, and employment opportunities unique to the campus or the region where the campus is located.

Subd. 4. **Reporting.** By January 15 of each year, the board must submit a report on the program to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over higher education finance and policy. The report must include, but need not be limited to, information regarding:

(1) the number of students participating in the program;

(2) program goals and outcomes; and

(3) the success rate of participants.

EFFECTIVE DATE. This section is effective beginning in the 2018-2019 academic year.

Sec. 19. **[137.47] FETAL TISSUE RESEARCH.**

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

(b) "Aborted fetal tissue" means fetal tissue that is available as a result of an elective abortion.

(c) "Fetal tissue" means any body part, organ, or cell of an unborn human child. Fetal tissue does not include tissue or cells obtained from a placenta, umbilical cord, or amniotic fluid.

(d) "Institutional Review Board" or "IRB" means the University of Minnesota's Institutional Review Board, the primary unit responsible for oversight of human subjects research protections.

(e) "Fetal Tissue Research Committee" or "FTR" means an oversight committee at the University of Minnesota with the responsibility to oversee, review, and approve or deny research using fetal tissue.

(f) "Non-aborted fetal tissue" means fetal tissue that is available as a result of a miscarriage or stillbirth, or fetal tissue from a living unborn child.

(g) "Research" means systematic investigation, including development, testing, and evaluation, designed to develop or contribute to generalizable knowledge. Research does not include a procedure or test administered to a particular patient by a physician for medical purposes.

Subd. 2. **Approval by the Fetal Tissue Research Committee.** (a) A researcher at the University of Minnesota must obtain approval from the FTR before conducting research using fetal tissue. The FTR must consider whether alternatives to fetal tissue would be sufficient for the research. If the proposed research involves aborted fetal tissue, the researcher must provide a written narrative justifying the use of aborted fetal tissue and discussing whether alternatives to aborted fetal tissue, including non-aborted fetal tissue, can be used.

(b) The FTR must submit its decision to the IRB. The IRB is requested to review the conclusions of the FTR to ensure that all alternatives have been considered.

Subd. 3. **Legislative report.** (a) No later than January 15 of each year, the Board of Regents must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education policy and finance and health and human services policy and finance. The report must describe:

(1) all fetal tissue research proposals submitted to the FTR or IRB, including any written narrative required under subdivision 2;

(2) whether the research proposal involved aborted fetal tissue;

(3) action by the FTR or IRB on all fetal tissue research proposals, including whether the proposal was approved by the FTR or IRB;

(4) a list of all new or ongoing fetal tissue research projects at the university, including:

(i) the date that the project was approved by the FTR or IRB;

(ii) the source of funding for the project;

(iii) the goal or purpose of the project;

(iv) whether the fetal tissue used is aborted fetal tissue or non-aborted fetal tissue;

(v) the source of the fetal tissue used;

(vi) references to any publicly available information about the project, such as National Institutes of Health grant award information; and

(vii) references to any publications resulting from the project.

(b) The report must not include a researcher's name, other identifying information, contact information, or the location of a laboratory or office.

Subd. 4. **Education on compliance to applicable laws and policies.** The University of Minnesota is requested to conduct education programs for all students and employees engaged in research on fetal tissue. Programs are requested to include mandatory comprehensive training on applicable federal and state laws, university policies and procedures, and other professional standards related to the respectful, humane, and ethical treatment of fetal tissue in research.

Sec. 20. Minnesota Statutes 2016, section 148.89, subdivision 5, is amended to read:

Subd. 5. Practice of psychology. "Practice of psychology" means the observation, description, evaluation, interpretation, or modification of human behavior by the application of psychological principles, methods, or procedures for any reason, including to prevent, eliminate, or manage symptomatic, maladaptive, or undesired behavior and to enhance interpersonal relationships, work, life and developmental adjustment, personal and organizational effectiveness, behavioral health, and mental health. The practice of psychology includes, but is not limited to, the following services, regardless of whether the provider receives payment for the services:

(1) psychological research and teaching of psychology subject to the exemptions in section 148.9075;

(2) assessment, including psychological testing and other means of evaluating personal characteristics such as intelligence, personality, abilities, interests, aptitudes, and neuropsychological functioning;

(3) a psychological report, whether written or oral, including testimony of a provider as an expert witness, concerning the characteristics of an individual or entity;

(4) psychotherapy, including but not limited to, categories such as behavioral, cognitive, emotive, systems, psychophysiological, or insight-oriented therapies; counseling; hypnosis; and diagnosis and treatment of:

(i) mental and emotional disorder or disability;

(ii) alcohol and substance dependence or abuse;

(iii) disorders of habit or conduct;

(iv) the psychological aspects of physical illness or condition, accident, injury, or disability, including the psychological impact of medications;

(v) life adjustment issues, including work-related and bereavement issues; and

(vi) child, family, or relationship issues;

(5) psychoeducational services and treatment; and

(6) consultation and supervision.

Sec. 21. **[148.9075] LICENSURE EXEMPTIONS.**

Subdivision 1. **Teaching and research.** Nothing in sections 148.88 to 148.98 shall be construed to prevent a person employed in a secondary, postsecondary, or graduate institution from teaching and conducting research in psychology within an educational institution that is recognized by a regional accrediting organization or by a federal, state, county, or local government institution, agency, or research facility, so long as:

(1) the institution, agency, or facility provides appropriate oversight mechanisms to ensure public protections; and

(2) the person is not providing direct clinical services to a client or clients as defined in sections 148.88 to 148.98.

Subd. 2. **Students.** Nothing in sections 148.88 to 148.98 shall prohibit the practice of psychology under qualified supervision by a practicum psychology student, a predoctoral psychology intern, or an individual who has earned a doctoral degree in psychology and is in the process of completing their postdoctoral supervised psychological employment.

Sec. 22. **[298.2215] COUNTY SCHOLARSHIP PROGRAM.**

Subdivision 1. **Establishment.** A county may establish a scholarship fund from any unencumbered revenue received pursuant to section 298.018, 298.28, 298.39, 298.396, or 298.405 or any law imposing a tax upon severed mineral values. Scholarships must be used at a two-year Minnesota State Colleges and Universities institution within the county. The county shall establish procedures for applying for and distributing the scholarships.

Subd. 2. Eligibility. An applicant for a scholarship under this section must be a resident of the county at the time of the applicant's high school graduation. The county may establish additional eligibility criteria.

Sec. 23. Laws 2014, chapter 312, article 1, section 15, is amended to read:

Sec. 15. **UNIVERSITY OF MINNESOTA BASE ADJUSTMENT.**

(a) For fiscal years 2016 to ~~2041~~ 2017, \$3,500,000 is added to the base operations and maintenance appropriation to the Board of Regents of the University of Minnesota in Laws 2013, chapter 99, article 1, section 5.

(b) For fiscal years 2018 to 2040, \$3,312,000 is added to the base operations and maintenance appropriation to the Board of Regents of the University of Minnesota in Laws 2013, chapter 99, article 1, section 5.

Sec. 24. **SUPPLEMENTAL AID FOR TWO-YEAR MNSCU INSTITUTIONS.**

The Board of Trustees of the Minnesota State Colleges and Universities shall provide supplemental aid for operations and maintenance to the president of each two-year institution in the system with at least one campus that is not located in a metropolitan county, as defined in Minnesota Statutes, section 473.121, subdivision 4. The board shall transfer \$100,000 for each campus not located in a metropolitan county in each year to the president of each institution that includes such a campus, provided that no institution may receive more than \$300,000 in total supplemental aid each year.

Sec. 25. **DEVELOPMENTAL EDUCATION REFORM.**

(a) The Board of Trustees of the Minnesota State Colleges and Universities shall create a plan to reform developmental education offerings on system campuses aimed at reducing the number of students placed into developmental education. The plan must include, but is not limited to:

(1) a systemwide multiple measures placement plan to guide campuses in placement of students into developmental education courses;

(2) uniform cut scores for student placement, where appropriate, which will lead to fewer students being placed into developmental education courses;

(3) other identified system policy changes, including an appeals process, that will decrease the number of students being placed into developmental education courses;

(4) accelerated pathways in mathematics, reading, and composition to ensure students can complete developmental education work in no more than one year, including allowing for students to complete college-level gateway courses in one year whenever possible;

(5) a comprehensive examination of the cost structure of developmental education, including potential financial incentives for students or other mechanisms to lower the cost of developmental offerings for students; and

(6) identified best practices and targeted support strategies such as the use of supplemental instruction, that may be used on every system campus around developmental education offerings.

(b) The plan must include deadlines for implementation of proposed changes and must be submitted to the chairs and ranking minority members of the legislative committees with jurisdiction over higher education finance and policy by February 15, 2018.

(c) The plan, in its entirety, shall be implemented by the start of the 2020-2021 academic term, with individual provisions being implemented earlier as dictated by the plan.

Sec. 26. GREATER MINNESOTA OUTREACH AND RECRUITMENT.

The Board of Regents of the University of Minnesota is requested to develop a plan to conduct outreach and recruitment of students from Minnesota, specifically identifying mechanisms to increase the number of students from greater Minnesota who are admitted to the university campus located in the metropolitan area. Greater Minnesota is defined as any area other than the area described in Minnesota Statutes, section 473.121, subdivision 4. The plan must be submitted to the chairs and ranking members of the senate and house of representatives legislative committees with jurisdiction over higher education finance and policy by February 15, 2018.

Sec. 27. UNIVERSITY OF MINNESOTA FETAL TISSUE RESEARCH; LEGISLATIVE AUDITOR REVIEW.

(a) The legislative auditor is requested to complete a comprehensive review of the use of fetal tissue in research activities at the University of Minnesota. The review must include:

(1) the total number of research activities in which fetal tissue is currently or has been previously used, including those that are in progress and those that have been completed;

(2) the cost of acquiring fetal tissues for use in research activities, itemized by the source of funds used for procurement, including funds from federal, state, and other public sources, and funds derived from student tuition and fees;

(3) the extent to which the conduct of the research activities complies with applicable federal and state laws related to acquisition, sale, handling, and disposition of human tissues, including fetal tissues;

(4) the extent to which the conduct of the research activities complies with applicable Board of Regents policies and procedures related to acquisition, sale, handling, and disposition of human tissues, including fetal tissues; and

(5) whether applicable Board of Regents policies include provisions to ensure fetal tissue is used in research activities only when necessary, and to ensure that the research activities are conducted in an ethical manner, including whether procedures and protocols for oversight have been implemented to verify compliance with these policies.

(b) As used in this section, "research activities" include any academic fetal tissue research or fetal tissue transplantation research activity or program conducted in a University of Minnesota facility, or that is supported, directly or indirectly, by University of Minnesota funds.

EFFECTIVE DATE. This section is effective the day following final enactment. The legislative auditor is requested to complete the review no later than one year following final enactment.

Sec. 28. **ONGOING APPROPRIATION.**

The appropriation under Laws 2016, chapter 189, article 25, section 62, subdivision 11, may be used to provide grants for any purpose under Minnesota Statutes, section 136A.1275.

ARTICLE 3

OFFICE OF HIGHER EDUCATION AGENCY POLICY

Section 1. Minnesota Statutes 2016, section 135A.15, subdivision 1a, is amended to read:

Subd. 1a. **Sexual assault definition.** For the purposes of this section, "sexual assault" means ~~forcible sex offenses~~ rape, sex offenses - fondling, sex offenses - incest, or sex offenses - statutory rape as defined in Code of Federal Regulations, title 34, part 668, subpart D, appendix A, as amended.

Sec. 2. Minnesota Statutes 2016, section 136A.103, is amended to read:

136A.103 INSTITUTION ELIGIBILITY REQUIREMENTS.

(a) A postsecondary institution is eligible for state student aid under chapter 136A and sections 197.791 and 299A.45, if the institution is located in this state and:

(1) is operated by this state or the Board of Regents of the University of Minnesota; or

(2) is operated privately and, as determined by the office, meets the requirements of paragraph (b).

(b) A private institution must:

(1) maintain academic standards substantially equivalent to those of comparable institutions operated in this state;

(2) be licensed or registered as a postsecondary institution by the office; and

(3)(i) by July 1, 2010, participate in the federal Pell Grant program under Title IV of the Higher Education Act of 1965, Public Law 89-329, as amended; or

(ii) if an institution was participating in state student aid programs as of June 30, 2010, and the institution did not participate in the federal Pell Grant program by June 30, 2010, the institution must require every student who enrolls to sign a disclosure form, provided by the office, stating that the institution is not participating in the federal Pell Grant program.

(c) An institution that offers only graduate-level degrees or graduate-level nondegree programs; ~~or that offers only degrees or programs that do not meet the required minimum program length to participate in the federal Pell Grant program;~~ is an eligible institution if the institution is licensed or registered as a postsecondary institution by the office.

(d) An eligible institution under paragraph (b), clause (3), item (ii), that changes ownership as defined in section 136A.63, subdivision 2, must participate in the federal Pell Grant program within four calendar years of the first ownership change to continue eligibility.

(e) An institution that loses its eligibility for the federal Pell Grant program is not an eligible institution.

(f) An institution must maintain adequate administrative and financial standards and compliance with all state statutes, rules, and administrative policies related to state financial aid programs.

Sec. 3. Minnesota Statutes 2016, section 136A.1795, subdivision 4, is amended to read:

Subd. 4. **Loan forgiveness.** (a) The commissioner may select a maximum of five applicants each year for participation in the loan forgiveness program, within the limits of available funding. Applicants are responsible for securing their own qualified educational loans.

(b) The commissioner must select participants based on their suitability for practice serving the designated rural area, as indicated by experience or training. The commissioner must give preference to applicants closest to completing their training.

(c) The commissioner must make annual disbursements directly to the participant of \$15,000 or the balance of the participant's qualifying educational loans, whichever is less, for each year that a participant meets the service obligation required under subdivision 3, paragraph (b), up to a maximum of five years.

(d) Before receiving loan repayment disbursements and as requested, the participant must complete and return to the commissioner ~~an affidavit~~ a confirmation of practice form provided by the commissioner verifying that the participant is practicing as required under subdivision 2, paragraph (a). The participant must provide the commissioner with verification that the full amount of loan repayment disbursement received by the participant has been applied toward the designated loans. After each disbursement, verification must be received by the commissioner and approved before the next loan repayment disbursement is made.

(e) Participants who move their practice remain eligible for loan repayment as long as they practice as required under subdivision 2, paragraph (a).

Sec. 4. Minnesota Statutes 2016, section 136A.62, is amended by adding a subdivision to read:

Subd. 8. **Entity.** "Entity" means a specific school or campus location.

Sec. 5. Minnesota Statutes 2016, section 136A.646, is amended to read:

136A.646 ADDITIONAL SECURITY.

(a) ~~In the event~~ New schools that have been granted conditional approval for degrees or names to allow them the opportunity to apply for and receive accreditation under section 136A.65, subdivision 7, or any registered institution that is notified by the United States Department of Education that it has fallen below minimum financial standards and that its continued participation in Title IV will be conditioned upon its satisfying either the Zone Alternative, Code of Federal Regulations, title 34, section 668.175, paragraph (f), or a Letter of Credit Alternative, Code of

Federal Regulations, title 34, section 668.175, paragraph (c), ~~the institution~~ shall provide a surety bond ~~conditioned upon the faithful performance of all contracts and agreements with students~~ in a sum equal to the "letter of credit" required by the United States Department of Education in the Letter of Credit Alternative, but in no event shall such bond be less than \$10,000 nor more than \$250,000.

(b) In lieu of a bond, the applicant may deposit with the commissioner of management and budget:

(1) a sum equal to the amount of the required surety bond in cash; ~~or~~

(2) securities, as may be legally purchased by savings banks or for trust funds, in an aggregate market value equal to the amount of the required surety bond; or

(3) an irrevocable letter of credit issued by a financial institution to the amount of the required surety bond.

(c) The surety of any bond may cancel it upon giving 60 days' notice in writing to the office and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation.

(d) In the event of a school closure, the additional security must first be used to destroy any private educational data under section 13.32 left at a physical campus in Minnesota after all other governmental agencies have recovered or retrieved records under their record retention policies. Any remaining funds must then be used to reimburse tuition and fee costs to students that were enrolled at the time of the closure or had withdrawn in the previous 120 calendar days but did not graduate. Priority for refunds will be given to students in the following order:

(1) cash payments made by the student or on behalf of a student;

(2) private student loans; and

(3) Veteran Administration education benefits that are not restored by the Veteran Administration. If there are additional security funds remaining, the additional security funds may be used to cover any administrative costs incurred by the office related to the closure of the school.

Sec. 6. Minnesota Statutes 2016, section 136A.65, subdivision 1a, is amended to read:

Subd. 1a. **Accreditation; requirement.** (a) A school must not be registered ~~or authorized to offer any degree at any level~~ unless the school ~~is accredited~~ has institutional accreditation by an agency recognized by the United States Department of Education for purposes of eligibility to participate in Title IV federal financial aid programs. Any registered school undergoing institutional accreditation shall inform the office of site visits by the accrediting agency and provide office staff the opportunity to attend the visits, ~~including~~ excluding any exit interviews. The institution must provide the office with a copy of the final report upon ~~receipt~~ request of the office.

(b) A school must not be authorized to offer any degree unless the program has programmatic accreditation or the school has institutional accreditation by an agency recognized by the United States Department of Education for purposes of eligibility to participate in Title IV federal financial

aid programs. Any program offered by a registered school that does not have institutional accreditation and is undergoing programmatic accreditation shall inform the office of site visits by the accrediting agency and provide office staff the opportunity to attend the visits, excluding any exit interviews. The school must provide the office with a copy of the final report by the accreditor upon request of the office.

Sec. 7. Minnesota Statutes 2016, section 136A.65, subdivision 4, is amended to read:

Subd. 4. **Criteria for approval.** (a) A school applying to be registered and to have its degree or degrees and name approved must substantially meet the following criteria:

(1) the school has an organizational framework with administrative and teaching personnel to provide the educational programs offered;

(2) the school has financial resources sufficient to meet the school's financial obligations, including refunding tuition and other charges consistent with its stated policy if the institution is dissolved, or if claims for refunds are made, to provide service to the students as promised, and to provide educational programs leading to degrees as offered;

(3) the school operates in conformity with generally accepted ~~budgeting and~~ accounting principles according to the type of school;

(4) the school provides an educational program leading to the degree it offers;

(5) the school provides appropriate and accessible library, laboratory, and other physical facilities to support the educational program offered;

(6) the school has a policy on freedom or limitation of expression and inquiry for faculty and students which is published or available on request;

(7) the school uses only publications and advertisements which are truthful and do not give any false, fraudulent, deceptive, inaccurate, or misleading impressions about the school, its personnel, programs, services, or occupational opportunities for its graduates for promotion and student recruitment;

(8) the school's compensated recruiting agents who are operating in Minnesota identify themselves as agents of the school when talking to or corresponding with students and prospective students;

(9) the school provides information to students and prospective students concerning:

(i) comprehensive and accurate policies relating to student admission, evaluation, suspension, and dismissal;

(ii) clear and accurate policies relating to granting credit for prior education, training, and experience and for courses offered by the school;

(iii) current schedules of fees, charges for tuition, required supplies, student activities, housing, and all other standard charges;

(iv) policies regarding refunds and adjustments for withdrawal or modification of enrollment status; and

(v) procedures and standards used for selection of recipients and the terms of payment and repayment for any financial aid program; and

(10) the school must not withhold a student's official transcript because the student is in arrears or in default on any loan issued by the school to the student if the loan qualifies as an institutional loan under United States Code, title 11, section 523(a)(8)(b).

(b) An application for degree approval must also include:

(i) title of degree and formal recognition awarded;

(ii) location where such degree will be offered;

(iii) proposed implementation date of the degree;

(iv) admissions requirements for the degree;

(v) length of the degree;

(vi) projected enrollment for a period of five years;

(vii) the curriculum required for the degree, including course syllabi or outlines;

(viii) statement of academic and administrative mechanisms planned for monitoring the quality of the proposed degree;

(ix) statement of satisfaction of professional licensure criteria, if applicable;

(x) documentation of the availability of clinical, internship, externship, or practicum sites, if applicable; and

(xi) statement of how the degree fulfills the institution's mission and goals, complements existing degrees, and contributes to the school's viability.

Sec. 8. Minnesota Statutes 2016, section 136A.65, subdivision 7, is amended to read:

Subd. 7. **Conditional approval.** (a) The office may grant a school a one-year conditional approval for a degree or use of a term in its name for a period of less than one year if doing so would be in the best interests of currently enrolled students or prospective students. Conditional approval of a degree or use of a term under this paragraph must not exceed a period of three years.

(b) The office may grant new schools ~~may be granted~~ and programs a one-year conditional approval for degrees or ~~names annually for a period not to exceed five years~~ use of a term in its name to allow ~~them~~ the school the opportunity to apply for and receive accreditation as required in subdivision 1a. Conditional approval of a school or program under this paragraph must not exceed a period of five years. A new school or program granted conditional approval may be allowed to

continue as a registered institution in order to complete an accreditation process upon terms and conditions the office determines.

(c) The office may grant a registered school a one-year conditional approval for degrees or use of a term in its name to allow the school the opportunity to apply for and receive accreditation as required in subdivision 1a if the school's accrediting agency is no longer recognized by the United States Department of Education for purposes of eligibility to participate in Title IV federal financial aid programs. The office must not grant conditional approvals under this paragraph to a school for a period of more than five years.

(d) The office may grant a registered school a one-year conditional approval for degrees or use of a term in its name to allow the school to change to a different accrediting agency recognized by the United States Department of Education for purposes of eligibility to participate in Title IV federal financial aid programs. The office must not grant conditional approvals under this paragraph to a school for a period of more than five years.

Sec. 9. Minnesota Statutes 2016, section 136A.653, is amended to read:

136A.653 EXEMPTIONS.

Subdivision 1. **Application.** A school that seeks an exemption under this section from the provisions of sections 136A.61 to 136A.71 must apply to the office to establish that the school meets the requirements of an exemption. An exemption expires two years from the date of approval or until a school adds a new program or makes a modification equal to or greater than 25 percent to an existing educational program. If a school is reapplying for an exemption, the application must be submitted to the office 90 days before the current exemption expires.

~~Subdivision 1.~~ Subd. 1a. **Exemption Private career schools.** A school that is subject to licensing by the office under sections 136A.82 to 136A.834 is exempt from the provisions of sections 136A.61 to 136A.71. The determination of the office as to whether a particular school is subject to regulation under sections 136A.82 to 136A.834 is final for the purposes of this exemption.

Subd. 2. Educational program; nonprofit organizations. Educational programs which are sponsored by a bona fide and nonprofit trade, labor, business, professional or fraternal organization, which programs are conducted solely for that organization's membership or for the members of the particular industries or professions served by that organization, and which are not available to the public on a fee basis, are exempted from the provisions of sections 136A.61 to 136A.71.

Subd. 3. Educational program; business firms. Educational programs which are sponsored by a business firm for the training of its employees or the employees of other business firms with which it has contracted to provide educational services at no cost to the employees are exempted from the provisions of sections 136A.61 to 136A.71.

Subd. 3a. Tuition-free educational courses. A school, including a school using an online platform service, offering training, courses, or programs is exempt from sections 136A.61 to 136A.71, to the extent it offers tuition-free courses to students in Minnesota. ~~A course will be considered tuition-free if the school charges no tuition and the required fees and other required charges paid by the student for the course~~ tuition, fees, and any other charges for a student to participate do not exceed two percent of the most recent average undergraduate tuition and required fees as of January

1 of the current year charged for full-time students at all degree-granting institutions as published annually by the United States Department of Education as of January 1 of each year. To qualify for an exemption, a school or online platform service must prominently display a notice comparable to the following: "IMPORTANT: Each educational institution makes its own decision regarding whether to accept completed coursework for credit. Check with your university or college."

Subd. 4. **Voluntary submission.** Any school or program exempted from the provisions of sections 136A.61 to 136A.71 by the provisions of this section may voluntarily submit to the provisions of those sections.

Sec. 10. Minnesota Statutes 2016, section 136A.657, is amended by adding a subdivision to read:

Subd. 5. **Application.** A school that seeks an exemption under this section from the provisions of sections 136A.61 to 136A.71 must apply to the office to establish that the school meets the requirements of an exemption. An exemption expires two years from the date of approval or when a school adds a new program or makes a modification equal to or greater than 25 percent to an existing educational program. If a school is reapplying for an exemption, the application must be submitted to the office 90 days before the current exemption expires.

Sec. 11. Minnesota Statutes 2016, section 136A.67, is amended to read:

136A.67 REGISTRATION REPRESENTATIONS.

No school and none of its officials or employees shall advertise or represent in any manner that such school is approved or accredited by the office or the state of Minnesota, except a school which is duly registered with the office, or any of its officials or employees, may represent in advertising and shall disclose in catalogues, applications, and enrollment materials that the school is registered with the office by prominently displaying the following statement: "(Name of school) is registered with the ~~office~~ Minnesota Office of Higher Education pursuant to sections 136A.61 to 136A.71. Registration is not an endorsement of the institution. Credits earned at the institution may not transfer to all other institutions." In addition, all registered schools shall publish in the school catalog or student handbook the name, street address, telephone number, and Web site address of the office.

Sec. 12. **[136A.672] STUDENT COMPLAINTS.**

Subdivision 1. **Authority.** The office has the authority to review and take appropriate action on student complaints from schools covered under the provisions of sections 136A.61 to 136A.71.

Subd. 2. **Complaint.** A complaint must be in writing, be signed by a student, and state how the school's policies and procedures or sections 136A.61 to 136A.71 were violated. Student complaints shall be limited to complaints that occurred within six years from the date the concern should have been discovered with reasonable effort and after the student has utilized the school's internal complaint process. Students do not have to utilize a school's internal complaint process before the office has authority when the student is alleging fraud or misrepresentation. The office shall not investigate grade disputes, student conduct proceedings, disability accommodation requests, and discrimination claims, including Title IX complaints.

Subd. 3. **Investigation.** The office shall initiate an investigation upon receipt of a complaint within the authority of subdivision 2. A school involved in an investigation shall be informed of the alleged violations and the processes of the investigation. A school involved in an investigation shall respond to the alleged violations and provide requested documentation to the office. Upon completing an investigation, the office shall inform the school and the student of the investigation outcome.

Subd. 4. **Penalties.** If violations are found, the office may require remedial action by the school or assign a penalty under section 136A.705. Remedial action may include student notification of violations, adjustments to the school's policies and procedures, and tuition or fee refunds to impacted students.

Subd. 5. **Appeals.** Any order requiring remedial action by the school or assigning a penalty under section 136A.705 is appealable in accordance with chapter 14. The request for an appeal must be made in writing to the office within 30 days of the date the school is notified of the action of the office. The court shall award costs and reasonable attorney fees in a contested chapter 14 hearing to the office if: (1) the office substantially prevails on the merits in an action brought under this section; and (2) the school has a net income from student tuition, fees, and other required institutional charges collected from the last fiscal year of \$1,000,000 or greater.

Sec. 13. Minnesota Statutes 2016, section 136A.68, is amended to read:

136A.68 RECORDS.

A registered school shall maintain a permanent record for each student for 50 years from the last date of the student's attendance. A registered school offering distance instruction to a student located in Minnesota shall maintain a permanent record for each Minnesota student for 50 years from the last date of the student's attendance. Records include a student's academic transcript, documents, and files containing student data about academic credits earned, courses completed, grades awarded, degrees awarded, and periods of attendance. To preserve permanent records, a school shall submit a plan that meets the following requirements:

(1) at least one copy of the records must be held in a secure, fireproof depository or duplicate records must be maintained off site in a secure location and in a manner approved by the office;

(2) an appropriate official must be designated to provide a student with copies of records or a transcript upon request;

(3) an alternative method approved by the office of complying with clauses (1) and (2) must be established if the school ceases to exist; and

(4) if the school has no binding agreement approved by the office for preserving student records, a continuous surety bond or an irrevocable letter of credit issued by a financial institution must be filed with the office in an amount not to exceed \$20,000. The bond or irrevocable letter of credit shall run to the state of Minnesota. In the event of a school closure, the surety bond or irrevocable letter of credit must be used by the office to retrieve, recover, maintain, digitize, and destroy academic records.

Sec. 14. Minnesota Statutes 2016, section 136A.821, is amended by adding a subdivision to read:

Subd. 13. **Compliance audit.** "Compliance audit" means an audit of a school's compliance with federal requirements related to its participation in federal Title IV student aid programs or other federal grant programs performed under either Uniform Grant Guidance, including predecessor Federal Circular A-133, or the United States Department of Education's audit guide, Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers.

Sec. 15. Minnesota Statutes 2016, section 136A.821, is amended by adding a subdivision to read:

Subd. 14. **Entity.** "Entity" means a specific school or campus location.

Sec. 16. Minnesota Statutes 2016, section 136A.821, is amended by adding a subdivision to read:

Subd. 15. **Higher-level entity.** "Higher-level entity" means a corporate parent or ultimate parent company or, in the case of a public school, the larger public system of which an entity is a part.

Sec. 17. Minnesota Statutes 2016, section 136A.821, is amended by adding a subdivision to read:

Subd. 16. **Audited financial statements.** "Audited financial statements" means the financial statements of an entity or higher-level entity that have been examined by a certified public accountant or an equivalent government agency for public entities that include (1) an auditor's report, a statement of financial position, an income statement, a statement of cash flows, and notes to the financial statements or (2) the required equivalents for public entities as determined by the Financial Accounting Standards Board, the Governmental Accounting Standards Board, or the Securities and Exchange Commission.

Sec. 18. Minnesota Statutes 2016, section 136A.821, is amended by adding a subdivision to read:

Subd. 17. **Review-level engagement.** "Review-level engagement" means a service performed by a certified public accountant that provides limited assurance that there are no material modifications that need to be made to an entity's financial statements in order for them to conform to generally accepted accounting principles. Review-level engagement provides fewer assurances than those reported under audited financial statements.

Sec. 19. Minnesota Statutes 2016, section 136A.822, subdivision 4, is amended to read:

Subd. 4. **Application.** Application for a license shall be on forms prepared and furnished by the office, and shall include the following and other information as the office may require:

(1) the title or name of the private career school, ownership and controlling officers, members, managing employees, and director;

(2) the specific programs which will be offered and the specific purposes of the instruction;

(3) the place or places where the instruction will be given;

(4) a listing of the equipment available for instruction in each program;

- (5) the maximum enrollment to be accommodated with equipment available in each specified program;
- (6) the qualifications of instructors and supervisors in each specified program;
- (7) financial documents related to the entity's and higher-level entity's most recently completed fiscal year:
- (i) annual gross revenues from all sources;
- (ii) financial statements subjected to a review level engagement or, if requested by the office, audited financial statements;
- (iii) a school's most recent compliance audit, if applicable; and
- (iv) a current balance sheet, income statement, and adequate supporting documentation, prepared and certified by an independent public accountant or CPA;
- (8) copies of all media advertising and promotional literature and brochures or electronic display currently used or reasonably expected to be used by the private career school;
- (9) copies of all Minnesota enrollment agreement forms and contract forms and all enrollment agreement forms and contract forms used in Minnesota; and
- (10) gross income earned in the preceding year from student tuition, fees, and other required institutional charges, ~~unless the private career school files with the office a surety bond equal to at least \$250,000 as described in subdivision 6.~~

Sec. 20. Minnesota Statutes 2016, section 136A.822, subdivision 6, is amended to read:

Subd. 6. **Bond.** (a) No license shall be issued to any private career school which maintains, conducts, solicits for, or advertises within the state of Minnesota any program, unless the applicant files with the office a continuous corporate surety bond written by a company authorized to do business in Minnesota conditioned upon the faithful performance of all contracts and agreements with students made by the applicant.

(b)(1) The amount of the surety bond shall be ten percent of the preceding year's ~~gross net~~ income from student tuition, fees, and other required institutional charges collected, but in no event less than \$10,000 ~~nor greater than \$250,000~~, except that a private career school may deposit a greater amount at its own discretion. A private career school in each annual application for licensure must compute the amount of the surety bond and verify that the amount of the surety bond complies with this subdivision, ~~unless the private career school maintains a surety bond equal to at least \$250,000.~~ A private career school that operates at two or more locations may combine ~~gross net~~ income from student tuition, fees, and other required institutional charges collected for all locations for the purpose of determining the annual surety bond requirement. The ~~gross net~~ tuition and fees used to determine the amount of the surety bond required for a private career school having a license for the sole purpose of recruiting students in Minnesota shall be only that paid to the private career school by the students recruited from Minnesota.

(2) A person required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in its name and which is also licensed by another state agency or board, except not including those schools licensed exclusively in order to participate in state grants or SELF loan financial aid programs, shall be required to provide a school bond of \$10,000.

(c) The bond shall run to the state of Minnesota and to any person who may have a cause of action against the applicant arising at any time after the bond is filed and before it is canceled for breach of any contract or agreement made by the applicant with any student. The aggregate liability of the surety for all breaches of the conditions of the bond shall not exceed the principal sum deposited by the private career school under paragraph (b). The surety of any bond may cancel it upon giving 60 days' notice in writing to the office and shall be relieved of liability for any breach of condition occurring after the effective date of cancellation.

(d) In lieu of bond, the applicant may deposit with the commissioner of management and budget a sum equal to the amount of the required surety bond in cash, an irrevocable letter of credit issued by a financial institution equal to the amount of the required surety bond, or securities as may be legally purchased by savings banks or for trust funds in an aggregate market value equal to the amount of the required surety bond.

(e) Failure of a private career school to post and maintain the required surety bond or deposit under paragraph (d) ~~shall~~ may result in denial, suspension, or revocation of the school's license.

Sec. 21. Minnesota Statutes 2016, section 136A.822, subdivision 12, is amended to read:

Subd. 12. **Permanent records.** A private career school licensed under sections 136A.82 to 136A.834 and located in Minnesota shall maintain a permanent record for each student for 50 years from the last date of the student's attendance. A private career school licensed under this chapter and offering distance instruction to a student located in Minnesota shall maintain a permanent record for each Minnesota student for 50 years from the last date of the student's attendance. Records include school transcripts, documents, and files containing student data about academic credits earned, courses completed, grades awarded, degrees awarded, and periods of attendance. To preserve permanent records, a private career school shall submit a plan that meets the following requirements:

(1) at least one copy of the records must be held in a secure, fireproof depository;

(2) an appropriate official must be designated to provide a student with copies of records or a transcript upon request;

(3) an alternative method, approved by the office, of complying with clauses (1) and (2) must be established if the private career school ceases to exist; and

(4) a continuous surety bond or irrevocable letter of credit issued by a financial institution must be filed with the office in an amount not to exceed \$20,000 if the private career school has no binding agreement approved by the office, for preserving student records. The bond or irrevocable letter of credit shall run to the state of Minnesota. In the event of a school closure, the surety bond or irrevocable letter of credit must be used by the office to retrieve, recover, maintain, digitize, and destroy academic records.

Sec. 22. Minnesota Statutes 2016, section 136A.822, subdivision 13, is amended to read:

Subd. 13. **Private career schools licensed by another state agency or board.** A private career school required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in its name or licensed for the purpose of participating in state financial aid under chapter 136A, and which is also licensed by another state agency or board shall be required to satisfy only the requirements of subdivisions 4, clauses (1), (2), (3), (5), (7), (8), and (10); 5, 6, paragraph (b), clause (2); 8, clauses (1), (4), (7), (8), and (9); 9; 10, ~~clause (13)~~; and 12. If a school is licensed to participate in state financial aid under this chapter, the school must follow the refund policy in section 136A.827, even if that section conflicts with the refund policy of the licensing agency or board. A distance education private career school located in another state, or a school licensed to recruit Minnesota residents for attendance at a school outside of this state, or a school licensed by another state agency as its primary licensing body, may continue to use the school's name as permitted by its home state or its primary licensing body.

Sec. 23. Minnesota Statutes 2016, section 136A.826, subdivision 2, is amended to read:

Subd. 2. **Contract information.** A contract or enrollment agreement used by a private career school must include at least the following:

- (1) the name and address of the private career school, clearly stated;
- (2) a clear and conspicuous disclosure that the agreement is a legally binding instrument upon written acceptance of the student by the private career school unless canceled under section 136A.827;
- (3) the private career school's cancellation and refund policy that shall be clearly and conspicuously entitled "Buyer's Right to Cancel";
- (4) a clear statement of total cost of the program including tuition and all other charges;
- (5) the name and description of the program, including the number of hours or credits of classroom instruction, or distance instruction, that shall be included; and
- (6) a clear and conspicuous explanation of the form and means of notice the student should use in the event the student elects to cancel the contract or sale, the effective date of cancellation, and the name and address, e-mail address, or phone number of the seller to which the notice should be sent or delivered.

The contract or enrollment agreement must not include a wage assignment provision or a confession of judgment clause.

Sec. 24. Minnesota Statutes 2016, section 136A.827, subdivision 2, is amended to read:

Subd. 2. **Private career schools using written contracts.** (a) Notwithstanding anything to the contrary, a private career school that uses a written contract or enrollment agreement shall refund all tuition, fees and other charges paid by a student, if the student gives ~~written~~ notice of cancellation within five business days after the day on which the contract was executed regardless of whether the program has started.

(b) When a student has been accepted by the private career school and has entered into a contractual agreement with the private career school and gives ~~written~~ notice of cancellation following

the fifth business day after the date of execution of contract, but before the start of the program in the case of resident private career schools, or before the first lesson has been serviced by the private career school in the case of distance education private career schools, all tuition, fees and other charges, except 15 percent of the total cost of the program but not to exceed \$50, shall be refunded to the student.

Sec. 25. Minnesota Statutes 2016, section 136A.827, subdivision 3, is amended to read:

Subd. 3. **Notice; amount.** (a) A private career school shall refund all tuition, fees and other charges paid by a student if the student gives ~~written~~ notice of cancellation within five business days after the day on which the student is accepted by the private career school regardless of whether the program has started.

(b) When a student has been accepted by the private career school and gives ~~written~~ notice of cancellation following the fifth business day after the day of acceptance by the private career school, but before the start of the program, in the case of resident private career schools, or before the first lesson has been serviced by the private career school, in the case of distance education private career schools, all tuition, fees and other charges, except 15 percent of the total cost of the program but not to exceed \$50, shall be refunded to the student.

Sec. 26. Minnesota Statutes 2016, section 136A.828, subdivision 3, is amended to read:

Subd. 3. **False statements.** (a) A private career school, agent, or solicitor shall not make, or cause to be made, any statement or representation, oral, written or visual, in connection with the offering or publicizing of a program, if the private career school, agent, or solicitor knows or reasonably should have known the statement or representation to be false, fraudulent, deceptive, substantially inaccurate, or misleading.

(b) Other than opinion-based statements or puffery, a school shall only make claims that are evidence-based, can be validated, and are based on current conditions and not on conditions that are no longer relevant.

(c) A school shall not guarantee or imply the guarantee of employment.

(d) A school shall not guarantee or advertise any certain wage or imply earnings greater than the prevailing wage for entry-level wages in the field of study for the geographic area unless advertised wages are based on verifiable wage information from graduates.

(e) If placement statistics are used in advertising or other promotional materials, the school must be able to substantiate the statistics with school records. These records must be made available to the office upon request. A school is prohibited from reporting the following in placement statistics:

(1) a student required to receive a job offer or start a job to be classified as a graduate;

(2) a graduate if the graduate held a position before enrolling in the program, unless graduating enabled the graduate to maintain the position or the graduate received a promotion or raise upon graduation;

(3) a graduate who works less than 20 hours per week; and

(4) a graduate who is not expected to maintain the position for at least 180 days.

(f) A school shall not use endorsements, commendations, or recommendations by a student in favor of a school except with the consent of the student and without any offer of financial or other material compensation. Endorsements may be used only when they portray current conditions.

(g) A school may advertise that the school or its programs have been accredited by an accrediting agency recognized by the United States Department of Education or the Council for Higher Education Accreditation, but shall not advertise any other accreditation unless approved by the office. The office may approve an institution's advertising of accreditation that is not recognized by the United States Department of Education or the Council for Higher Education if that accreditation is industry specific. Clear distinction must be made when the school is in candidacy or application status versus full accreditation.

(h) A school may advertise that financial aid is available, including a listing of the financial aid programs in which the school participates, but federal or state financial aid shall not be used as a primary incentive in advertisement, promotion, or recruitment.

(i) A school may advertise placement or career assistance, if offered, but shall not use the words "wanted," "help wanted," or "trainee," either in the headline or the body of the advertisement.

(j) A school shall not be advertised under any "help wanted," "employment," or similar classification.

(k) A school shall not falsely claim that it is conducting a talent hunt, contest, or similar test.

(l) The commissioner, at any time, may require a retraction of a false, misleading, or deceptive claim. To the extent reasonable, the retraction must be published in the same manner as the original claim.

Sec. 27. **[136A.8295] STUDENT COMPLAINTS.**

Subdivision 1. **Authority.** The office has the authority to review and take appropriate action on student complaints from schools covered under the provisions of sections 136A.822 to 136A.834.

Subd. 2. **Complaint.** A complaint must be in writing, be signed by a student, and state how the school's policies and procedures or sections 136A.822 to 136A.834 were violated. Student complaints shall be limited to complaints that occurred within six years from the date the concern should have been discovered with reasonable effort and after the student has utilized the school's internal complaint process. Students do not have to utilize a school's internal complaint process before the office has authority when the student is alleging fraud or misrepresentation. The office shall not investigate grade disputes, student conduct proceedings, disability accommodation requests, and discrimination claims, including Title IX complaints.

Subd. 3. **Investigation.** The office shall initiate an investigation upon receipt of a complaint within the authority of subdivision 2. A school involved in an investigation shall be informed of the alleged violations and the processes of the investigation. A school involved in an investigation shall respond to the alleged violations and provide requested documentation to the office. Upon completion of an investigation, the office shall inform the school and the student of the investigation outcome.

Subd. 4. **Penalties.** If violations are found, the office may require remedial action by the school or assign a penalty under section 136A.832. Remedial action may include student notification of violations, adjustments to the school's policies and procedures, and tuition or fee refunds to impacted students.

Subd. 5. **Appeals.** Any order requiring remedial action by the school or assigning a penalty under section 136A.832 is appealable in accordance with chapter 14. The request for an appeal must be made in writing to the office within 30 days of the date the school is notified of the action of the office. The court shall award costs and reasonable attorney fees in a contested chapter 14 hearing to the office if: (1) the office substantially prevails on the merits in an action brought under this section; and (2) the school has a net income from student tuition, fees, and other required institutional charges collected from the last fiscal year of \$1,000,000 or greater.

Sec. 28. Minnesota Statutes 2016, section 136A.83, is amended to read:

136A.83 INSPECTION.

(a) The office or a delegate may inspect the instructional books and records, classrooms, dormitories, tools, equipment and classes of any private career school or applicant for license at any reasonable time. The office may require the submission of ~~a certified public audit, or if there is no such audit available~~ audited financial statements. The office or a delegate may inspect the financial books and records of the private career school. In no event shall such financial information be used by the office to regulate or set the tuition or fees charged by the private career school.

(b) Data obtained from an inspection of the financial records of a private career school or submitted to the office as part of a license application or renewal are nonpublic data as defined in section 13.02, subdivision 9. Data obtained from inspections may be disclosed to other members of the office, to law enforcement officials, or in connection with a legal or administrative proceeding commenced to enforce a requirement of law.

Sec. 29. Minnesota Statutes 2016, section 136A.833, is amended to read:

136A.833 EXEMPTIONS.

Subdivision 1. **Application for exemptions.** A school that seeks an exemption from the provisions of sections 136A.822 to 136A.834 must apply to the office to establish that the school meets the requirements of an exemption. An exemption expires two years from the date of approval or when a school adds a new program or makes a modification equal to or greater than 25 percent to an existing educational program. If a school is reapplying for an exemption, the application must be submitted to the office 90 days before the current exemption expires.

Subd. 2. **Exemption reasons.** Sections 136A.821 to 136A.832 shall not apply to the following:

- (1) public postsecondary institutions;
- (2) postsecondary institutions registered under sections 136A.61 to 136A.71;
- (3) private career schools of nursing accredited by the state Board of Nursing or an equivalent public board of another state or foreign country;

- (4) private schools complying with the requirements of section 120A.22, subdivision 4;
- (5) courses taught to students in a valid apprenticeship program taught by or required by a trade union;
- (6) private career schools exclusively engaged in training physically or mentally disabled persons for the state of Minnesota;
- (7) private career schools licensed by boards authorized under Minnesota law to issue licenses except private career schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names;
- (8) private career schools and educational programs, or training programs, contracted for by persons, firms, corporations, government agencies, or associations, for the training of their own employees, for which no fee is charged the employee;
- (9) private career schools engaged exclusively in the teaching of purely avocational, recreational, or remedial subjects as determined by the office except private career schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names unless the private career school used "academy" or "institute" in its name prior to August 1, 2008;
- (10) classes, courses, or programs conducted by a bona fide trade, professional, or fraternal organization, solely for that organization's membership;
- (11) programs in the fine arts provided by organizations exempt from taxation under section 290.05 and registered with the attorney general under chapter 309. For the purposes of this clause, "fine arts" means activities resulting in artistic creation or artistic performance of works of the imagination which are engaged in for the primary purpose of creative expression rather than commercial sale or employment. In making this determination the office may seek the advice and recommendation of the Minnesota Board of the Arts;
- (12) classes, courses, or programs intended to fulfill the continuing education requirements for licensure or certification in a profession, that have been approved by a legislatively or judicially established board or agency responsible for regulating the practice of the profession, and that are offered exclusively to an individual practicing the profession;
- (13) classes, courses, or programs intended to prepare students to sit for undergraduate, graduate, postgraduate, or occupational licensing and occupational entrance examinations;
- (14) classes, courses, or programs providing 16 or fewer clock hours of instruction that are not part of the curriculum for an occupation or entry level employment except private career schools required to obtain a private career school license due to the use of "academy," "institute," "college," or "university" in their names;
- (15) classes, courses, or programs providing instruction in personal development, modeling, or acting;

(16) training or instructional programs, in which one instructor teaches an individual student, that are not part of the curriculum for an occupation or are not intended to prepare a person for entry level employment;

(17) private career schools with no physical presence in Minnesota, as determined by the office, engaged exclusively in offering distance instruction that are located in and regulated by other states or jurisdictions if the distance education instruction does not include internships, externships, field placements, or clinical placements for residents of Minnesota; and

(18) private career schools providing exclusively training, instructional programs, or courses where tuition, fees, and any other charges for a student to participate do not exceed \$100.

Sec. 30. Minnesota Statutes 2016, section 136A.834, is amended by adding a subdivision to read:

Subd. 5. **Application.** A school that seeks an exemption from the provisions of sections 136A.82 to 136A.834 must apply to the office to establish that the school meets the requirements of an exemption. An exemption expires two years from the date of approval or when a school adds a new program or makes a modification equal to or greater than 25 percent to an existing educational program. If a school is reapplying for an exemption, the application must be submitted to the office 90 days before the current exemption expires.

Sec. 31. Laws 2015, chapter 69, article 3, section 20, subdivision 10, is amended to read:

Subd. 10. **Credit load.** By the end of the first academic year including summer term, a grantee must have accumulated at least the lesser of 30 program credits by the end of the first academic year including summer term or the number of credits that the student's program is scheduled for during the first academic year. A college must certify that a grantee is carrying sufficient credits in the second grant year to complete the program at the end of the second year, including summer school. The commissioner shall set the terms and provide the form for certification.

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

Delete the title and insert:

"A bill for an act relating to higher education; providing funding and policy changes for the Office of Higher Education, the Minnesota State Colleges and Universities, the University of Minnesota, and other related programs; modifying state grant program calculation parameters; requiring reports; authorizing rulemaking; appropriating money; amending Minnesota Statutes 2016, sections 43A.06, subdivision 1; 135A.031, subdivision 7; 135A.15, subdivision 1a; 136A.101, subdivision 5a; 136A.103; 136A.121, subdivision 6; 136A.125, subdivisions 2, 4; 136A.1275; 136A.1795, subdivision 4; 136A.62, by adding a subdivision; 136A.646; 136A.65, subdivisions 1a, 4, 7; 136A.653; 136A.657, by adding a subdivision; 136A.67; 136A.68; 136A.685; 136A.821, by adding subdivisions; 136A.822, subdivisions 4, 6, 12, 13; 136A.826, subdivision 2; 136A.827, subdivisions 2, 3; 136A.828, subdivision 3; 136A.83; 136A.833; 136A.834, by adding a subdivision; 136A.902, subdivision 1; 148.89, subdivision 5; Laws 2014, chapter 312, article 1, section 15; Laws 2015, chapter 69, article 3, section 20, subdivision 10; proposing coding for new law in Minnesota Statutes, chapters 135A; 136A; 136F; 137; 148; 298."

We request the adoption of this report and repassage of the bill.

Senate Conferees: Michelle L. Fischbach, Rich Draheim, Paul Anderson, Scott M. Jensen

House Conferees: Bud Nornes, Drew Christensen, Abigail Whelan, Brian Daniels

Senator Fischbach moved that the foregoing recommendations and Conference Committee Report on S.F. No. 943 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

CALL OF THE SENATE

Senator Limmer imposed a call of the Senate for the balance of the proceedings on S.F. No. 943. The Sergeant at Arms was instructed to bring in the absent members.

S.F. No. 943 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 39 and nays 28, as follows:

Those who voted in the affirmative were:

Abeler	Eichorn	Ingebrigtsen	Limmer	Rosen
Anderson, B.	Fischbach	Jasinski	Mathews	Ruud
Anderson, P.	Gazelka	Jensen	Miller	Senjem
Bakk	Goggin	Johnson	Nelson	Tomassoni
Benson	Hall	Kiffmeyer	Newman	Utke
Chamberlain	Hayden	Klein	Osmek	Weber
Dahms	Hoffman	Koran	Pratt	Westrom
Draheim	Housley	Lang	Relph	

Those who voted in the negative were:

Carlson	Dziedzic	Isaacson	Marty	Sparks
Champion	Eaton	Kent	Newton	Torres Ray
Clausen	Eken	Laine	Pappas	Wiger
Cohen	Franzen	Latz	Rest	Wiklund
Cwodzinski	Frentz	Little	Schoen	
Dibble	Hawj	Lourey	Simonson	

So the bill, as amended by the Conference Committee, was repassed 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 Messages From the House, Reports of Committees, and Second Reading of House Bills.

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1545, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1545 is herewith transmitted to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted May 20, 2017

CONFERENCE COMMITTEE REPORT ON H. F. No. 1545

A bill for an act relating to agriculture; extending Food Safety and Defense Task Force; modifying definition of animals; amending Minnesota Statutes 2016, sections 28A.21, subdivision 6; 31A.02, subdivision 4.

May 20, 2017

The Honorable Kurt L. Daudt
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach
President of the Senate

We, the undersigned conferees for H. F. No. 1545 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 1545 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1**AGRICULTURE APPROPRIATIONS****Section 1. AGRICULTURE APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2018" and "2019" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium" is fiscal years 2018 and 2019.

APPROPRIATIONS
Available for the Year
Ending June 30
2018 **2019**

Sec. 2. **DEPARTMENT OF AGRICULTURE**

Subdivision 1. Total Appropriation \$ **53,096,000** \$ **53,148,000**

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>52,703,000</u>	<u>52,751,000</u>
<u>Remediation</u>	<u>393,000</u>	<u>397,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Protection Services **17,821,000** **17,825,000**

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>17,428,000</u>	<u>17,428,000</u>
<u>Remediation</u>	<u>393,000</u>	<u>397,000</u>

(a) \$25,000 the first year and \$25,000 the second year are to develop and maintain cottage food license exemption outreach and training materials.

(b) \$75,000 the first year and \$75,000 the second year are to coordinate the correctional facility vocational training program and to assist entities that have explored the feasibility of establishing a USDA-certified or state "equal to" food processing facility within 30 miles of the Northeast Regional Corrections Center.

(c) \$125,000 the first year and \$125,000 the second year are for additional funding for the noxious weed and invasive plant program. These are onetime appropriations.

(d) \$250,000 the first year and \$250,000 the second year are for transfer to the pollinator habitat and research account in the

agricultural fund. These are onetime transfers.

(e) \$393,000 the first year and \$397,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

(f) \$200,000 the first year and \$200,000 the second year are for the industrial hemp pilot program under Minnesota Statutes, section 18K.09. These are onetime appropriations.

(g) \$175,000 the first year and \$175,000 the second year are for compensation for destroyed or crippled livestock under Minnesota Statutes, section 3.737. This appropriation may be spent to compensate for livestock that were destroyed or crippled during fiscal year 2017. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

(h) \$155,000 the first year and \$155,000 the second year are for compensation for crop damage under Minnesota Statutes, section 3.7371. If the amount in the first year is insufficient, the amount in the second year is available in the first year. The commissioner may use up to \$30,000 of the appropriation each year to reimburse expenses incurred by the commissioner or the commissioner's approved agent to investigate and resolve claims.

If the commissioner determines that claims made under Minnesota Statutes, section 3.737 or 3.7371, are unusually high, amounts appropriated for either program may be transferred to the appropriation for the other program.

(i) \$250,000 the first year and \$250,000 the second year are to expand current capabilities for rapid detection, identification, containment, control, and management of high priority plant pests and pathogens. These are onetime appropriations.

(j) \$300,000 the first year and \$300,000 the second year are for transfer to the noxious weed and invasive plant species assistance account in the agricultural fund to award grants to local units of government under Minnesota Statutes, section 18.90, with preference given to local units of government responding to Palmer amaranth or other weeds on the eradicate list. These are onetime transfers.

(k) \$120,000 the first year and \$120,000 the second year are for wolf-livestock conflict prevention grants under article 2, section 89. The commissioner must submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture policy and finance by January 15, 2020, on the outcomes of the wolf-livestock conflict prevention grants and whether livestock compensation claims were reduced in the areas that grants were awarded. These are onetime appropriations.

Subd. 3. Agricultural Marketing and Development

3,996,000

3,996,000

(a) The commissioner must provide outreach to urban farmers regarding the department's financial and technical assistance programs and must assist urban farmers in applying for assistance.

(b) \$186,000 the first year and \$186,000 the second year are for transfer to the Minnesota grown account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.102. Grants may be made for one year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2019, for Minnesota grown grants in this paragraph are available until June 30, 2021.

(c) \$634,000 the first year and \$634,000 the second year are for continuation of the dairy development and profitability enhancement and dairy business planning grant programs

established under Laws 1997, chapter 216, section 7, subdivision 2, and Laws 2001, First Special Session chapter 2, section 9, subdivision 2. The commissioner may allocate the available sums among permissible activities, including efforts to improve the quality of milk produced in the state, in the proportions that the commissioner deems most beneficial to Minnesota's dairy farmers. The commissioner must submit a detailed accomplishment report and a work plan detailing future plans for, and anticipated accomplishments from, expenditures under this program to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture policy and finance on or before the start of each fiscal year. If significant changes are made to the plans in the course of the year, the commissioner must notify the chairs and ranking minority members.

(d) The commissioner may use funds appropriated in this subdivision for annual cost-share payments to resident farmers or entities that sell, process, or package agricultural products in this state for the costs of organic certification. The commissioner may allocate these funds for assistance for persons transitioning from conventional to organic agriculture.

Subd. 4. Agriculture, Bioenergy, and Bioproduct Advancement

22,581,000

22,636,000

(a) \$9,300,000 the first year and \$9,300,000 the second year are for transfer to the agriculture research, education, extension, and technology transfer account under Minnesota Statutes, section 41A.14, subdivision 3. Of these amounts: at least \$600,000 the first year and \$600,000 the second year are for the Minnesota Agricultural Experiment Station's agriculture rapid response fund under Minnesota Statutes, section 41A.14, subdivision 1, clause (2); \$2,000,000 the first year and \$2,000,000 the second year are for grants to

the Minnesota Agriculture Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants; \$350,000 the first year and \$350,000 the second year are for potato breeding; and \$450,000 the first year and \$450,000 the second year are for the cultivated wild rice breeding project at the North Central Research and Outreach Center to include a tenure track/research associate plant breeder. The commissioner shall transfer the remaining funds in this appropriation each year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14. Of the amount transferred to the Board of Regents, up to \$1,000,000 each year is for research on avian influenza, including prevention measures that can be taken.

To the extent practicable, funds expended under Minnesota Statutes, section 41A.14, subdivision 1, clauses (1) and (2), must supplement and not supplant existing sources and levels of funding. The commissioner may use up to one percent of this appropriation for costs incurred to administer the program.

(b) \$13,256,000 the first year and \$13,311,000 the second year are for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12. Except as provided below, the commissioner may allocate the appropriation each year among the following areas: facilitating the start-up, modernization, or expansion of livestock operations including beginning and transitioning livestock operations; developing new markets for Minnesota farmers by providing more fruits, vegetables, meat, grain, and dairy for Minnesota school children; assisting value-added agricultural businesses to begin or expand, access new markets, or diversify; providing funding not to exceed \$250,000 each year for urban youth agricultural

education or urban agriculture community development; providing funding not to exceed \$250,000 each year for the good food access program under Minnesota Statutes, section 17.1017; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms including by providing loans under Minnesota Statutes, section 41B.056; sustainable agriculture on-farm research and demonstration; development or expansion of food hubs and other alternative community-based food distribution systems; enhancing renewable energy infrastructure and use; crop research; Farm Business Management tuition assistance; good agricultural practices/good handling practices certification assistance; establishing and supporting farmer-led water management councils; and implementing farmer-led water quality improvement practices. The commissioner may use up to 6.5 percent of this appropriation for costs incurred to administer the program.

Of the amount appropriated for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12:

(1) \$1,000,000 the first year and \$1,000,000 the second year are for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture; and

(2) \$1,500,000 the first year and \$1,500,000 the second year are for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, and 41A.18. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2019, and the second year appropriation is available until June 30, 2020. If this appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available for the agricultural growth, research, and innovation program.

The commissioner may use funds appropriated under this subdivision to award up to two value-added agriculture grants per year of up to \$1,000,000 per grant for new or expanding agricultural production or processing facilities that provide significant economic impact to the region. The commissioner may use funds appropriated under this subdivision for additional value-added agriculture grants for awards between \$1,000 and \$200,000 per grant.

Appropriations in clauses (1) and (2) are onetime. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. Notwithstanding Minnesota Statutes, section 16A.28, appropriations encumbered under contract on or before June 30, 2019, for agricultural growth, research, and innovation grants are available until June 30, 2021.

The base budget for the agricultural growth, research, and innovation program is \$14,275,000 for fiscal years 2020 and 2021 and includes funding for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, 41A.18, and 41A.20.

The commissioner must develop additional innovative production incentive programs to be funded by the agricultural growth, research, and innovation program.

The commissioner must consult with the commissioner of transportation, the commissioner of administration, and local units of government to identify parcels of publicly owned land that are suitable for urban agriculture.

(c) \$25,000 the first year and \$25,000 the second year are for grants to the Southern Minnesota Initiative Foundation to promote local foods through an annual event that raises public awareness of local foods and connects local food producers and processors with potential buyers.

Subd. 5. Administration and Financial Assistance8,698,0008,691,000

(a) \$474,000 the first year and \$474,000 the second year are for payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1. Aid payments to county and district agricultural societies and associations shall be disbursed no later than July 15 of each year. These payments are the amount of aid from the state for an annual fair held in the previous calendar year.

(b) \$1,000 the first year and \$1,000 the second year are for grants to the Minnesota State Poultry Association.

(c) \$18,000 the first year and \$18,000 the second year are for grants to the Minnesota Livestock Breeders Association.

(d) \$47,000 the first year and \$47,000 the second year are for the Northern Crops Institute. These appropriations may be spent to purchase equipment.

(e) \$220,000 the first year and \$220,000 the second year are for farm advocate services.

(f) \$17,000 the first year and \$17,000 the second year are for grants to the Minnesota Horticultural Society.

(g) \$108,000 the first year and \$108,000 the second year are for annual grants to the Minnesota Turf Seed Council for basic and applied research on: (1) the improved production of forage and turf seed related to new and improved varieties; and (2) native plants, including plant breeding, nutrient management, pest management, disease management, yield, and viability. The grant recipient may subcontract with a qualified third party for some or all of the basic or applied research. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. These are onetime appropriations.

(h) \$113,000 the first year and \$113,000 the second year are for transfer to the Board of Trustees of the Minnesota State Colleges and Universities for statewide mental health counseling support to farm families and business operators. South Central College shall serve as the fiscal agent.

(i) \$550,000 the first year and \$550,000 the second year are for grants to Second Harvest Heartland on behalf of Minnesota's six Feeding America food banks for the purchase of milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Feeding America food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture commodities under The Emergency Food Assistance Program (TEFAP). Second Harvest Heartland must submit quarterly reports to the commissioner on forms prescribed by the commissioner. The reports must include, but are not limited to, information on the expenditure of funds, the amount of milk purchased, and the organizations to which the milk was distributed. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank receiving money from this appropriation may use up to two percent of the grant for administrative expenses. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(j) \$1,100,000 the first year and \$1,100,000 the second year are for grants to Second Harvest Heartland on behalf of the six Feeding America food banks that serve Minnesota to compensate agricultural

producers and processors for costs incurred to harvest and package for transfer surplus fruits, vegetables, and other agricultural commodities that would otherwise go unharvested, be discarded, or sold in a secondary market. Surplus commodities must be distributed statewide to food shelves and other charitable organizations that are eligible to receive food from the food banks. Surplus food acquired under this appropriation must be from Minnesota producers and processors. Second Harvest Heartland must report in the form prescribed by the commissioner. Second Harvest Heartland may use up to 15 percent of each grant for matching administrative and transportation expenses. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(k) \$150,000 the first year and \$150,000 the second year are for grants to the Center for Rural Policy and Development.

(l) \$235,000 the first year and \$235,000 the second year are for grants to the Minnesota Agricultural Education and Leadership Council for programs of the council under Minnesota Statutes, chapter 41D.

(m) \$600,000 the first year and \$600,000 the second year are for grants to the Board of Regents of the University of Minnesota to develop, in consultation with the commissioner of agriculture and the Board of Animal Health, a software tool or application through the Veterinary Diagnostic Laboratory that empowers veterinarians and producers to understand the movement of unique pathogen strains in livestock and poultry production systems, monitor antibiotic resistance, and implement effective biosecurity measures that promote animal health and limit production losses. These are onetime appropriations.

(n) \$150,000 the first year is for the tractor rollover protection pilot program under

Minnesota Statutes, section 17.119. This is a onetime appropriation and is available until June 30, 2019.

(o) \$400,000 the first year is for a grant to the Board of Trustees of the Minnesota State Colleges and Universities to expand and renovate the GROW-IT Center at Metropolitan State University. This is a onetime appropriation.

By January 15, 2018, the commissioner shall submit a report to the chairs and ranking minority members of the legislative committees with jurisdiction over agricultural policy and finance with a list of inspections the department conducts at more frequent intervals than federal law requires, an explanation of why the additional inspections are necessary, and provide recommendations for eliminating any unnecessary inspections.

Sec. 3. <u>BOARD OF ANIMAL HEALTH</u>	<u>\$</u>	<u>5,420,000</u>	<u>\$</u>	<u>5,456,000</u>
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Sec. 4. <u>AGRICULTURAL UTILIZATION RESEARCH INSTITUTE</u>	<u>\$</u>	<u>3,793,000</u>	<u>\$</u>	<u>3,793,000</u>
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Sec. 5. Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4, as amended by Laws 2016, chapter 184, section 11, and Laws 2016, chapter 189, article 2, section 26, is amended to read:

Subd. 4. Agriculture, Bioenergy, and Bioproduct Advancement	14,993,000	19,010,000	<u>18,316,000</u>
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\$4,483,000 the first year and \$8,500,000 the second year are for transfer to the agriculture research, education, extension, and technology transfer account under Minnesota Statutes, section 41A.14, subdivision 3. The transfer in this paragraph includes money for plant breeders at the University of Minnesota for wild rice, potatoes, and grapes. Of these amounts, at least \$600,000 each year is for the Minnesota Agricultural Experiment Station's Agriculture Rapid Response Fund under Minnesota Statutes, section 41A.14, subdivision 1, clause (2). Of the amount appropriated in this paragraph, \$1,000,000

each year is for transfer to the Board of Regents of the University of Minnesota for research to determine (1) what is causing avian influenza, (2) why some fowl are more susceptible, and (3) prevention measures that can be taken. Of the amount appropriated in this paragraph, \$2,000,000 each year is for grants to the Minnesota Agriculture Education Leadership Council to enhance agricultural education with priority given to Farm Business Management challenge grants. The commissioner shall transfer the remaining grant funds in this appropriation each year to the Board of Regents of the University of Minnesota for purposes of Minnesota Statutes, section 41A.14.

To the extent practicable, funds expended under Minnesota Statutes, section 41A.14, subdivision 1, clauses (1) and (2), must supplement and not supplant existing sources and levels of funding. The commissioner may use up to 4.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

~~\$10,235,000~~ the first year and ~~\$10,235,000~~ \$9,541,000 the second year are for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12. No later than February 1, 2016, and February 1, 2017, the commissioner must report to the legislative committees with jurisdiction over agriculture policy and finance regarding the commissioner's accomplishments and anticipated accomplishments in the following areas: facilitating the start-up, modernization, or expansion of livestock operations including beginning and transitioning livestock operations; developing new markets for Minnesota farmers by providing more fruits, vegetables, meat, grain, and dairy for Minnesota school children; assisting value-added agricultural businesses to begin

or expand, access new markets, or diversify products; developing urban agriculture; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms including loans under Minnesota Statutes, section 41B.056; sustainable agriculture on farm research and demonstration; development or expansion of food hubs and other alternative community-based food distribution systems; incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, and 41A.18; and research on bioenergy, biobased content, or biobased formulated products and other renewable energy development. The commissioner may use up to 4.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2017, for agricultural growth, research, and innovation grants are available until June 30, 2019.

The commissioner may use funds appropriated for the agricultural growth, research, and innovation program as provided in this paragraph. The commissioner may award grants to owners of Minnesota facilities producing bioenergy, biobased content, or a biobased formulated product; to organizations that provide for on-station, on-farm field scale research and outreach to develop and test the agronomic and economic requirements of diverse strands of prairie plants and other perennials for bioenergy systems; or to certain nongovernmental entities. For the purposes of this paragraph, "bioenergy" includes transportation fuels derived from cellulosic material, as well as the generation of energy for commercial heat, industrial process heat, or electrical power from cellulosic materials via gasification or other processes. Grants are limited to 50 percent of the cost of research, technical

assistance, or equipment related to bioenergy, biobased content, or biobased formulated product production or \$500,000, whichever is less. Grants to nongovernmental entities for the development of business plans and structures related to community ownership of eligible bioenergy facilities together may not exceed \$150,000. The commissioner shall make a good-faith effort to select projects that have merit and, when taken together, represent a variety of bioenergy technologies, biomass feedstocks, and geographic regions of the state. Projects must have a qualified engineer provide certification on the technology and fuel source. Grantees must provide reports at the request of the commissioner.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, \$1,000,000 the first year and \$1,000,000 the second year are for distribution in equal amounts to each of the state's county fairs to preserve and promote Minnesota agriculture.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, \$500,000 in fiscal year 2016 and ~~\$1,500,000~~ \$806,000 in fiscal year 2017 are for incentive payments under Minnesota Statutes, sections 41A.16, 41A.17, and 41A.18. If the appropriation exceeds the total amount for which all producers are eligible in a fiscal year, the balance of the appropriation is available to the commissioner for the agricultural growth, research, and innovation program. Notwithstanding Minnesota Statutes, section 16A.28, the first year appropriation is available until June 30, 2017, and the second year appropriation is available until June 30, 2018. The commissioner may use up to 4.5 percent of the appropriation for administration of the incentive payment programs.

Of the amount appropriated for the agricultural growth, research, and innovation program in this subdivision, \$250,000 the first year is for grants to communities to develop or expand food hubs and other alternative community-based food distribution systems. Of this amount, \$50,000 is for the commissioner to consult with existing food hubs, alternative community-based food distribution systems, and University of Minnesota Extension to identify best practices for use by other Minnesota communities. No later than December 15, 2015, the commissioner must report to the legislative committees with jurisdiction over agriculture and health regarding the status of emerging alternative community-based food distribution systems in the state along with recommendations to eliminate any barriers to success. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. This is a onetime appropriation.

\$250,000 the first year and \$250,000 the second year are for grants that enable retail petroleum dispensers to dispense biofuels to the public in accordance with the biofuel replacement goals established under Minnesota Statutes, section 239.7911. A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this paragraph if the retail petroleum dispenser has no more than 15 retail petroleum dispensing sites and each site is located in Minnesota. The grant money received under this paragraph must be used for the installation of appropriate technology that uses fuel dispensing equipment appropriate for at least one fuel dispensing site to dispense gasoline that is blended with 15 percent of agriculturally derived, denatured ethanol, by volume, and appropriate technical assistance related to the installation. A grant award must not exceed 85 percent of the cost of the technical

assistance and appropriate technology, including remetering of and retrofits for retail petroleum dispensers and replacement of petroleum dispenser projects. The commissioner may use up to \$35,000 of this appropriation for administrative expenses. The commissioner shall cooperate with biofuel stakeholders in the implementation of the grant program. The commissioner must report to the legislative committees with jurisdiction over agriculture policy and finance by February 1 each year, detailing the number of grants awarded under this paragraph and the projected effect of the grant program on meeting the biofuel replacement goals under Minnesota Statutes, section 239.7911. These are onetime appropriations.

\$25,000 the first year and \$25,000 the second year are for grants to the Southern Minnesota Initiative Foundation to promote local foods through an annual event that raises public awareness of local foods and connects local food producers and processors with potential buyers.

Sec. 6. **APPROPRIATION CANCELLATION.**

All unspent funds, estimated to be \$694,000, appropriated for the agricultural growth, research, and innovation program and designated for bioeconomy incentive payments under Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4, as amended by Laws 2016, chapter 184, section 11, and Laws 2016, chapter 189, article 2, section 26, are canceled to the general fund.

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

ARTICLE 2

AGRICULTURAL POLICY

Section 1. Minnesota Statutes 2016, section 3.7371, is amended to read:

3.7371 COMPENSATION FOR CROP OR FENCE DAMAGE CAUSED BY ELK.

Subdivision 1. **Authorization.** Notwithstanding section 3.736, subdivision 3, paragraph (e), or any other law, a person who owns an agricultural crop or pasture shall be compensated by the commissioner of agriculture for an agricultural crop, or fence surrounding the crop or pasture, that is damaged or destroyed by elk as provided in this section.

Subd. 2. **Claim form.** The ~~crop or pasture~~ owner must prepare a claim on forms provided by the commissioner and available ~~at on the county extension agent's office~~ Department of Agriculture's Web site or by request from the commissioner. The claim form must be filed with the commissioner.

Subd. 3. **Compensation.** (a) The crop owner is entitled to the target price or the market price, whichever is greater, of the damaged or destroyed crop plus adjustments for yield loss determined according to agricultural stabilization and conservation service programs for individual farms, adjusted annually, as determined by the commissioner, upon recommendation of the ~~county extension commissioner's approved~~ agent for the owner's county. Verification of fence damage or destruction by elk may be provided by submitting photographs or other evidence and documentation together with a statement from an independent witness using forms prescribed by the commissioner. The commissioner, upon recommendation of the commissioner's approved agent, shall determine whether the crop damage or destruction or damage to or destruction of a fence surrounding a crop or pasture is caused by elk and, if so, the amount of the crop or fence that is damaged or destroyed. In any fiscal year, an owner may not be compensated for a damaged or destroyed crop or fence surrounding a crop or pasture that is less than \$100 in value and may be compensated up to \$20,000, as determined under this section, if normal harvest procedures for the area are followed.

(b) In any fiscal year, the commissioner may provide compensation for claims filed under this section up to the amount expressly appropriated for this purpose.

Subd. 4. **Insurance deduction.** Payments authorized by this section must be reduced by amounts received by the owner as proceeds from an insurance policy covering crop losses or damage to or destruction of a fence surrounding a crop or pasture, or from any other source for the same purpose including, but not limited to, a federal program.

Subd. 5. **Decision on claims; opening land to hunting.** If the commissioner finds that the ~~crop or pasture~~ owner has shown that the damage or destruction of the owner's crop or damage to or destruction of a fence surrounding a crop or pasture was caused more probably than not by elk, the commissioner shall pay compensation as provided in this section and the rules of the commissioner. ~~A crop~~ An owner who receives compensation under this section may, by written permission, permit hunting on the land at the landowner's discretion.

Subd. 6. **Denial of claim; appeal.** (a) If the commissioner denies compensation claimed by a ~~crop or pasture~~ an owner under this section, the commissioner shall issue a written decision based upon the available evidence including a statement of the facts upon which the decision is based and the conclusions on the material issues of the claim. A copy of the decision must be mailed to the ~~crop or pasture~~ owner.

(b) A decision denying compensation claimed under this section is not subject to the contested case review procedures of chapter 14, but ~~a crop or pasture~~ an owner may have the claim reviewed in a trial de novo in a court in the county where the loss occurred. The decision of the court may be appealed as in other civil cases. Review in court may be obtained by filing a petition for review with the administrator of the court within 60 days following receipt of a decision under this section. Upon the filing of a petition, the administrator shall mail a copy to the commissioner and set a time for hearing within 90 days after the filing.

Subd. 7. **Rules.** The commissioner shall adopt rules and may amend rules to carry out this section. The commissioner may use the expedited rulemaking process in section 14.389 to adopt and amend rules authorized in this section. The rules must include:

- (1) methods of valuation of crops damaged or destroyed;
- (2) criteria for determination of the cause of the crop damage or destruction;
- (3) notice requirements by the owner of the damaged or destroyed crop;
- (4) compensation rates for fence damage or destruction that ~~shall include a minimum claim of \$75.00 per incident and a maximum of~~ must not exceed \$1,800 per claimant per fiscal year; and
- (5) any other matters determined necessary by the commissioner to carry out this section.

Subd. 8. **Report.** The commissioner must submit a report to the chairs of the house of representatives and senate committees and divisions with jurisdiction over agriculture and environment and natural resources by December 15 each year that details the total amount of damages paid, by elk herd, in the previous two fiscal years.

Sec. 2. Minnesota Statutes 2016, section 15.985, is amended to read:

15.985 ADVISORY INSPECTIONS.

(a) Upon the voluntary request of a person to a state agency for an advisory inspection for the purpose of complying with state law, the agency must, except as provided in paragraphs (f) and (g), conduct an advisory inspection. An agency is not required to conduct an advisory inspection if the agency has a regularly scheduled inspection that would occur within 90 days after the request for the advisory inspection, or if before an advisory inspection is requested, the agency has notified the person that it will be conducting an inspection within 45 days. If an advisory inspection results in findings that potentially could make a person subject to a fine or other penalty imposed by the agency, the agency must notify the person in writing of those findings within ten days of the inspection.

(1) Except as provided in clause (2), if within 60 days of receiving notice, the person notifies the agency that it has corrected the situation that made the person potentially subject to the fine or penalty, and the agency later determines that the situation is corrected, the agency may not impose a fine or penalty as a result of the findings in the advisory inspection.

(2) For violations of chapter 177, if the person notifies the agency within the time period for remedying violations required under the applicable section of chapter 177 that it has corrected the situation that made the person potentially subject to the fine or penalty, and the agency later determines that the situation is corrected, the agency may not impose a fine or penalty as a result of the finding in the advisory inspection.

(3) A person may not request more than one advisory inspection from the same agency in a calendar year. A person may not request an advisory inspection after an inspection resulting in a fine or other penalty has been determined and the violator notified of the amount to be paid, until fines or penalties have been paid or settled.

(b) For purposes of this section:

(1) "inspection" includes an examination of real or personal property or an audit or other examination of financial or other documents;

(2) "penalty" includes a civil or administrative fine or other financial sanction;

(3) "person" includes a real person and businesses, including corporations, partnerships, limited liability companies, and unincorporated associations; and

(4) "state agency" means a department, agency, board, commission, constitutional office, or other group in the executive branch of state government.

(c) If an agency revises, amends, extends, or adds additional violations to a notice, the person has 60 days from the date of those changes to correct the situation without fine or penalty. For violations of chapter 177, the person has the time period for remedying violations under the applicable section of chapter 177 to correct the situation without fine or penalty.

(d) An agency conducting an inspection under this section may impose and collect from the person requesting the inspection a fee equal to the costs incurred by the agency related to the inspection. Fees under this section shall be considered charges for goods and services provided for the direct and primary use of a private individual, business, or other entity under section 16A.1283, paragraph (b), clause (3). Fee revenue collected under this section must be deposited in an appropriate fund other than the general fund and is appropriated from that fund to the agency collecting the fee for the purpose of conducting inspections under this section.

(e) Nothing in this section shall prohibit or interfere with an agency offering similar programs that allow independent audits or inspections, including the environmental improvement program under chapter 114C. If a person conducts a self-audit under chapter 114C, the terms and conditions of this section do not apply. For advisory inspections conducted by the Pollution Control Agency, terms and conditions of sections 114C.20 to 114C.28 shall be used instead of those in paragraphs (a) to (c) and (g).

(f) If agency staff resources are limited, an agency must give higher priority to the agency's regular inspections over advisory inspections under this section. Insofar as conducting advisory inspections reduces an agency's costs, the savings must be reflected in the charges for advisory inspections. Before hiring additional staff complement for purposes of this section, an agency must report to the chairs and ranking minority members of the legislative budget committees with jurisdiction over the agency documenting: (1) the demand for advisory inspections and why additional staff complement is needed to meet the demand; and (2) that the revenue generated by advisory inspections will cover the expenses of the additional staff complement. If a person requests an advisory inspection, but the agency does not have staff resources necessary to conduct the advisory inspection before a regular inspection is conducted, and the regular inspection results in findings that could make a person subject to a fine or penalty, the agency must take into account the person's request for an advisory inspection and the person's desire to take corrective action before taking any enforcement action against the person.

(g) This section does not apply to:

- (1) criminal penalties;
- (2) situations in which implementation of this section is prohibited by federal law or would result in loss of federal funding or in other federal sanctions or in which implementation would interfere with multistate agreements, international agreements, or agreements between state and federal regulatory agencies;
- (3) conduct constituting fraud;
- (4) violations in a manner that endangers human life or presents significant risk of major injury or severe emotional harm to humans;
- (5) violations that are part of a pattern that has occurred repeatedly and shows willful intent;
- (6) violations for which it may be demonstrated that the alternative inspections process is being used to avoid enforcement;
- (7) violations that occur within three years of violating an applicable law;
- (8) the Department of Revenue;
- (9) the Workers' Compensation Division at the Department of Labor and Industry;
- (10) violations of vehicle size weight limits under sections 169.80 to 169.88;
- (11) commercial motor vehicle inspections under section 169.781 and motor carrier regulations under chapter 221;
- ~~(12) the Dairy and Food Inspection Division of the Department of Agriculture, if the division provides free inspections similar to those under this section;~~
- ~~(13)~~ (12) state inspections or surveys of hospitals, nursing homes, outpatient surgical centers, supervised living facilities, board and lodging with special services, home care, housing with services and assisted living settings, hospice, and supplemental nursing services agencies;
- ~~(14)~~ (13) examinations of health maintenance organizations or county-based purchasing entities regulated under chapter 62D;
- ~~(15)~~ (14) special transportation services under section 174.30; and
- ~~(16)~~ (15) entities regulated by the Department of Commerce's Financial Institutions and Insurance Divisions for purposes of regulatory requirements of those divisions.

If an agency determines that this section does not apply due to situations specified in clause (2), the agency must report the basis for that determination to the chairs and ranking minority members of the legislative committees with jurisdiction over the agency.

(h) An agency may terminate an advisory inspection and proceed as if an inspection were a regular inspection if, in the process of conducting an advisory inspection, the agency finds a situation that the agency determines: could lead to criminal penalties; endangers human life or presents

significant risk of major injury or severe emotional harm to humans; presents a severe and imminent threat to animals, food, feed, crops, commodities, or the environment; or evidences a pattern of willful violations.

Sec. 3. Minnesota Statutes 2016, section 17.119, subdivision 1, is amended to read:

Subdivision 1. **Grants; eligibility.** (a) The commissioner must award ~~cost-share~~ grants to Minnesota farmers who retrofit eligible tractors and Minnesota schools that retrofit eligible tractors with eligible rollover protective structures.

(b) Grants for farmers are limited to 70 percent of the farmer's or school's documented cost to purchase, ship, and install an eligible rollover protective structure. The commissioner must increase the a farmer's grant award amount over the 70 percent grant limitation requirement if necessary to limit a farmer's or school's cost per tractor to no more than \$500.

(c) Schools are eligible for grants that cover the full amount of a school's documented cost to purchase, ship, and install an eligible rollover protective structure.

(d) A rollover protective structure is eligible if it meets or exceeds SAE International standard J2194 is certified to appropriate national or international rollover protection structure standards with a seat belt.

~~(e)~~ (e) A tractor is eligible if the tractor was built before 1987.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2016.

Sec. 4. Minnesota Statutes 2016, section 17.119, subdivision 2, is amended to read:

Subd. 2. **Promotion; administration.** The commissioner may spend up to ~~20~~ six percent of total program dollars each fiscal year to promote and administer the program to Minnesota farmers and schools.

Sec. 5. Minnesota Statutes 2016, section 17.53, subdivision 2, is amended to read:

Subd. 2. **Agricultural commodity.** (a) Except as provided in paragraph (b), "agricultural commodity" means any agricultural product, including, without limitation, animals and animal products, grown, raised, produced, or fed within Minnesota for use as food, feed, seed, or any industrial or chemurgic purpose.

(b) For wheat, barley, corn, and cultivated wild rice, "agricultural commodity" means wheat, barley, corn and cultivated wild rice including, without limitation, wheat, barley, corn and cultivated wild rice grown or produced within or outside Minnesota, for use as food, feed, seed, or any industrial or chemurgic purpose.

Sec. 6. Minnesota Statutes 2016, section 17.53, subdivision 8, is amended to read:

Subd. 8. **First purchaser.** (a) Except as provided in paragraph (b), "first purchaser" means any person that buys agricultural commodities for movement into commercial channels from the producer; or any lienholder, secured party or pledgee, public or private, or assignee of said lienholder, secured party or pledgee, who gains title to the agricultural commodity from the producer as the result of

exercising any legal rights by the lienholder, secured party, pledgee, or assignee thereof, regardless of when the lien, security interest or pledge was created and regardless of whether the first purchaser is domiciled within the state or without. "First purchaser" does not mean the Commodity Credit Corporation when a commodity is used as collateral for a federal nonrecourse loan unless the commissioner determines otherwise.

(b) For wheat, barley, corn, and cultivated wild rice, "first purchaser" means a person who buys, receives delivery of, or provides storage for the agricultural commodity from a producer for movement into commercial channels; or a lienholder, secured party, or pledgee, who gains title to the agricultural commodity from the producers as the result of exercising any legal rights by the lienholder, secured party, pledgee, or assignee, regardless of when the lien, security interest, or pledge was created and regardless of whether or not the first purchaser is domiciled in the state. "First purchaser" does not mean the Commodity Credit Corporation when the wheat, barley, corn or cultivated wild rice is used as collateral for a federal nonrecourse loan unless the commissioner determines otherwise.

Sec. 7. Minnesota Statutes 2016, section 17.53, subdivision 13, is amended to read:

Subd. 13. **Producer.** (a) Except as provided in paragraph (b), "producer" means any person who owns or operates an agricultural producing or growing facility for an agricultural commodity and shares in the profits and risk of loss from such operation, and who grows, raises, feeds or produces the agricultural commodity in Minnesota during the current or preceding marketing year.

(b) For wheat, barley, corn, and cultivated wild rice, "producer" means in addition to the meaning in paragraph (a) and for the purpose of the payment or the refund of the checkoff fee paid pursuant to sections 17.51 to 17.69 only, a person who delivers into, stores within, or makes the first sale of the agricultural commodity in Minnesota.

Sec. 8. Minnesota Statutes 2016, section 18.79, subdivision 18, is amended to read:

Subd. 18. **Noxious weed education and notification.** (a) The commissioner shall disseminate information and conduct educational campaigns with respect to control of noxious weeds or invasive plants to enhance regulatory compliance and voluntary efforts to eliminate or manage these plants. The commissioner shall call and attend meetings and conferences dealing with the subject of noxious weeds. The commissioner shall maintain on the department's Web site noxious weed management information including but not limited to the roles and responsibilities of citizens and government entities under sections 18.76 to 18.91 and specific guidance as to whom a person should contact to report a noxious weed issue.

(b) The commissioner shall post notice on the department's Web site and alert appropriate media outlets when a weed on the eradicate list is confirmed for the first time in a county.

Sec. 9. Minnesota Statutes 2016, section 18B.01, is amended by adding a subdivision to read:

Subd. 9b. **Experimental use permit.** "Experimental use permit" means a permit issued by the United States Environmental Protection Agency as authorized in Section 5 of the Federal Insecticide, Fungicide, and Rodenticide Act.

Sec. 10. Minnesota Statutes 2016, section 18B.01, is amended by adding a subdivision to read:

Subd. 9c. **Experimental use pesticide product.** "Experimental use pesticide product" means any federally registered or unregistered pesticide whose use is authorized by an experimental use permit issued by the United States Environmental Protection Agency.

Sec. 11. **[18B.051] POLLINATOR HABITAT AND RESEARCH ACCOUNT.**

Subdivision 1. **Account established.** A pollinator habitat and research account is established in the agricultural fund. Money in the account, including interest, is appropriated to the Board of Regents of the University of Minnesota for pollinator research and outreach including, but not limited to, science-based best practices and the identification and establishment of habitat beneficial to pollinators.

Subd. 2. **Expiration.** This section expires July 1, 2022.

Sec. 12. Minnesota Statutes 2016, section 18B.065, subdivision 8, is amended to read:

Subd. 8. **Waste pesticide program surcharge.** The commissioner shall annually collect a waste pesticide program surcharge of \$50 on each agricultural waste pesticide product and \$125 on each nonagricultural waste pesticide product registered in the state as part of a pesticide product registration application under section 18B.26, subdivision 3.

Sec. 13. Minnesota Statutes 2016, section 18B.26, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) Except as provided in paragraphs (b) to ~~(d)~~ (e), a person may not use or distribute a pesticide in this state unless it is registered with the commissioner. Pesticide registrations expire on December 31 of each year and may be renewed on or before that date for the following calendar year.

(b) Registration is not required if a pesticide is shipped from one plant or warehouse to another plant or warehouse operated by the same person and used solely at the plant or warehouse as an ingredient in the formulation of a pesticide that is registered under this chapter.

(c) An unregistered pesticide that was previously registered with the commissioner may be used for a period of two years following the cancellation of the registration of the pesticide, unless the commissioner determines that the continued use of the pesticide would cause unreasonable adverse effects on the environment, or with the written permission of the commissioner. To use the unregistered pesticide at any time after the two-year period, the pesticide end user must demonstrate to the satisfaction of the commissioner, if requested, that the pesticide has been continuously registered under a different brand name or by a different manufacturer and has similar composition, or, the pesticide end user obtains the written permission of the commissioner.

(d) The commissioner may allow specific pesticide products that are not registered with the commissioner to be distributed in this state for use in another state.

(e) A substance or mixture of substances being tested only to determine its potential efficacy as a pesticide, or to determine its toxicity or other properties, and not requiring the issuance of an experimental use permit under United States Environmental Protection Agency criteria specified in federal regulations, is not required to be registered.

(~~e~~) (f) Each pesticide with a unique United States Environmental Protection Agency pesticide registration number or a unique brand name must be registered with the commissioner.

(~~f~~) (g) It is unlawful for a person to distribute or use a pesticide in the state, or to sell into the state for use in the state, any pesticide product that has not been registered by the commissioner and for which the applicable pesticide registration application fee, gross sales fee, or waste pesticide program surcharge is not paid pursuant to subdivisions 3 and 4.

(~~g~~) (h) Every person who sells for use in the state a pesticide product that has been registered by the commissioner shall pay to the commissioner the applicable registration application fees, sales fees, and waste pesticide program surcharges. These sales expressly include all sales made electronically, telephonically, or by any other means that result in a pesticide product being shipped to or used in the state. There is a rebuttable presumption that pesticide products that are sold or distributed in or into the state by any person are sold or distributed for use in the state.

Sec. 14. Minnesota Statutes 2016, section 18B.28, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** A person may not use or distribute an experimental use pesticide product in the state until it is registered with the commissioner. Experimental use pesticide product registrations expire on December 31 of each year and may be renewed on or before that date. A substance or mixture of substances being tested only to determine its potential efficacy as a pesticide, or to determine its toxicity or other properties, and not requiring the issuance of an experimental use permit under United States Environmental Protection Agency criteria specified in federal regulations, is not required to be registered.

Sec. 15. Minnesota Statutes 2016, section 18B.28, subdivision 3, is amended to read:

Subd. 3. **Application.** A person must file an application for experimental use pesticide product registration with the commissioner. An application to register an experimental use pesticide product must include:

- (1) the name and address of the applicant;
- (2) a ~~federal~~ copy of the United States Environmental Protection Agency approval document permit;
- (3) a description of the purpose or objectives of the experimental use product;
- (4) ~~an~~ a copy of the experimental use pesticide labeling accepted experimental use pesticide product label by the United States Environmental Protection Agency;
- (5) the name, address, and telephone number of cooperators or participants in this state;
- (6) the amount of material to be shipped or used in this state; and
- (7) other information requested by the commissioner.

Sec. 16. Minnesota Statutes 2016, section 18B.305, is amended to read:

18B.305 PESTICIDE EDUCATION AND TRAINING.

Subdivision 1. **Education and training.** (a) The commissioner, as the lead agency, shall develop, implement or approve, and evaluate, in consultation with University of Minnesota Extension, the Minnesota State Colleges and Universities system, and other educational institutions, innovative educational and training programs addressing pesticide concerns including:

- (1) water quality protection;
- (2) endangered species protection;
- (3) minimizing pesticide residues in food and water;
- (4) worker protection and applicator safety;
- (5) chronic toxicity;
- (6) integrated pest management and pest resistance;
- (7) pesticide disposal;
- (8) pesticide drift;
- (9) relevant laws including pesticide labels and labeling and state and federal rules and regulations; ~~and~~
- (10) current science and technology updates; and
- (11) thresholds and guidance to reduce the impacts of insecticide on pollinators.

(b) The commissioner shall appoint educational planning committees which must include representatives of industry and applicators.

(c) Specific current regulatory concerns must be discussed and, if appropriate, incorporated into each training session. Relevant changes to pesticide product labels or labeling or state and federal rules and regulations may be included.

(d) The commissioner may approve programs from private industry, higher education institutions, and nonprofit organizations that meet minimum requirements for education, training, and certification.

Subd. 2. **Training manual and examination development.** The commissioner, in consultation with University of Minnesota Extension and other higher education institutions, shall continually revise and update pesticide applicator training manuals and examinations. The manuals and examinations must be written to meet or exceed the minimum standards required by the United States Environmental Protection Agency and pertinent state specific information. Questions in the examinations must be determined by the commissioner in consultation with other responsible agencies. Manuals and examinations must include pesticide management practices that discuss prevention of pesticide occurrence in groundwater and surface water of the state, and economic thresholds and guidance for insecticide use.

Sec. 17. Minnesota Statutes 2016, section 18B.33, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) A person may not apply a pesticide for hire without a commercial applicator license for the appropriate use categories or a structural pest control license.

(b) A commercial applicator licensee must have a valid license identification card to purchase a restricted use pesticide or apply pesticides for hire and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The commissioner shall prescribe the information required on the license identification card.

(c) A person licensed under this section is considered qualified and is not required to verify, document, or otherwise prove a particular need prior to use, except as required by the federal label.

Sec. 18. Minnesota Statutes 2016, section 18B.34, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) Except for a licensed commercial applicator, certified private applicator, or licensed structural pest control applicator, a person, including a government employee, may not purchase or use a restricted use pesticide in performance of official duties without having a noncommercial applicator license for an appropriate use category.

(b) A licensee must have a valid license identification card when applying pesticides and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The license identification card must contain information required by the commissioner.

(c) A person licensed under this section is considered qualified and is not required to verify, document, or otherwise prove a particular need prior to use, except as required by the federal label.

Sec. 19. Minnesota Statutes 2016, section 18B.36, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) Except for a licensed commercial or noncommercial applicator, only a certified private applicator may use a restricted use pesticide to produce an agricultural commodity:

(1) as a traditional exchange of services without financial compensation;

(2) on a site owned, rented, or managed by the person or the person's employees; or

(3) when the private applicator is one of two or fewer employees and the owner or operator is a certified private applicator or is licensed as a noncommercial applicator.

(b) A person may not purchase a restricted use pesticide without presenting a license card, certified private applicator card, or the card number.

(c) A person certified under this section is considered qualified and is not required to verify, document, or otherwise prove a particular need prior to use, except as required by the federal label.

Sec. 20. Minnesota Statutes 2016, section 18B.37, subdivision 3, is amended to read:

Subd. 3. **Structural pest control applicators.** (a) A structural pest control applicator must maintain a record of each structural pest control application conducted by that person or by the person's employees. The record must include the:

- (1) date of structural pest control application;
- (2) target pest;
- (3) brand name of the pesticide, United States Environmental Protection Agency registration number, and amount used;
- (4) for fumigation, the temperature and exposure time;
- (5) time the pesticide application was completed;
- (6) name and address of the customer;
- (7) name of structural pest control applicator, name of company and address of applicator or company, and license number of applicator; and
- (8) any other information required by the commissioner.

(b) All information for this record requirement must be contained in a document for each pesticide application. An invoice containing the required information may constitute the record.

(c) The record must be completed no later than five days after the application of the pesticide.

(d) Records must be retained for five years after the date of treatment.

(e) A copy of the record must be given to a person who ordered the application that is present at the site where the structural pest control application is conducted, placed in a conspicuous location at the site where the structural pest control application is conducted immediately after the application of the pesticides, or delivered to the person who ordered an application or the owner of the site. The commissioner must make sample forms available that meet the requirements of this subdivision.

(f) A structural applicator must post in a conspicuous place inside a renter's apartment where a pesticide application has occurred a list of postapplication precautions contained on the label of the pesticide that was applied in the apartment and any other information required by the commissioner.

Sec. 21. Minnesota Statutes 2016, section 18C.70, subdivision 5, is amended to read:

Subd. 5. **Expiration.** This section expires ~~January 8, 2017~~ June 30, 2020.

EFFECTIVE DATE. This section is effective retroactively from January 7, 2017.

Sec. 22. Minnesota Statutes 2016, section 18C.71, subdivision 4, is amended to read:

Subd. 4. **Expiration.** This section expires ~~January 8, 2017~~ June 30, 2020.

EFFECTIVE DATE. This section is effective retroactively from January 7, 2017.

Sec. 23. Minnesota Statutes 2016, section 18H.06, subdivision 2, is amended to read:

Subd. 2. **Occasional sales.** (a) An individual may offer nursery stock for sale and be exempt from the requirement to obtain a nursery stock certificate if:

- (1) the gross sales of all nursery stock in a calendar year do not exceed \$2,000;
- (2) all nursery stock sold or distributed by the individual is intended for planting in Minnesota;
- (3) all nursery stock purchased or procured for resale or distribution was grown in Minnesota and has been certified by the commissioner; and
- (4) the individual conducts sales or distributions of nursery stock on ten or fewer days in a calendar year.

(b) A municipality may offer certified nursery stock for sale and be exempt from the requirement to obtain a nursery stock certificate if:

- (1) all nursery stock offered for sale or distributed is intended for planting by residents of the municipality on public property or public easements within the municipal boundary;
- (2) all nursery stock purchased or procured for resale or distribution is grown in Minnesota and has been certified by the commissioner; and
- (3) the municipality submits to the commissioner before any sale or distribution of nursery stock a list of all suppliers who provide the municipality with nursery stock.

~~(b)~~ (c) The commissioner may prescribe the conditions of the exempt nursery sales under this subdivision and may conduct routine inspections of the nursery stock offered for sale.

Sec. 24. Minnesota Statutes 2016, section 18H.07, subdivision 2, is amended to read:

Subd. 2. **Nursery stock grower certificate.** (a) A nursery stock grower must pay an annual fee based on the area of all acreage on which nursery stock is grown as follows:

- (1) less than one-half acre, \$150;
- (2) from one-half acre to two acres, \$200;
- (3) over two acres up to five acres, \$300;
- (4) over five acres up to ten acres, \$350;
- (5) over ten acres up to 20 acres, \$500;
- (6) over 20 acres up to 40 acres, \$650;
- (7) over 40 acres up to 50 acres, \$800;
- (8) over 50 acres up to 200 acres, \$1,100;
- (9) over 200 acres up to 500 acres, \$1,500; and
- (10) over 500 acres, \$1,500 plus \$2 for each additional acre.

(b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must be charged for each month, or portion thereof, that the fee is delinquent up to a maximum of 30 percent for any application for renewal not postmarked or electronically date stamped by December 31 of the current year.

(c) A nursery stock grower found operating without a valid nursery stock grower certificate cannot offer for sale or sell nursery stock until: (1) payment is received by the commissioner for (i) the certificate fee due, and (ii) a penalty equal to the certificate fee owed; and (2) a new certificate is issued to the nursery stock grower by the commissioner.

Sec. 25. Minnesota Statutes 2016, section 18H.07, subdivision 3, is amended to read:

Subd. 3. **Nursery stock dealer certificate.** (a) A nursery stock dealer must pay an annual fee based on the dealer's gross sales of certified nursery stock per location during the most recent certificate year. A certificate applicant operating for the first time must pay the minimum fee. The fees per sales location are:

- (1) gross sales up to \$5,000, \$150;
- (2) gross sales over \$5,000 up to \$20,000, \$175;
- (3) gross sales over \$20,000 up to \$50,000, \$300;
- (4) gross sales over \$50,000 up to \$75,000, \$425;
- (5) gross sales over \$75,000 up to \$100,000, \$550;
- (6) gross sales over \$100,000 up to \$200,000, \$675; and
- (7) gross sales over \$200,000, \$800.

(b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must be charged for each month, or portion thereof, that the fee is delinquent up to a maximum of 30 percent for any application for renewal not postmarked or electronically date stamped by December 31 of the current year.

(c) A nursery stock dealer found operating without a valid nursery stock dealer certificate cannot offer for sale or sell nursery stock until: (1) payment is received by the commissioner for (i) the certificate fee due, and (ii) a penalty equal to the certificate fee owed; and (2) a new certificate is issued to the nursery stock dealer by the commissioner.

Sec. 26. Minnesota Statutes 2016, section 21.111, subdivision 2, is amended to read:

Subd. 2. **Inspected.** "Inspected" means that the potato plants are examined in the field and that the harvested potatoes produced by ~~such~~ the potato plants are examined by or under the authority of the commissioner. For seed potatoes produced in a lab, inspected means that the lab's records, including records related to the lab's procedures and protocols, as well as the seed potatoes, have been examined under the authority of the commissioner.

Sec. 27. Minnesota Statutes 2016, section 21.111, subdivision 3, is amended to read:

Subd. 3. **Certified.** "Certified" means that the potatoes were inspected while growing in the field and again after being harvested, and were thereafter duly certified by or under the authority of the commissioner, as provided in sections 21.111 to 21.122, and as provided by rules adopted and published by the commissioner. For seed potatoes produced in a lab, certified means that:

(1) the seed potato lab facilities and the lab's procedures and protocols have been examined under the authority of the commissioner; and

(2) the seed potatoes have been inspected after they have been harvested, removed, or released from the lab, and were duly certified by or under the authority of the commissioner, as provided in sections 21.111 to 21.122.

Sec. 28. Minnesota Statutes 2016, section 21.113, is amended to read:

21.113 CERTIFICATES OF INSPECTION.

(a) The commissioner shall ~~cause~~ issue certificates of inspection ~~to be issued~~ only when seed potatoes have been inspected while growing in the field and again after being harvested.

(b) For seed potatoes produced in a lab, the commissioner shall issue certificates of inspection only after:

(1) the seed potato lab facility and the lab's records have been inspected; and

(2) the seed potatoes have been inspected after they have been harvested, removed, or released from the lab.

~~Such~~ (c) Certificates of inspection under this section shall show the varietal purity and the freedom from disease and physical injury of such potatoes and ~~shall contain such any~~ other information as may be prescribed by rules adopted and published under sections 21.111 to 21.122.

Sec. 29. Minnesota Statutes 2016, section 21.117, is amended to read:

21.117 APPLICATIONS FOR INSPECTIONS; WITHDRAWALS.

(a) Any person may make application to the commissioner for inspection or certification of seed potatoes growing or to be grown. Upon receiving such application and the required fee and such other information as may be required, the commissioner shall cause such potatoes to be inspected or certified in accordance with the provisions of sections 21.111 to 21.122 and the rules adopted and published thereunder.

(b) If a grower wishes to withdraw a field or lab after having made application for inspection and such withdrawal is requested before the field or lab inspection has been made, the fee paid shall be refunded to said grower.

Sec. 30. Minnesota Statutes 2016, section 25.32, is amended to read:

25.32 COMMISSIONER'S DUTIES.

The commissioner shall administer sections 25.31 to 25.43 ~~shall be administered by the commissioner.~~

Sec. 31. Minnesota Statutes 2016, section 25.33, subdivision 5, is amended to read:

Subd. 5. **Commercial feed.** "Commercial feed" means materials or combinations of materials that are distributed or intended to be distributed for use as feed or for mixing in feed, including feed for aquatic animals, unless the materials are specifically exempted. Unmixed whole seeds and physically altered entire unmixed seeds, as identified in the United States grain standards, if the whole or physically altered seeds are not chemically changed, are not labeled as a feed or for use as feed, or are not adulterated within the meaning of section 25.37, paragraph (a), are exempt. The commissioner by rule may exempt from this definition, or from specific provisions of sections 25.31 to 25.43, commodities such as hay, straw, stover, silage, cobs, husks, hulls, and individual chemical compounds or substances if those commodities, compounds, or substances are not intermixed with other materials, are not labeled as a feed or for use as feed, and are not adulterated within the meaning of section 25.37, paragraph (a).

Sec. 32. Minnesota Statutes 2016, section 25.33, subdivision 10, is amended to read:

Subd. 10. **Manufacture.** "Manufacture" means to grind, mix ~~or~~ blend, ~~or further~~ process, package, or label a commercial feed for distribution.

Sec. 33. Minnesota Statutes 2016, section 25.33, subdivision 21, is amended to read:

Subd. 21. **Commissioner.** "Commissioner" means the commissioner of agriculture or ~~a designated representative~~ the commissioner's agent.

Sec. 34. Minnesota Statutes 2016, section 25.341, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** Before a person may: (1) manufacture a commercial feed in the state; (2) distribute a commercial feed in or into the state; or (3) have the person's name appear on the label of a commercial feed as guarantor, the person must have a commercial feed license for each guarantor, or manufacturing or distributing facility. A person who makes only retail sales of commercial feed, guaranteed by another, is not required to obtain a license.

Sec. 35. Minnesota Statutes 2016, section 25.341, subdivision 2, is amended to read:

Subd. 2. **Application; fee; term.** A person who is required to have a commercial feed license ~~shall~~ must submit an application on a form provided or approved by the commissioner accompanied by ~~a~~ an application fee of \$75 paid to the commissioner for each location. A license is not transferable from one person to another, from one ownership to another, or from one location to another. The license year is the calendar year. A license expires on December 31 of the year for which it is issued, except that a license is valid ~~through January 31 of the next year or until the issuance of the renewal license, whichever comes first~~, if the licensee has filed a renewal application ~~with the commissioner~~ that has been received by the commissioner on or before December 31 of the year for which the current license was issued, or postmarked on or before December 31 of the year for which the current license was issued. Any person who is required to have, but fails to obtain a license or a licensee who fails to comply with license renewal requirements, ~~shall~~ must pay a \$100 late fee in addition to the license fee.

Sec. 36. Minnesota Statutes 2016, section 25.35, is amended to read:

25.35 LABELING.

(a) A commercial feed, except a customer formula feed, must be accompanied by a label bearing the following information:

(1) the product name and the brand name, if any, under which the commercial feed is distributed;

(2) the guaranteed analysis, stated in terms the commissioner requires by rule, to advise the user of the composition of the feed or to support claims made in the labeling. The substances or elements must be determinable by laboratory methods such as the methods published by the AOAC International or other generally recognized methods;

(3) the common or usual name of each ingredient used in the manufacture of the commercial feed. The commissioner may by rule permit the use of a collective term for a group of ingredients which perform a similar function, or may exempt commercial feeds or any group of commercial feeds from this requirement on finding that an ingredient statement is not required in the interest of consumers;

(4) the name and principal mailing address of the manufacturer or the person responsible for distributing the commercial feed;

(5) adequate directions for use for all commercial feeds containing drugs and for such other feeds as the commissioner may require by rule as necessary for their safe and effective use;

(6) precautionary statements which the commissioner determines by rule are necessary for the safe and effective use of the commercial feed; and

(7) a quantity statement.

(b) A customer formula feed must be accompanied by a label, invoice, delivery slip, or other shipping document bearing the following information:

(1) name and address of the manufacturer;

(2) name and address of the purchaser;

(3) date of delivery;

(4) the product name and either (i) the quantity of each commercial feed and each other ingredient used in the mixture, or (ii) a guaranteed analysis and list of ingredients in paragraph (a), clauses (2) and (3);

(5) adequate directions for use for all customer formula feeds containing drugs and for other feeds the commissioner requires by rule as necessary for their safe and effective use;

(6) precautionary statements the commissioner determines by rule are necessary for the safe and effective use of the customer formula feed;

(7) if a product containing a drug is used:

(i) the purpose of the medication (claim statement); and

(ii) the established name of each active drug ingredient and the level of each drug used in the final mixture expressed in a manner required by the commissioner by rule; ~~and~~

(8) for a customer formula feed for which the formula is developed by someone other than the manufacturer, a disclaimer may be included on the label stating "THIS FEED IS A CUSTOMER FORMULA FEED DEVELOPED BY SOMEONE OTHER THAN THE MANUFACTURER. THE MANUFACTURER DOES NOT CLAIM, REPRESENT, WARRANT, OR GUARANTEE, AND IS NOT RESPONSIBLE FOR THE NUTRITIONAL ADEQUACY OF THIS FEED OR THE NUTRITIONAL SUITABILITY OF THIS FEED FOR ITS INTENDED PURPOSE."; and

(9) a quantity statement.

(c) The manufacturer of a customer formula feed the formula of which is developed by someone other than the manufacturer is not responsible or liable for the nutritional adequacy or the nutritional suitability of the feed for its intended purpose if: (1) the manufacturer does not make a claim of nutritional adequacy for the customer formula feed and does not make a claim for nutritional suitability of the feed for its intended purpose; and (2) the manufacturer includes the disclaimer in paragraph (b), clause (8). A person other than the manufacturer who develops or recommends a formula for a customer formula feed is responsible for providing to the manufacturer of the feed the appropriate labeling information and for providing the appropriate use information to the feed manufacturer.

Sec. 37. Minnesota Statutes 2016, section 25.371, subdivision 2, is amended to read:

Subd. 2. **Certificate application.** (a) A person may apply to the commissioner for a good manufacturing practices certificate for commercial feed and feed ingredients. Application for good manufacturing practices certificates must be made on forms provided or approved by the commissioner. The commissioner shall conduct inspections of facilities for persons that have applied for or intend to apply for a good manufacturing practices certificate for commercial feed and feed ingredients from the commissioner. The commissioner shall not conduct an inspection under this ~~section~~ subdivision if the applicant has not paid in full the inspection fee for previous inspections. Certificate issuance shall be based on ~~compliance with subdivisions 3 to 14, or~~ United States Food and Drug Administration rules regarding preventive controls for animal feed.

(b) The commissioner may assess a fee for the inspection, service, and work performed in carrying out the issuance of a good manufacturing practices certificate for commercial feed and feed ingredients. The inspection fee must be based on mileage and the cost of inspection.

Sec. 38. Minnesota Statutes 2016, section 25.38, is amended to read:

25.38 PROHIBITED ACTS.

The following acts and causing the following acts in Minnesota are prohibited:

(1) manufacture or distribution of any commercial feed that is adulterated or misbranded;

- (2) adulteration or misbranding of any commercial feed;
- (3) distribution of agricultural commodities such as whole seed, hay, straw, stover, silage, cobs, husks, and hulls, which are adulterated within the meaning of section 25.37, paragraph (a);
- (4) removal or disposal of a commercial feed in violation of an order under section 25.42;
- (5) failure or refusal to obtain a commercial feed license under section 25.341 ~~or to provide a small package listing under section 25.39~~; or
- (6) failure to pay inspection fees, to register a small package under section 25.39, or to file reports as required by section 25.39.

Sec. 39. Minnesota Statutes 2016, section 25.39, subdivision 1, is amended to read:

Subdivision 1. **Amount of fee.** (a) An inspection fee at the rate of 16 cents per ton must be paid to the commissioner on commercial feeds distributed in this state by the person who first distributes the commercial feed, except that:

- (1) no fee need be paid on:
 - (i) ~~a commercial feed if the payment has been made by a previous distributor; or~~
 - (ii) any feed ingredient in a customer formula feeds if the inspection fee is paid on the commercial feeds which are used as ingredients feed that has been directly furnished by the customer; or

(2) ~~a Minnesota feed distributor who can substantiate that greater than 50 percent of the distribution of commercial feed is to purchasers outside the state may purchase commercial feeds without payment of the inspection fee under a tonnage fee exemption permit issued by the commissioner~~ no fee need be paid on a first distribution if made to a qualified buyer who, with approval from the commissioner, is responsible for the fee. Such ~~location-specific~~ license-specific tonnage-fee-exemption permits shall be issued on a calendar year basis to commercial feed distributors, licensees who distribute feed or feed ingredients outside the state, and who submit a \$100 nonrefundable application fee and comply with rules adopted by the commissioner relative to record keeping, tonnage of commercial feed distributed in Minnesota, total of all commercial feed tonnage distributed, and all other information which the commissioner may require so as to ensure that proper inspection fee payment has been made.

(b) In the case of pet food or specialty pet food distributed in the state only in packages of ten pounds or less, a ~~listing of distributor must register~~ each product and submit a current label for each product must be submitted annually on forms provided by the commissioner ~~and~~, accompanied by an annual application fee of \$100 for each product in lieu of the inspection fee. This annual fee ~~is due by July 1~~ must be received by the commissioner on or before June 30 or postmarked on or before June 30. The inspection fee required by paragraph (a) applies to pet food or specialty pet food distributed in packages exceeding ten pounds.

(c) ~~In the case of specialty pet food distributed in the state only in packages of ten pounds or less, a listing of each product and a current label for each product must be submitted annually on forms provided by the commissioner and accompanied by an annual fee of \$100 for each product~~

in lieu of the inspection fee. This annual fee is due by July 1. The inspection fee required by paragraph (a) applies to specialty pet food distributed in packages exceeding ten pounds.

~~(d)~~ (c) The minimum inspection fee is \$75 per annual reporting period.

Sec. 40. Minnesota Statutes 2016, section 25.39, subdivision 1a, is amended to read:

Subd. 1a. **Containers of ten pounds or less.** A distributor who is subject to the annual fee specified in subdivision 1, paragraph (b) ~~or (e)~~, ~~shall~~ must do the following:

(1) before beginning distribution, ~~file~~ register with the commissioner ~~a listing of the~~ pet and specialty pet foods to be distributed in the state only in containers of ten pounds or less, on forms provided by the commissioner. The listing registration under this clause must be renewed annually ~~on or before July 1~~ on or before June 30 and is the basis for the payment of the annual fee. New products added during the year must be submitted to the commissioner as a supplement to the annual listing registration before distribution; and

(2) if the annual renewal of the listing registration is not received or postmarked on or before July 1 ~~or before June 30~~ or if an ~~unlisted~~ unregistered product is distributed, pay a late filing fee of \$100 per product in addition to the normal charge for the listing registration. The late filing fee under this clause is in addition to any other penalty under this chapter.

Sec. 41. Minnesota Statutes 2016, section 25.39, subdivision 2, is amended to read:

Subd. 2. **Annual statement.** A person who is liable for the payment of a fee under this section ~~shall~~ must file with the commissioner on forms furnished by the commissioner an annual statement setting forth the number of net tons of commercial feeds distributed in this state during the calendar year. The report is due ~~by~~ on or before the 31st of each January following the year of distribution. The inspection fee at the rate specified in subdivision 1 must accompany the statement. For each tonnage report not filed with the commissioner or payment of inspection fees not ~~made on time~~ received by the commissioner on or before January 31 or postmarked on or before January 31, a penalty of ten percent of the amount due, with a minimum penalty of \$10, must be assessed against the license holder, and the amount of fees due, plus penalty, is a debt and may be recovered in a civil action against the license holder. The assessment of this penalty does not prevent the department from taking other actions as provided in this chapter.

Sec. 42. Minnesota Statutes 2016, section 25.39, subdivision 3, is amended to read:

Subd. 3. **Records.** Each person required to pay an inspection fee or to report in accordance with this section ~~shall~~ must keep records, as determined by the commissioner, accurately detailing the tonnage of commercial feed distributed in this state. Records upon which the tonnage is based must be maintained for six years and made available to the commissioner for inspection, copying, and audit. A person who is located outside of this state must maintain and make available records required by this section in this state or pay all costs incurred in auditing of the records at another location. Unless required for the enforcement of this chapter, the information in the records required by this subdivision is private or nonpublic.

Sec. 43. Minnesota Statutes 2016, section 25.40, subdivision 2, is amended to read:

Subd. 2. **Notice; public comment.** Before the issuance, amendment, or repeal of any rule authorized by sections 25.31 to 25.43, the commissioner shall publish the proposed rule, amendment, or notice to repeal an existing rule in a manner reasonably calculated to give interested parties, including all current license holders, adequate notice and shall afford all interested persons an opportunity to present their views orally or in writing, within a reasonable period of time. After consideration of all views presented by interested persons, the commissioner shall take appropriate action to issue the proposed rule or to amend or repeal an existing rule. The provisions of this subdivision notwithstanding, if the commissioner, pursuant to the authority of sections 25.31 to 25.43, adopts the official definitions of feed ingredients ~~or~~ and official feed terms as adopted by the Association of American Feed Control Officials, any amendment or modification adopted by the association ~~shall be~~ is adopted automatically under sections 25.31 to 25.43 without regard to the publication of the notice required by this subdivision unless the commissioner, by order specifically determines that the amendment or modification shall not be adopted.

Sec. 44. Minnesota Statutes 2016, section 25.41, subdivision 1, is amended to read:

Subdivision 1. **Authorization; limitation.** For the purpose of enforcement of sections 25.31 to 25.43, and associated rules, in order to determine whether the provisions have been complied with, including whether or not any operations may be subject to such provisions, officers or employees duly designated by the commissioner or the commissioner's agent, upon presenting appropriate credentials, and a written notice to the owner, operator, or agent in charge, are authorized:

(1) to enter, during normal business hours, any factory, warehouse, or establishment within the state in which commercial feeds are manufactured, processed, packed, or held for distribution, or to enter any vehicle being used to transport or hold such feeds; and

(2) to inspect at reasonable times, within reasonable limits, and in a reasonable manner, such factory, warehouse, establishment or vehicle and all pertinent equipment, finished and unfinished materials, containers, and labeling therein. The inspection may include the verification of records and production and control procedures related to the manufacture, distribution, storage, handling, or disposal of commercial feed as may be necessary to determine compliance with this chapter.

Sec. 45. Minnesota Statutes 2016, section 25.41, subdivision 2, is amended to read:

Subd. 2. **Notification; promptness.** A separate notice ~~shall~~ must be given for each inspection, but a notice ~~shall~~ is not be required for each entry made during the period covered by the inspection. Each inspection ~~shall be commenced~~ must begin and be completed with reasonable promptness. Upon completion of the inspection, the owner, operator, or agent in charge of the facility or vehicle ~~shall~~ must be ~~so~~ notified.

Sec. 46. Minnesota Statutes 2016, section 25.41, subdivision 3, is amended to read:

Subd. 3. **Receipt for samples.** If the ~~officer or employee~~ commissioner or the commissioner's agent making such inspection of a factory, warehouse, or other establishment has obtained a sample in the course of the inspection, upon completion of the inspection and prior to leaving the premises the ~~officer or employee~~ commissioner or the commissioner's agent shall give to the owner, operator, or agent in charge a receipt describing the samples obtained.

Sec. 47. Minnesota Statutes 2016, section 25.41, subdivision 5, is amended to read:

Subd. 5. **Entry of premises.** For the purpose of the enforcement of sections 25.31 to 25.43, the commissioner or the commissioner's ~~duly designated~~ agent is authorized to enter upon any public or private premises including any vehicle of transport during regular business hours to have access to, and to obtain samples, and to examine and copy records relating to distribution of commercial feeds.

Sec. 48. Minnesota Statutes 2016, section 25.41, subdivision 7a, is amended to read:

Subd. 7a. **Manufacturer's report of investigation.** If the inspection and analysis of an official sample indicates that a commercial feed has been adulterated or misbranded, the person whose name appears on the label of the indicated commercial feed as guarantor ~~shall~~ must provide a manufacturer's report of investigation to the commissioner within 30 days following the receipt of the official analysis.

Sec. 49. Minnesota Statutes 2016, section 25.42, is amended to read:

25.42 DETAINED COMMERCIAL FEEDS.

Subdivision 1. **Withdrawal from distribution order.** When the commissioner or the commissioner's ~~authorized~~ agent has reasonable cause to believe any lot of commercial feed is being distributed in violation of any of the provisions of sections 25.31 to 25.43 or of any of the prescribed rules under sections 25.31 to 25.43, the commissioner or the commissioner's agent may issue and enforce a written or printed "withdrawal from distribution" order, warning the distributor not to dispose of the lot of commercial feed in any manner until written permission is given by the commissioner or the court. The commissioner shall release the lot of withdrawn commercial feed ~~so withdrawn~~ when ~~said provisions and~~ sections 25.31 to 25.43 and associated rules have been complied with. If compliance is not obtained within 30 days, the commissioner may begin, or upon request of the distributor or license holder shall begin, proceedings for condemnation.

Subd. 2. **Seizure; disposition.** Any lot of commercial feed not in compliance with ~~said provisions and~~ sections 25.31 to 25.43 and associated rules ~~shall be~~ is subject to seizure on complaint of the commissioner to the district court of the county in which ~~said~~ the commercial feed is located. In the event the court finds the commercial feed to be in violation of sections 25.31 to 25.43 and orders the condemnation of ~~said~~ the commercial feed, ~~it shall~~ the commercial feed must be disposed of in ~~any~~ a manner consistent with the quality of the commercial feed and the laws of the state; provided, that in no instance, shall the disposition of ~~said~~ the commercial feed be ordered by the court without first giving the claimant an opportunity to apply to the court for release of ~~said~~ the commercial feed or for permission to process or relabel ~~said~~ the commercial feed to bring it into compliance with sections 25.31 to 25.43.

Sec. 50. Minnesota Statutes 2016, section 27.04, is amended to read:

27.04 APPLICATION FOR LICENSE.

Subdivision 1. **Issuance.** The commissioner shall issue a wholesale produce dealer's license to engage in the business of a dealer at wholesale to persons submitting an application, paying the prescribed fee, and complying with the conditions in this section.

Subd. 2. **Application contents.** (a) The application must be in writing, accompanied by the prescribed fee, and state:

(1) the place or places where the applicant intends to carry on the business for which the license is desired;

(2) the estimated amount of business to be done monthly;

(3) the amount of business done during the preceding year, if any;

(4) the full names of the persons constituting the firm for a partnership, and for a corporation the names of the officers of the corporation and where incorporated; and

~~(5) a financial statement showing the value and character of the assets and the amount of liabilities of the applicant;~~

~~(6) the income and expenses for the most recent year;~~

~~(7) the names and addresses of all shareholders who own at least five percent of a corporate applicant's shares of stock;~~

~~(8) whether the applicant or any of its officers, partners, or agents have been involved in any litigation relating to the business of a wholesale produce dealer in the previous five years; and~~

~~(9)~~ (5) any other information relevant to the conduct of its business as a wholesale produce dealer in the previous five years, as the commissioner may require.

(b) If a contract is used in a transaction, a copy of the contract must also be filed with the commissioner.

(c) Financial data required of an applicant under this section is classified as private data with regard to data on individuals and as nonpublic data with regard to data not on individuals under section 13.02.

Subd. 3. **Filing.** Applications shall be filed annually.

Sec. 51. Minnesota Statutes 2016, section 28A.03, is amended by adding a subdivision to read:

Subd. 11. **Regularly engaged.** "Regularly engaged" means any person who operates a food business over a period of time at uniform, consistent intervals.

Sec. 52. Minnesota Statutes 2016, section 28A.081, is amended to read:

28A.081 CERTIFICATE FEES.

Subdivision 1. **Fee.** A fee of ~~\$75~~ \$125 for each certificate shall be charged to ~~all food establishments that request certificates~~ any person who requests a certificate issued by the Minnesota Department of Agriculture to facilitate the movement of Minnesota processed and manufactured foods destined for export from the state of Minnesota. Certificates include, but are not limited to, a certificate of free sale, certificate of export, certificate of sanitation, sanitary certificate, certificate

of origin and/or free sale, certificate of health and/or free sale, sanitation, and purity, certificate of free trade, certificate of free sale, sanitation, purity, and origin, certificate of health, sanitation, purity, and free sale, and letter of plant certification.

The commissioner shall bill ~~a food establishment~~ the requesting person within seven days after issuing a certificate to the ~~establishment person~~. ~~The operator of the food establishment requesting person~~ must submit payment for a certificate within ten days of the billing date. If a certificate fee payment is not received within 15 days of the billing date, the commissioner may not issue any future certificates to the requesting person until previous fees due are paid in full. Fees paid under this section must be deposited in the food certificate account established under subdivision 2 or another account in the agricultural fund if the expenses for the certificate will be paid from that other account.

Subd. 2. Food certificate account; appropriation. A food certificate account is established in the agricultural fund. Money in the account, including interest, is appropriated to the commissioner for expenses relating to certifying Minnesota processed and manufactured foods under chapters 28 to 34A or rules adopted under one of those chapters.

Sec. 53. Minnesota Statutes 2016, section 28A.152, subdivision 2, is amended to read:

Subd. 2. **Direct sales to consumers.** (a) An individual qualifying for an exemption under subdivision 1 may sell the exempt food:

(1) directly to the ultimate consumer at a community event or farmers' market;

~~(2) at a community event or farmers' market; or~~

~~(3) (2) directly from the individual's home to the ultimate consumer, to the extent allowed by local ordinance; or~~

(3) through donation to a community event with the purpose of fund-raising for an individual, or fund-raising for an educational, charitable, or religious organization.

(b) If an exempt food product will be delivered to the ultimate consumer upon sale of the food product, the individual who prepared the food product must be the person who delivers the food product to the ultimate consumer.

(c) Food products exempt under subdivision 1, paragraph (a), clause (2), may not be sold outside of Minnesota.

(d) Food products exempt under subdivision 1 may be sold over the Internet but must be delivered directly to the ultimate consumer by the individual who prepared the food product. The statement "These products are homemade and not subject to state inspection." must be displayed on the Web site that offers the exempt foods for purchase.

Sec. 54. Minnesota Statutes 2016, section 28A.21, subdivision 6, is amended to read:

Subd. 6. **Expiration.** This section expires June 30, ~~2017~~ 2027.

Sec. 55. Minnesota Statutes 2016, section 31A.02, subdivision 4, is amended to read:

Subd. 4. **Animals.** "Animals" means cattle, swine, sheep, goats, poultry, farmed Cervidae, as defined in section 35.153, subdivision 3, llamas, as defined in section 17.455, subdivision 2, Ratitae, as defined in section 17.453, subdivision 3, horses, equines, and other ~~large~~-domesticated animals.

Sec. 56. Minnesota Statutes 2016, section 32C.02, subdivision 2, is amended to read:

Subd. 2. **Facility design; development and operation.** The authority may enter into management contracts, lease agreements, or both, with a Minnesota nonprofit corporation to design, develop, and operate a facility to further the purposes of this chapter at the site determined by the board and on the terms that the board finds desirable. The board must identify ~~and acquire~~ a site that will accommodate, where practicable, the following facilities and activities:

- (1) housing for bred and lactating animals;
- (2) milking parlor;
- (3) automatic milking systems;
- (4) cross-ventilated and natural-ventilated housing;
- (5) transition cow housing;
- (6) special needs and hospital housing;
- (7) classrooms and a conference room;
- (8) dairy processing facility with retail;
- (9) visitors' center;
- (10) student housing;
- (11) laboratory facilities;
- (12) space to accommodate installation of an anaerobic digester system to research energy production from feedstock produced on site or from off-site sources; and
- (13) space for feed storage to allow for research capabilities at the facility.

Notwithstanding the provisions of section 32C.01, subdivision 7, relating to conflict of interest, a director or officer of the authority who is also a director, officer, or member of a nonprofit corporation with which the authority enters into management contracts or lease agreements may participate in and vote on the decision of the board as to the terms and conditions of management contracts or lease agreements between the Minnesota nonprofit corporation and the authority.

Sec. 57. Minnesota Statutes 2016, section 32C.06, is amended to read:

32C.06 EXPIRATION.

If by August 1, ~~2017~~ 2020, the authority board has not identified ~~and acquired~~ a site for a facility, as provided in section 32C.02, subdivision 2, sections 32C.01 to 32C.05 and this section are repealed

on that date. The Department of Agriculture shall notify the revisor of statutes if the repealer under this section becomes effective.

Sec. 58. Minnesota Statutes 2016, section 41A.12, subdivision 3, is amended to read:

Subd. 3. **Oversight.** The commissioner, ~~in consultation with the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over agriculture finance,~~ must allocate available appropriated funds among eligible uses as provided by law, develop competitive eligibility criteria, and award funds on a needs basis. By February 1 each year, the commissioner shall report to the legislature ~~on the allocation among eligible uses and any financial assistance provided~~ the outcomes achieved under this section.

Sec. 59. Minnesota Statutes 2016, section 41A.20, subdivision 2, is amended to read:

Subd. 2. **Eligibility.** (a) A facility eligible for payment under this section must source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from the state border, raw materials may be sourced from within a 100-mile radius. Raw materials must be from forest resources. The facility must be located in Minnesota, must begin production at a specific location by June 30, 2025, and must not begin operating before July 1, ~~2017~~ 2019. Eligible facilities include existing companies and facilities that are adding siding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible siding production facilities must produce at least 200,000,000 siding square feet on a 3/8 inch nominal basis of siding each year.

(b) No payments shall be made for siding production that occurs after June 30, 2035, for those eligible producers under paragraph (a).

(c) An eligible producer of siding shall not transfer the producer's eligibility for payments under this section to a facility at a different location.

(d) A producer that ceases production for any reason is ineligible to receive payments under this section until the producer resumes production.

Sec. 60. Minnesota Statutes 2016, section 41B.03, subdivision 2, is amended to read:

Subd. 2. **Eligibility for restructured loan.** In addition to the eligibility requirements of subdivision 1, a prospective borrower for a restructured loan must:

(1) have received at least 50 percent of average annual gross income from farming for the past three years or, for homesteaded property, received at least 40 percent of average gross income from farming in the past three years, and farming must be the principal occupation of the borrower;

(2) have projected annual expenses, including operating expenses, family living, and interest expenses after the restructuring, that do not exceed 95 percent of the borrower's projected annual income considering prior production history and projected prices for farm production, except that the authority may reduce the 95 percent requirement if it finds that other significant factors in the loan application support the making of the loan;

(3) demonstrate substantial difficulty in meeting projected annual expenses without restructuring the loan; and

(4) have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than ~~\$660,000 in 2004~~ \$1,700,000 in 2017 and an amount in subsequent years which is adjusted for inflation by multiplying that amount by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

Sec. 61. Minnesota Statutes 2016, section 41B.03, subdivision 3, is amended to read:

Subd. 3. **Eligibility for beginning farmer loans.** (a) In addition to the requirements under subdivision 1, a prospective borrower for a beginning farm loan in which the authority holds an interest, must:

(1) have sufficient education, training, or experience in the type of farming for which the loan is desired;

(2) have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than ~~\$350,000 in 2004~~ \$800,000 in 2017 and an amount in subsequent years which is adjusted for inflation by multiplying that amount by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index;

(3) demonstrate a need for the loan;

(4) demonstrate an ability to repay the loan;

(5) certify that the agricultural land to be purchased will be used by the borrower for agricultural purposes;

(6) certify that farming will be the principal occupation of the borrower;

(7) agree to participate in a farm management program approved by the commissioner of agriculture for at least the first three years of the loan, if an approved program is available within 45 miles from the borrower's residence. The commissioner may waive this requirement for any of the programs administered by the authority if the participant requests a waiver and has either a four-year degree in an agricultural program or certification as an adult farm management instructor; and

(8) agree to file an approved soil and water conservation plan with the Natural Resources Conservation Service office in the county where the land is located.

(b) If a borrower fails to participate under paragraph (a), clause (7), the borrower is subject to penalty as determined by the authority.

Sec. 62. Minnesota Statutes 2016, section 41B.043, subdivision 5, is amended to read:

Subd. 5. **Total net worth limit.** A prospective borrower for an agricultural improvement loan in which the authority holds an interest must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than ~~\$350,000 in 2004~~ \$800,000 in 2017 and an amount in subsequent years which is adjusted for inflation by multiplying that amount by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

Sec. 63. Minnesota Statutes 2016, section 41B.045, subdivision 2, is amended to read:

Subd. 2. **Loan participation.** The authority may participate in a livestock expansion loan with an eligible lender to a livestock farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in a livestock operation. A prospective borrower must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than ~~\$660,000 in 2004~~ \$1,700,000 in 2017 and an amount in subsequent years which is adjusted for inflation by multiplying that amount by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

Participation is limited to 45 percent of the principal amount of the loan or \$525,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different from the interest rates and repayment terms of the lender's retained portion of the loan.

Sec. 64. Minnesota Statutes 2016, section 41C.02, subdivision 12, is amended to read:

Subd. 12. **Low or moderate net worth.** "Low or moderate net worth" means:

(1) for an individual, an aggregate net worth of the individual and the individual's spouse and minor children of less than ~~\$350,000 in 2004~~ \$800,000 in 2017 and an amount in subsequent years which is adjusted for inflation by multiplying that amount by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index; or

(2) for a partnership, an aggregate net worth of all partners, including each partner's net capital in the partnership, and each partner's spouse and minor children of less than twice the amount set for an individual in clause (1). However, the aggregate net worth of each partner and that partner's spouse and minor children may not exceed the amount set for an individual in clause (1).

Sec. 65. Minnesota Statutes 2016, section 116V.01, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** The Agricultural Utilization Research Institute is established as a nonprofit corporation under section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Agricultural Utilization Research Institute shall conduct onsite and applied research, promote the establishment of new products and product uses and the expansion of existing markets for the state's agricultural commodities and products, including direct financial and technical assistance for ~~Minnesota~~ entrepreneurs in Minnesota and bordering states. The institute must establish or maintain facilities and work with private and public entities to leverage the resources available to achieve maximum results for Minnesota agriculture.

Sec. 66. Minnesota Statutes 2016, section 116V.01, subdivision 2, is amended to read:

Subd. 2. **Board of directors.** The board of directors of the Agricultural Utilization Research Institute is comprised of:

(1) the chairs of the senate and the house of representatives standing committees with jurisdiction over agriculture finance or the chair's designee;

(2) two representatives of statewide farm organizations;

(3) two representatives of agribusiness; ~~and~~

(4) three representatives of the commodity promotion councils; and

(5) two at-large representatives.

Sec. 67. Minnesota Statutes 2016, section 116V.01, subdivision 3, is amended to read:

Subd. 3. **Duties.** (a) The Agricultural Utilization Research Institute shall:

(1) identify development opportunities for agricultural products;

(2) implement a program that identifies techniques to meet those opportunities;

(3) monitor and coordinate research among the public and private organizations and individuals specifically addressing procedures to transfer new technology to businesses, farmers, and individuals;

~~(4) provide research grants to public and private educational institutions and other organizations that are undertaking basic and applied research to promote the development of emerging agricultural industries;~~

~~(5) assist organizations and individuals with market analysis and product marketing implementations;~~

~~(6) (5) to the extent possible earn and receive revenue from contracts, patents, licenses, royalties, grants, fees-for-service, and memberships;~~

~~(7) (6) work with the Department of Agriculture, the United States Department of Agriculture, the Department of Employment and Economic Development, and other agencies to maximize marketing opportunities locally, nationally, and internationally; and~~

~~(8) (7) leverage available funds from federal, state, and private sources to develop new markets and value added opportunities for Minnesota agricultural products.~~

(b) The Agricultural Utilization Research Institute board of directors shall have the sole approval authority for establishing agricultural utilization research priorities, requests for proposals to meet those priorities, awarding of grants, hiring and direction of personnel, and other expenditures of funds consistent with the adopted and approved mission and goals of the Agricultural Utilization Research Institute. The actions and expenditures of the Agricultural Utilization Research Institute are subject to audit. The institute shall annually report by February 1 to the senate and house of representatives standing committees with jurisdiction over agricultural policy and funding. The report must list projects initiated, progress on projects, and financial information relating to expenditures, income from other sources, and other information to allow the committees to evaluate the effectiveness of the institute's activities.

(c) The Agricultural Utilization Research Institute shall convene a Renewable Energy Roundtable, the purpose of which shall be to further the state's leadership on bioenergy issues.

(i) The Renewable Energy Roundtable shall consist of one representative appointed by the commissioner of the Minnesota Department of Agriculture, one appointed by the commissioner of the Minnesota Department of Commerce, one appointed by the chancellor of the Minnesota State Colleges and Universities, and one appointed by the president of the University of Minnesota. The appointees must have expertise relevant to bioenergy.

(ii) The board shall oversee the activities and shall provide staff to assist the Renewable Energy Roundtable.

(iii) The Renewable Energy Roundtable will engage professionals and experts from private, government, academic, and nonprofit entities across the state to identify bioenergy opportunities and collaborate with a broad group of interested parties to identify future alternative courses of action the state can take to sustain a long-term competitive position in renewable energy through the year 2025. The Renewable Energy Roundtable will consult, advise, and review projects and initiatives funded by the state as directed by the administration and the legislature.

Sec. 68. Minnesota Statutes 2016, section 116V.01, subdivision 4, is amended to read:

Subd. 4. **Staff.** The board of directors shall hire ~~staff~~ an executive director for the Agricultural Utilization Research Institute. Persons employed by the Agricultural Utilization Research Institute are not state employees and may participate in state retirement, deferred compensation, insurance, or other plans that apply to state employees generally and are subject to regulation by the state Campaign Finance and Public Disclosure Board.

Sec. 69. Minnesota Statutes 2016, section 116V.01, subdivision 7, is amended to read:

Subd. 7. **Bylaws.** The board of directors shall adopt bylaws necessary for the conduct of the business of the institute consistent with this section. The corporation must publish bylaws and amendments to the bylaws ~~in the State Register~~ on the board's Web site.

Sec. 70. Minnesota Statutes 2016, section 116V.01, subdivision 10, is amended to read:

Subd. 10. **Meetings.** The board of directors shall meet at least twice each year and may hold additional meetings upon giving notice in accordance with the bylaws of the institute. Board meetings are subject to chapter 13D, except section 13D.01, subdivision 6, as it pertains to financial information, business plans, income and expense projections, customer lists, market and feasibility studies, and trade secret information as defined by section 13.37, subdivision 1, paragraph (b). For the purposes of section 13D.015, the board of directors is a state board.

Sec. 71. Minnesota Statutes 2016, section 116V.01, subdivision 11, is amended to read:

Subd. 11. **Conflict of interest.** A director, employee, or officer of the institute may not ~~participate in~~ advocate for or vote on a decision of the board relating to an organization in which the director, employee, or officer has either a direct or indirect financial interest.

Sec. 72. Minnesota Statutes 2016, section 116V.01, subdivision 13, is amended to read:

Subd. 13. **Funds.** The institute may accept and use gifts, grants, or contributions from any source. Unless otherwise restricted by the terms of a gift or bequest, the board may sell, exchange, or otherwise dispose of and invest or reinvest the money, securities, or other property given or bequeathed to it. The principal of these funds, the income from them, and all other revenues received by it from any nonstate source ~~must be placed in the depositories the board determines and is~~ are subject to expenditure for the board's purposes. Receipts and expenditures of more than \$25,000 \$50,000 must be approved by the ~~full~~ board.

Sec. 73. Minnesota Statutes 2016, section 116V.01, subdivision 14, is amended to read:

Subd. 14. **Accounts; audits.** The institute may establish funds and accounts that it finds convenient. The board shall provide for and pay the cost of an ~~independent annual~~ audit of its official books and records by the legislative auditor subject to sections 3.971 and 3.972. In addition, the board shall provide and pay for the cost of an annual financial audit of its official books and records by a CPA firm licensed under chapter 326A. A copy of this the annual financial audit shall be filed with the ~~secretary of state~~ Office of the Attorney General, Charities Division.

For purposes of this section, "institute" means the Agricultural Utilization Research Institute established under this section and "board of directors" means the board of directors of the Agricultural Utilization Research Institute.

Sec. 74. Minnesota Statutes 2016, section 223.17, subdivision 8, is amended to read:

Subd. 8. **Bond disbursement.** (a) The bond required under subdivision 4 shall provide for payment of loss caused by the grain buyer's failure to pay, upon the owner's demand, the purchase price of grain sold to the grain buyer in the manner provided by subdivision 5, including loss caused by failure to pay within the time required. The bond shall be conditioned upon the grain buyer being duly licensed as provided herein.

(b) The commissioner shall promptly determine the validity of all claims filed and notify the claimants of the determination. An aggrieved party may appeal the commissioner's determination by requesting, within 15 days, that the commissioner initiate a contested case proceeding. In the absence of such a request, or following the issuance of a final order in a contested case, the surety company shall issue payment promptly to those claimants entitled to payment. The commissioner may apply to the district court for an order appointing a trustee or receiver to manage and supervise the operations of the grain buyer in default. The commissioner may participate in any resulting court proceeding as an interested party.

(c) If a grain buyer has become liable to more than one producer by reason of breaches of the conditions of the bond and the amount of the bond is insufficient to pay the entire liability to all producers entitled to the protection of the bond, the proceeds of the bond shall be apportioned among the bona fide claimants.

(d) The bond shall not be cumulative from one licensing period to the next. The maximum liability of the bond shall be its face value for the licensing period.

(e) The bond disbursement shall occur 200 days from the date the commissioner publishes a public notice of a claim. At the end of this time period, the commissioner shall initiate bond payments on all valid claims received by the commissioner.

Sec. 75. Minnesota Statutes 2016, section 232.22, subdivision 7, is amended to read:

Subd. 7. **Bond disbursement.** (a) The bond of a public grain warehouse operator must be conditioned that the public grain warehouse operator issuing a grain warehouse receipt is liable to the depositor for the delivery of the kind, grade and net quantity of grain called for by the receipt.

(b) Upon notification of default, the commissioner shall determine the validity of all claims and notify all parties having filed claims. Any aggrieved party may appeal the commissioner's determination by requesting, within 15 days, that the commissioner initiate a contested case proceeding. In the absence of such a request, or following the issuance of a final order in a contested case, the surety company shall issue payment to those claimants entitled to payment. If the commissioner determines it is necessary, the commissioner may apply to the district court for an order appointing a trustee or receiver to manage and supervise the operations of the grain warehouse operator in default. The commissioner may participate in any resulting court proceeding as an interested party.

(c) For the purpose of determining the amount of bond disbursement against all valid claims under a condition one bond, all grain owned or stored in the public grain warehouse shall be sold and the combined proceeds deposited in a special fund. Payment shall be made from the special fund satisfying the valid claims of grain warehouse receipt holders.

(d) If a public grain warehouse operator has become liable to more than one depositor or producer by reason of breaches of the conditions of the bond and the amount of the bond is insufficient to pay, beyond the proceeds of the special fund, the entire liability to all valid claimants, the proceeds of the bond and special fund shall be apportioned among the valid claimants on a pro rata basis.

(e) A bond is not cumulative from one licensing period to the next. The maximum liability of the bond shall be its face value for the licensing period.

(f) The bond disbursement shall occur 200 days from the date the commissioner publishes a public notice of a claim. At the end of this time period, the commissioner shall initiate bond payments on all valid claims received by the department.

Sec. 76. Minnesota Statutes 2016, section 336.9-601, is amended to read:

336.9-601 RIGHTS AFTER DEFAULT; JUDICIAL ENFORCEMENT; CONSIGNOR OR BUYER OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES.

(a) **Rights of secured party after default.** After default, a secured party has the rights provided in this part and, except as otherwise provided in section 336.9-602, those provided by agreement of the parties. A secured party:

(1) may reduce a claim to judgment, foreclose, or otherwise enforce the claim, security interest, or agricultural lien by any available judicial procedure; and

(2) if the collateral is documents, may proceed either as to the documents or as to the goods they cover.

(b) **Rights and duties of secured party in possession or control.** A secured party in possession of collateral or control of collateral under section 336.7-106, 336.9-104, 336.9-105, 336.9-106, or 336.9-107 has the rights and duties provided in section 336.9-207.

(c) **Rights cumulative; simultaneous exercise.** The rights under subsections (a) and (b) are cumulative and may be exercised simultaneously.

(d) **Rights of debtor and obligor.** Except as otherwise provided in subsection (g) and section 336.9-605, after default, a debtor and an obligor have the rights provided in this part and by agreement of the parties.

(e) **Lien of levy after judgment.** If a secured party has reduced its claim to judgment, the lien of any levy that may be made upon the collateral by virtue of an execution based upon the judgment relates back to the earliest of:

- (1) the date of perfection of the security interest or agricultural lien in the collateral;
- (2) the date of filing a financing statement covering the collateral; or
- (3) any date specified in a statute under which the agricultural lien was created.

(f) **Execution sale.** A sale pursuant to an execution is a foreclosure of the security interest or agricultural lien by judicial procedure within the meaning of this section. A secured party may purchase at the sale and thereafter hold the collateral free of any other requirements of this article.

(g) **Consignor or buyer of certain rights to payment.** Except as otherwise provided in section 336.9-607(c), this part imposes no duties upon a secured party that is a consignor or is a buyer of accounts, chattel paper, payment intangibles, or promissory notes.

(h) **Security interest in collateral that is agricultural property; enforcement.** A person may not begin to enforce a security interest in collateral that is agricultural property subject to sections 583.20 to 583.32 that has secured a debt of more than ~~\$5,000~~ the amount provided in section 583.24, subdivision 5, unless: a mediation notice under subsection (i) is served on the debtor after a condition of default has occurred in the security agreement and a copy served on the director of the agricultural extension service; and the debtor and creditor have completed mediation under sections 583.20 to 583.32; or as otherwise allowed under sections 583.20 to 583.32.

(i) **Mediation notice.** A mediation notice under subsection (h) must contain the following notice with the blanks properly filled in.

"TO: ...(Name of Debtor)..."

YOU HAVE DEFAULTED ON THE ...(Debt in Default)... SECURED BY AGRICULTURAL PROPERTY DESCRIBED AS ...(Reasonable Description of Agricultural Property Collateral). THE AMOUNT OF THE OUTSTANDING DEBT IS ...(Amount of Debt)..."

AS A SECURED PARTY, ...(Name of Secured Party)... INTENDS TO ENFORCE THE SECURITY AGREEMENT AGAINST THE AGRICULTURAL PROPERTY DESCRIBED ABOVE BY REPOSSESSING, FORECLOSING ON, OR OBTAINING A COURT JUDGMENT AGAINST THE PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDIATION. IF YOU REQUEST MEDIATION, A DEBT THAT IS IN DEFAULT WILL BE MEDIATED ONLY ONCE. IF YOU DO NOT REQUEST MEDIATION, THIS DEBT WILL NOT BE SUBJECT TO FUTURE MEDIATION IF THE SECURED PARTY ENFORCES THE DEBT.

IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE AN ORIENTATION MEETING AND A FINANCIAL ANALYST TO HELP YOU TO PREPARE FINANCIAL INFORMATION. IF YOU DECIDE TO PARTICIPATE IN MEDIATION, IT WILL BE TO YOUR ADVANTAGE TO ASSEMBLE YOUR FARM FINANCE AND OPERATION RECORDS AND TO CONTACT A COUNTY EXTENSION OFFICE AS SOON AS POSSIBLE. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR WITHIN 14 DAYS AFTER YOU RECEIVE THIS NOTICE. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

FROM: ...(Name and Address of Secured Party)..."

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to debt subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

Sec. 77. Minnesota Statutes 2016, section 344.03, subdivision 1, is amended to read:

Subdivision 1. **Adjoining owners.** ~~If all or a part of adjoining Minnesota land is improved and used,~~ (a) Except as provided in paragraph (b), if two adjoining lands are both used in whole or in part to produce or maintain livestock for agricultural or commercial purposes and one or both of the owners of the land desires the land to be partly or totally fenced, the land owners or occupants shall build and maintain a partition fence between their lands in equal shares.

(b) The requirement in this section and the procedures in this chapter apply to the Department of Natural Resources when it owns land adjoining privately owned land subject to this section and chapter and the landowner desires the land permanently fenced for the purpose of restraining livestock.

(c) For purposes of this section, "livestock" means beef cattle, dairy cattle, swine, poultry, goats, donkeys, hinnies, mules, farmed Cervidae, Ratitae, bison, sheep, horses, alpacas, and llamas.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to partition fences built pursuant to Minnesota Statutes, chapter 344, on or after that date.

Sec. 78. Minnesota Statutes 2016, section 550.365, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** A person may not attach, execute on, levy on, or seize agricultural property subject to sections 583.20 to 583.32 that has secured a debt of more than ~~\$5,000~~ the amount provided in section 583.24, subdivision 5, unless: (1) a mediation notice is served on the judgment debtor and a copy served on the director and the debtor and creditor have completed mediation under sections 583.20 to 583.32; or (2) as otherwise allowed under sections 583.20 to 583.32.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to debt subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

Sec. 79. Minnesota Statutes 2016, section 559.209, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** A person may not begin to terminate a contract for deed under section 559.21 to purchase agricultural property subject to sections 583.20 to 583.32 for a remaining balance on the contract of more than ~~\$5,000~~ the amount provided in section 583.24, subdivision 5, unless: (1) a mediation notice is served on the contract for deed purchaser after a default has occurred under the contract and a copy served on the director and the contract for deed vendor and purchaser have completed mediation under sections 583.20 to 583.32; or (2) as otherwise allowed under sections 583.20 to 583.32.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to debt subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

Sec. 80. Minnesota Statutes 2016, section 582.039, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** A person may not begin a proceeding under this chapter or chapter 580 to foreclose a mortgage on agricultural property subject to sections 583.20 to 583.32 that has a secured debt of more than ~~\$5,000~~ the amount provided in section 583.24, subdivision 5, unless: (1) a mediation notice is served on the mortgagor after a default has occurred in the mortgage and a copy is served on the director and the mortgagor and mortgagee have completed mediation under sections 583.20 to 583.32; or (2) as otherwise allowed under sections 583.20 to 583.32.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to debt subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

Sec. 81. Minnesota Statutes 2016, section 583.215, is amended to read:

583.215 EXPIRATION.

Sections 336.9-601, subsections (h) and (i); 550.365; 559.209; 582.039; and 583.20 to 583.32, expire June 30, ~~2018~~ 2022.

Sec. 82. Minnesota Statutes 2016, section 583.24, subdivision 4, is amended to read:

Subd. 4. **Debts.** The Farmer-Lender Mediation Act does not apply to a debt:

(1) for which a proof of claim form has been filed in bankruptcy by a creditor or that was listed as a scheduled debt, of a debtor who has filed a petition in bankruptcy after July 1, 1987, under United States Code, title 11, chapter 7, 11, 12, or 13;

(2) if the debt was in default when the creditor received a mediation proceeding notice under the Farmer-Lender Mediation Act and the creditor filed a claim form, the debt was mediated during the mediation period under section 583.26, subdivision 8, and (i) the mediation was unresolved; or (ii) a mediation agreement with respect to that debt was signed;

(3) for which the creditor has served a mediation notice, the debtor has failed to make a timely request for mediation, and within 60 days after the debtor failed to make a timely request the creditor began a proceeding to enforce the debt against the agricultural property of the debtor;

(4) for which a creditor has received a mediation proceeding notice and the creditor and debtor have restructured the debt and have signed a separate mediation agreement with respect to that debt;

of

(5) for which there is a lien for rental value of farm machinery under section 514.661; or

(6) that is a new line of credit, loan, or other debt extended by a creditor to the debtor as a result of a mediation conducted pursuant to the Farmer-Lender Mediation Act. However, this new debt becomes subject to the Farmer-Lender Mediation Act two years after the mediation from which the new debt originated ends, as evidenced by the date on the termination statement issued by the mediator under section 583.26, subdivision 10.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to debt subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

Sec. 83. Minnesota Statutes 2016, section 583.24, is amended by adding a subdivision to read:

Subd. 5. **Minimum eligible debt amount.** The minimum eligible debt amount is \$15,000. In 2022 and every five years thereafter, the commissioner of agriculture, in consultation with the director, must report to the legislative committees with jurisdiction over agriculture policy what the minimum eligible debt amount under this subdivision would be if adjusted using the United States Department of Agriculture's Index of the Cost of Production.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to debt subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

Sec. 84. Minnesota Statutes 2016, section 583.26, subdivision 2, is amended to read:

Subd. 2. **Mediation request.** (a) A debtor must file a mediation request form with the director by 14 days after receiving a mediation notice. The debtor must state all known creditors with debts secured for agricultural property and must authorize the director to obtain the debtor's credit report from one or more credit reporting agencies. The mediation request form must include an instruction that the debtor must state all known creditors with debts secured by agricultural property and unsecured creditors that are necessary for the farm operation of the debtor. It is the debtor's discretion as to which unsecured creditors are necessary for the farm operation but the mediation request form must notify the debtor that omission of a significant unsecured creditor could result in a bad-faith determination pursuant to section 583.27, subdivisions 1, paragraph (a), clause (2), and 2. The mediation request must state the date that the notice was served on the debtor. The director shall make mediation request forms available in the county recorder's and county extension office of each county.

(b) Except as provided in section 583.24, subdivision 4, paragraph (a), clause (3), a debtor who fails to file a timely mediation request waives the right to mediation for that debt under the Farmer-Lender Mediation Act. The director shall notify the creditor who served the mediation notice stating that the creditor may proceed against the agricultural property because the debtor has failed to file a mediation request.

(c) If a debtor has not received a mediation notice and is subject to a proceeding of a creditor enforcing a debt against agricultural property under chapter 580 or 581 or sections 336.9-601 to 336.9-628, terminating a contract for deed to purchase agricultural property under section 559.21, or garnishing, levying on, executing on, seizing, or attaching agricultural property, the debtor may file a mediation request with the director. The mediation request form must indicate that the debtor has not received a mediation notice.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to debt subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

Sec. 85. Minnesota Statutes 2016, section 583.26, subdivision 3, is amended to read:

Subd. 3. **Financial analyst and farm advocate.** (a) Within three business days after receiving a mediation request, the director shall provide a financial analyst to meet with the debtor and assure that all information relative to the finances of the debtor is prepared ~~for~~ prior to the initial mediation meeting. The financial analyst must review and, if necessary, prepare the debtor's financial records before the initial mediation meeting.

(b) After receiving the mediation notice, the director shall provide the debtor with a list of farm advocates that may be available without charge to assist the debtor and the financial analyst.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to debt subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

Sec. 86. Minnesota Statutes 2016, section 583.26, subdivision 3a, is amended to read:

Subd. 3a. **Orientation session.** The director shall schedule an orientation session to be held at least five days before the first mediation meeting. The debtor, the financial analyst, and a mediator shall participate in the orientation session. The mediator at the session need not be the one assigned to the mediation proceeding under subdivision 4. Creditors participating in the mediation may participate in the orientation session. At the orientation session, the financial analyst shall review the debtor's financial and inventory records to determine if they are adequate for the mediation and inform the debtor of any inadequacies, and the mediator shall inform the debtor of the requirements of the mediation process including but not limited to the requirement to participate in good faith by addressing, prior to the initial mediation meeting, any inadequacies identified by the financial analyst.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to debt subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

Sec. 87. Minnesota Statutes 2016, section 583.26, subdivision 4, is amended to read:

Subd. 4. **Mediation proceeding notice.** (a) By ten days after receiving a mediation request, the director shall send: (1) a mediation proceeding notice to the debtor; (2) a mediation proceeding notice to all creditors listed by the debtor in the mediation request and any additional secured creditors identified by the director from the credit report obtained with the debtor's permission under subdivision 2; and (3) a claim form to all secured creditors stated by the debtor or identified by the director.

(b) The mediation proceeding notice must state:

- (1) the name and address of the debtor;
- (2) that the debtor has requested mediation under the Farmer-Lender Mediation Act;
- (3) the time and place for the orientation session;
- (4) the time and place for the initial mediation meeting;

(5) a list of the names of three mediators that may be assigned to the proceeding, along with background information on those mediators including biographical information, a summary of previous mediation experience, and the number of agreements signed by parties to previous mediation;

(6) that the debtor and the initiating creditor may each request the director to exclude one mediator by notifying the director within three days after receiving the notice;

(7) that in lieu of having a mediator assigned by the director, the debtor and any one or more of the creditors may agree to select and pay for a professional mediator that is approved by the director;

(8) that the Farmer-Lender Mediation Act prohibits the creditor from beginning or continuing a proceeding to enforce the debt against agricultural property for 90 days after the debtor files a mediation request with the director unless otherwise allowed; and

(9) that the creditor must provide the debtor by the initial mediation meeting with copies of notes and contracts for debts subject to the Farmer-Lender Mediation Act and provide a statement of interest rates on the debts, delinquent payments, unpaid principal and interest balances, the creditor's value of the collateral, and debt restructuring programs available by the creditor.

(c) An initial mediation meeting must be held within 20 days of the notice.

(d) The initiating creditor and the debtor may each request the director to exclude one mediator from the list by sending the director a notice to exclude the mediator within three days after receiving the mediation proceeding notice.

(e) In lieu of the director assigning a mediator, the debtor and any one or more of the creditors may agree to select and pay for a professional mediator for the mediation proceeding. The director must approve the professional mediator before the professional mediator may be assigned to the mediation proceeding. The professional mediator may not be approved unless the professional mediator prepares and signs an affidavit:

(1) disclosing any biases, relationships, or previous associations with the debtor or creditors subject to the mediation proceedings;

(2) stating certifications, training, or qualifications as a professional mediator;

(3) disclosing fees to be charged or a rate schedule of fees for the mediation proceeding; and

(4) affirming to uphold the Farmer-Lender Mediation Act and faithfully discharge the duties of a mediator.

(f) After receiving a mediation proceeding notice, a secured creditor must return a claim form if the debt is not subject to the Farmer-Lender Mediation Act and specify why the debt is not subject to sections 583.20 to 583.32.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to debt subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

Sec. 88. Minnesota Statutes 2016, section 583.26, subdivision 10, is amended to read:

Subd. 10. **End of mediation.** (a) The mediator shall sign and serve to the parties and the director a termination statement by the end of the time period specified in subdivision 5.

(b) The mediator shall prepare a termination statement that:

(1) acknowledges that mediation has ended and specifies the date on which the mediation ended; and

(2) describes or references agreements, if any, reached between a creditor and the debtor, if any, including any new line of credit, loan, or other debt issued by a creditor to the debtor as a result of the mediation; and agreements, if any, reached among creditors, if any.

(c) Mediation agreements may be included as part of the termination statement.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to debt subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

Sec. 89. Minnesota Statutes 2016, section 583.27, subdivision 1, is amended to read:

Subdivision 1. **Obligation of good faith.** (a) The parties must engage in mediation in good faith. Prior to the initial mediation meeting, the director must notify all parties in writing of their obligation to participate in good faith, the consequences of failing to participate in good faith, and that not participating in good faith includes: (1) a failure on a regular or continuing basis to attend and participate in mediation sessions without cause; (2) failure to provide full information no later than the initial mediation meeting regarding the financial obligations of the parties and other creditors including the obligation of a creditor to provide information under section 583.26, subdivision 5, paragraph (d); (3) failure of the creditor to designate a representative to participate in the mediation with authority to make binding commitments within one business day to fully settle, compromise, or otherwise mediate the matter; (4) lack of a written statement of debt restructuring alternatives and a statement of reasons why alternatives are unacceptable to one of the parties; (5) failure of a creditor to release funds from the sale of farm products to the debtor for necessary living and farm operating expenses; or (6) other similar behavior which evidences lack of good faith by the party. A failure to agree to reduce, restructure, refinance, or forgive debt does not, in itself, evidence lack of good faith by the creditor.

(b) The amount that the creditor is required to release for necessary living expenses under this section is limited to ~~\$1,600~~ \$3,600 per month less the debtor's off-farm income. In 2022 and every five years thereafter, the commissioner of agriculture, in consultation with the director, must report to the legislative committees with jurisdiction over agriculture policy what the monetary limit under this paragraph would be if adjusted using the United States All-Items Consumer Price Index.

(c) If the debtor and creditor do not agree on the amount of necessary living expenses to be released, the debtor or creditor may petition conciliation court in the county of the debtor's residence to make a determination of the amount to be released. The conciliation court must make the determination within ten days after receiving the petition.

(d) If the debtor and creditors do not agree on the amount of necessary operating expenses or necessary living and operating expenses to be released, the debtor or a creditor requested to release necessary living or operating expenses may petition the district court of the debtor's residence to

make a determination of the amount to be released. The court shall hear and make a determination of the amount of living and operating expenses to be released within ten days after receiving the petition. The court shall also add or subtract up to ten days to the time when the creditor can begin to enforce a proceeding to collect the debt against agricultural property of the debtor and assess costs, including any attorney fees, among the parties to the court proceeding. The court shall equitably adjust the time to begin a creditor's proceeding and the assessment of costs based on the parties' good faith claim to the amount of living and operating expenses to be released.

EFFECTIVE DATE. This section is effective August 1, 2017, and applies to debt subject to the Farmer-Lender Mediation Act that is initiated on or after that date.

Sec. 90. **WOLF-LIVESTOCK CONFLICT PREVENTION PILOT PROGRAM.**

(a) The commissioner of agriculture may award grants to livestock producers to prevent wolf-livestock conflicts. Livestock producers located in Minnesota are eligible to apply for reimbursement for the cost of practices to prevent wolf-livestock conflicts. The commissioner may establish a cap on the amount a recipient may receive annually.

(b) To be eligible for the grant under this section, a livestock producer must raise livestock within Minnesota's wolf range or on property determined by the commissioner to be affected by wolf-livestock conflicts.

(c) Eligible wolf-livestock conflict prevention activities include, but are not limited to:

(1) the purchase of guard animals;

(2) veterinary costs for guard animals;

(3) the installation of wolf barriers; wolf barriers may include pens, fladry, and fencing;

(4) the installation of wolf-deterring lights and alarms; and

(5) calving or lambing shelters.

(d) Eligible grant recipients must:

(1) make a good-faith effort to avoid wolf-livestock conflicts;

(2) make a good-faith effort to care for guard animals paid for under this section;

(3) retain proper documentation of expenses;

(4) report annually to the commissioner on the effectiveness of the nonlethal methods employed;

and

(5) allow follow-up evaluation and monitoring by the commissioner.

(e) Grant recipients shall continue to be eligible for depredation payments under Minnesota Statutes, section 3.737.

Sec. 91. **BASE BUDGET REPORT REQUIRED.**

No later than October 15, 2018, the commissioner of agriculture must submit a report detailing the agency's base budget, including any prior appropriation riders, to the chairs and ranking minority members of the legislative committees with jurisdiction over agriculture finance.

Sec. 92. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall renumber Minnesota Statutes, section 18B.01, subdivision 9a, to Minnesota Statutes, section 18B.01, subdivision 9d, and correct any cross-references related to the renumbering.

Sec. 93. **REPEALER.**

Minnesota Statutes 2016, sections 18B.01, subdivisions 10a, 10b, and 22a; 18B.285; 25.371, subdivisions 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 41A.20, subdivision 6; 41D.01, subdivision 4; 383C.809; and 583.22, subdivision 7b, are repealed.

ARTICLE 3

DAIRY LAW REORGANIZATION

Section 1. Minnesota Statutes 2016, section 13.6435, subdivision 8, is amended to read:

Subd. 8. **Dairy products.** Financial and production information obtained by the commissioner of agriculture to administer chapter ~~32~~ 32D are classified under section ~~32.71, subdivision 2~~ 32D.25, subdivision 2.

Sec. 2. Minnesota Statutes 2016, section 17.983, subdivision 1, is amended to read:

Subdivision 1. **Administrative penalties; citation.** If a person has violated a provision of chapter 25, 31B, or ~~32~~ 32D, the commissioner may issue a written citation to the person by personal service or by certified mail. The citation must describe the nature of the violation and the statute or rule alleged to have been violated; state the time for correction, if applicable; and the amount of any proposed fine. The citation must advise the person to notify the commissioner in writing within 30 days if the person wishes to appeal the citation. If the person fails to appeal the citation, the citation is the final order and not subject to further review.

Sec. 3. Minnesota Statutes 2016, section 17.984, subdivision 1, is amended to read:

Subdivision 1. **Authority.** To carry out the commissioner's enforcement duties under chapter ~~32~~ 32D, the commissioner may, upon presenting appropriate credentials, during regular working hours and at other reasonable times, inspect premises subject to the commissioner's enforcement and licensing authority for reasons related to the commissioner's enforcement and licensing authority; request information from persons with information relevant to an inspection; and inspect relevant papers and records, including business records. The commissioner may issue notices in lieu of citations for minor violations if a notice is in the public interest.

Sec. 4. Minnesota Statutes 2016, section 28A.05, is amended to read:

28A.05 CLASSIFICATION.

All persons required to have a license under section 28A.04 shall be classified into one of the following classes of food handlers, according to their principal mode of business.

(a) Retail food handlers are persons who sell or process and sell food directly to the ultimate consumer or who custom process meat or poultry. The term includes a person who sells food directly to the ultimate consumer through the use of vending machines, and a person who sells food for consumption on site or off site if the sale is conducted on the premises that are part of a grocery or convenience store operation.

(b) Wholesale food handlers are persons who sell to others for resale. A person who handles food in job lots (jobbers) is included in this classification.

(c) Wholesale food processors or manufacturers are persons who process or manufacture raw materials and other food ingredients into food items, or who reprocess food items, or who package food for sale to others for resale, or who commercially slaughter animals or poultry. Included herein are persons who can, extract, ferment, distill, pickle, bake, freeze, dry, smoke, grind, mix, stuff, pack, bottle, recondition, or otherwise treat or preserve food for sale to others for resale, cold storage warehouse operators as defined in section 28.01, subdivision 3, salvage food processors as defined in section 31.495, subdivision 1, and dairy plants as defined in section ~~32.01~~ 32D.01, subdivision 6.

(d) A food broker is a person who buys and sells food and who negotiates between a buyer and a seller of food, but who at no time has custody of the food being bought and sold.

Sec. 5. Minnesota Statutes 2016, section 28A.085, subdivision 1, is amended to read:

Subdivision 1. **Violations; prohibited acts.** The commissioner may charge a reinspection fee for each reinspection of a food handler that:

(1) is found with a major violation of requirements in chapter 28, 29, 30, 31, 31A, ~~32~~ 32D, 33, or 34, or rules adopted under one of those chapters; or

(2) fails to correct equipment and facility deficiencies as required in rules adopted under chapter 28, 29, 30, 31, 31A, ~~32~~ 32D, or 34.

The first reinspection of a firm with gross food sales under \$1,000,000 must be assessed at \$150. The fee for a firm with gross food sales over \$1,000,000 is \$200. The fee for a subsequent reinspection of a firm for the same violation is 50 percent of their current license fee or \$300, whichever is greater. The establishment must be issued written notice of violations with a reasonable date for compliance listed on the notice. An initial inspection relating to a complaint is not a reinspection.

Sec. 6. **[32D.01] DEFINITIONS.**

Subdivision 1. **Scope.** The definitions in this section apply to this chapter.

Subd. 2. **Adulterated.** "Adulterated" means an item is covered by section 34A.02.

Subd. 3. **Cheese.** "Cheese" includes all varieties of cheese, cheese spreads, cheese foods, cheese compounds, or processed cheese made or manufactured in whole or in part from milk.

Subd. 4. **Commissioner.** "Commissioner" means the commissioner of agriculture.

Subd. 5. **Dairy farm.** "Dairy farm" means a place or premises where one or more lactating animals, including cows, goats, sheep, water buffalo, camels, or other hoofed mammals, are kept, and from which all or a portion of the milk produced at the place or premises is delivered, sold, or offered for sale.

Subd. 6. **Dairy plant.** "Dairy plant" means any place where a dairy product is manufactured, processed, or handled and includes milk-receiving stations, creameries, cheese factories, condenseries, milk plants, transfer stations, and marketing organizations that purchase milk and cream directly from producers for resale and other establishments, as those terms are used in this chapter and chapters 17, 27, and 31; but does not include any place where dairy products are not processed but sold at whole or retail only.

Subd. 7. **Dairy product.** "Dairy product" means milk as defined by Code of Federal Regulations, title 21, cream, any product or by-product of either, or any commodity among the principal constituents or ingredients of which is one or a combination of two or more of them, as determined by standards, grades, or rules adopted by the commissioner.

Subd. 8. **Fluid milk products.** "Fluid milk products" means yogurt, cream, sour cream, half and half, reconstituted half and half, concentrated milk, concentrated milk products, skim milk, nonfat milk, chocolate flavored milk, chocolate flavored dairy drink, chocolate flavored reconstituted milk, chocolate flavored reconstituted dairy drink, buttermilk, cultured buttermilk, cultured milk, vitamin D milk, reconstituted or recombined milk, reconstituted cream, reconstituted skim milk, homogenized milk, and any other fluid milk product made by the addition of any substance to milk or to any of the fluid milk products enumerated under this subdivision or by rule adopted by the commissioner.

Subd. 9. **Goat milk.** "Goat milk" means a whole, fresh, clean lacteal secretion free from colostrum, obtained by the complete milking of one or more healthy goats.

Subd. 10. **Milk.** "Milk" means the normal lacteal secretion, practically free of colostrum, obtained by the milking of one or more healthy hoofed mammals. Hoofed mammals include but are not limited to cattle, water buffalo, sheep, goats, yaks, and camels.

Subd. 11. **Milk for manufacturing purposes.** "Milk for manufacturing purposes" means milk produced for processing and manufacturing into products for human consumption but not subject to Grade A or comparable requirements.

Subd. 12. **Milk-receiving station.** "Milk-receiving station" means a dairy plant where raw milk for pasteurization or for manufacture is received, handled, or prepared for processing or for resale as unpasteurized milk or fluid milk products.

Subd. 13. **Minnesota farmstead cheese.** "Minnesota farmstead cheese" means cheese manufactured in Minnesota on the same farm that the milk used in its manufacturing is produced.

Subd. 14. **Misbranded or misbranding.** "Misbranded" or "misbranding" means an item is covered by section 34A.03.

Subd. 15. **Pasteurization or pasteurized.** (a) "Pasteurization," "pasteurized," and similar terms mean:

(1) the process of heating every particle of milk or dairy product in properly operated equipment approved by the commissioner to a temperature of at least 145 degrees Fahrenheit and holding the temperature for at least 30 minutes;

(2) the process of heating every particle of milk or dairy product in properly operated equipment approved by the commissioner to a temperature of at least 161 degrees Fahrenheit and holding the temperature for at least 15 seconds; or

(3) the process of heating every particle of milk or dairy product in properly operated equipment approved by the commissioner to the temperatures and holding for the times as the commissioner may prescribe by rule, containing standards more stringent than those imposed by this subdivision.

(b) Nothing in this subdivision shall be construed as excluding any other process that has been demonstrated to be equally efficient and is approved by the commissioner.

Subd. 16. **Recombinant bovine growth hormone or rBGH.** "Recombinant bovine growth hormone" or "rBGH" means a growth hormone intended for use in bovine animals that has been produced through recombinant DNA techniques, described alternately as recombinant bovine somatotropin or rBST.

Sec. 7. **[32D.02] INSPECTION AUTHORITY AND DUTIES.**

Subdivision 1. **Enforcement.** The commissioner is charged with the enforcement of this chapter.

Subd. 2. **Power and authority.** For the purpose of enforcing this chapter, the commissioner and the commissioner's assistants, agents, and employees have the power and authority granted under sections 31.02 to 31.171.

Subd. 3. **Inspection of dairies.** At times the commissioner determines proper, the commissioner shall inspect all places where dairy products are made, stored, or served as food for purchase, and all places where hoofed mammals are kept by persons engaged in the sale of milk, and shall require the correction of all unsanitary conditions and practices.

Subd. 4. **Refusal of inspection.** A refusal or physical threat that prevents the completion of an inspection or neglect to obey a lawful direction of the commissioner or the commissioner's agent given while carrying out this section may result in the suspension of the offender's permit or certification or other enforcement as deemed appropriate by the commissioner. The offender is required to meet with a representative of the offender's plant or marketing organization and a representative of the commissioner within 48 hours of receiving notice, excluding holidays or weekends, or the suspension or enforcement action shall take effect. A producer may request a hearing before the commissioner or the commissioner's agent if a serious concern exists relative to the retention of the offender's permit or certification to sell milk.

Subd. 5. **Inspection service.** To ensure compliance with the laws and rules governing the production, handling, processing, and sale of milk and dairy products, the commissioner is authorized, through a duly trained and qualified milk inspector, to inspect milk and milk products and the

premises and plants where milk and milk products are produced, handled, and processed. Inspection services must acquaint the processor and producers with the requirements for a Grade A or manufacturing grade milk supply for preliminary inspection to determine if a processor has brought the processor's farms and plants to the state of compliance that qualifies the processor's products for the Grade A or manufacturing grade label, and for continuous inspection to ensure that a farm or plant and all products from a farm or plant are in compliance with this chapter.

Subd. 6. **Field service.** Grade A or manufacturing grade processors shall provide a continuous field service to assist producers who sell their milk to the processor's plant to attain and maintain compliance with this chapter. A person who performs field service must first obtain a permit from the commissioner. A person desiring to secure a permit must apply on a form provided by the commissioner, and before a permit is issued the commissioner shall determine that the applicant is competent and qualified to perform field service. The permit is not transferable to another person and may be revoked for due cause after the holder of the permit has been given the opportunity for a hearing. The permit holder must be given a notice in writing of the time and place of the hearing at least seven days before the date of the hearing.

Subd. 7. **Enforcement standards.** The standards in this chapter and rules adopted under this chapter by the commissioner shall be the only standards for use in Minnesota. No municipality or other subdivision of state government shall provide, by ordinance, more stringent or comprehensive standards than are contained in this chapter and rules adopted by the commissioner under this chapter.

Subd. 8. **Rules.** (a) The commissioner shall by rule adopt identity, production, and processing standards for both Grade A and manufacturing grade milk and dairy products.

(b) In the exercise of the authority to establish requirements for Grade A milk and milk products, the commissioner adopts definitions, standards of identity, and requirements for production and processing contained in the most current version of the Grade A Pasteurized Milk Ordinance, and its associated documents, of the United States Department of Health and Human Services in a manner provided for and not in conflict with law.

(c) Producers of milk, other than Grade A, shall conform to the standards contained in subparts B, C, D, E, and F of the United States Department of Agriculture Agricultural Marketing Service Recommended Requirements for Milk for Manufacturing Purposes and its Production and Processing, except that the commissioner shall develop methods by which producers are able to comply with the standards without violation of religious beliefs.

Subd. 9. **Certified industry inspection.** Industry personnel may be certified to perform any inspection, to the extent allowed by federal law and provided that performance of the inspections is consistent with rules adopted in subdivision 8.

Subd. 10. **Fees; dairy services account; appropriation.** (a) All fees and penalties collected under this chapter must be deposited in the dairy services account in the agricultural fund. Money in the account, including interest, is appropriated to the commissioner for purposes of administering this chapter.

(b) Unless otherwise noted, all fees are payable by a processor or marketing organization and are invoiced on July 1 of each year for Grade A and January 1 of each year for manufacturing grade, and if not paid within 30 days of the due date, inspection service may be discontinued. If a farm

discontinues the production of milk within six months of the billing date, a request for a refund based on inspection services not received may be made by the processor or by the marketing organization on behalf of its patrons. This request must be made in writing by June 30 for manufacturing grade or by December 31 for Grade A. Upon approval by the commissioner, refunds must be made to the processor or marketing organization.

Sec. 8. **[32D.03] BULK MILK HAULER AND SAMPLER LICENSE.**

Subdivision 1. **License requirement.** A person collecting milk from a dairy farm and transporting the milk by bulk pickup and not in individual containers from farm to plant must obtain a bulk milk hauler and sampler license.

Subd. 2. **Application.** A person desiring to secure a bulk milk hauler and sampler license must apply on a form provided by the commissioner. Before the license is issued, the commissioner shall determine that the applicant is competent and qualified.

Subd. 3. **Term of license; transferability.** An initial bulk milk hauler and sampler license issued by the commissioner expires on the following December 31 and is not transferable. A renewal bulk milk hauler and sampler license is not transferable, is valid for two years, and expires on December 31 of the second year.

Subd. 4. **Fees and penalties.** The fee for an initial or renewal bulk milk hauler and sampler license is \$60. The fee shall be paid to the commissioner before the commissioner issues an initial or renewal bulk milk hauler and sampler license. If a bulk milk hauler and sampler license renewal is not applied for on or before January 1, a fee of \$30 shall be imposed. A person who does not renew a bulk milk hauler and sampler license within one year following its December 31 expiration date, except those persons who do not renew the bulk milk hauler and sampler license while engaged in active military service, shall be required to prove competency and qualification under subdivision 2 before a bulk milk hauler and sampler license is issued. The commissioner may require any other person who renews a bulk milk hauler and sampler license to prove competency and qualification in the same manner.

Subd. 5. **Suspension or cancellation.** The commissioner is empowered to conduct enforcement action, suspend, or cancel any bulk milk hauler and sampler license pursuant to section 34A.06.

Sec. 9. **[32D.04] MILK TANK TRUCKS.**

All farm bulk milk pickup tankers, milk transports, and tankers used to transport milk products must be inspected and obtain a permit issued by the commissioner at least once every 12 months. The owner or operator must pay a \$25 permit fee per tanker to the commissioner. The commissioner may appoint a person the commissioner deems qualified to make inspections.

Sec. 10. **[32D.05] GRADE A DAIRY FARM PERMITTING; WATER WELL DISTANCE REQUIREMENT.**

(a) No milk producer may sell or distribute milk from a dairy farm as Grade A milk without a valid Grade A dairy farm permit issued by the commissioner.

(b) A dairy farmer who wishes to be permitted to produce Grade A milk may not be denied the Grade A permit solely because of provisions in rules adopted by the commissioner requiring a minimum distance between a water well and dairy farm. To be eligible for a Grade A permit, the following conditions must be met:

(1) the water well must have been in place prior to January 1, 1974;

(2) the water well must comply with all other rules applicable to the well, other than the distance requirement; and

(3) water from the well must be tested at least once every 12 months. More frequent testing may be required in compliance with guidelines established by the commissioner if water test results fail to meet water quality requirements.

Sec. 11. [32D.06] GRADE A DAIRY FARM INSPECTION; FEES.

(a) As provided in section 32D.02, the commissioner shall provide inspection service to any milk producer who wishes to market Grade A milk and is in compliance with the requirement for the production of Grade A milk. Grade A inspections shall be completed at least once every six months.

(b) The fee for inspections must be no more than \$50 per farm, paid annually by the processor or by the marketing organization on behalf of its patrons.

(c) For a farm requiring a reinspection in addition to the required biannual inspections, an additional fee must be paid by the processor or by the marketing organization on behalf of its patrons. The fee for reinspection of a farm with fewer than 100 hooved milk-producing animals is \$60 per reinspection. The fee for reinspection of a farm with 100 or more hooved milk-producing animals is \$150 per reinspection.

Sec. 12. [32D.07] MANUFACTURING GRADE DAIRY FARM CERTIFICATION.

A producer who wishes to sell milk for manufacturing purposes must obtain from the commissioner an annual Grade B farm certification.

Sec. 13. [32D.08] MANUFACTURING GRADE DAIRY FARM INSPECTION; FEES.

(a) A producer selling milk for manufacturing purposes must be inspected at least once every 12 months.

(b) The fee for the certification inspection must not be more than \$25 per producer, to be paid annually by the processor or the marketing organization on behalf of its patrons.

(c) For a producer requiring more than one inspection for certification, a reinspection fee of \$45 must be paid by the processor or by the marketing organization on behalf of its patrons.

Sec. 14. [32D.09] DAIRY PLANT LICENSING AND PERMITTING.

Subdivision 1. **Licensing.** A dairy plant must obtain a license as required under section 28A.04.

Subd. 2. **Permitting.** No person shall operate a dairy plant in this state unless the dairy plant, equipment, and water supply and plumbing system have been first approved by the commissioner and a permit issued to operate the same. A permit may be revoked by the commissioner for due cause pursuant to section 34A.06.

Subd. 3. **Approval.** At the time of filing the application for a permit, the applicant shall submit to the commissioner duplicate floor plans of the plant that show the placement of equipment, the source of water supply and method of distribution, a detailed pasteurization flow chart, and the location of the plumbing system, including the disposal of wastes. New construction or alteration of an existing dairy plant shall be made only with the approval of the commissioner and duplicate plans for the construction or alteration shall be submitted to the commissioner for approval. The fee for approval services is \$45 per hour of department staff time spent in the approval process.

Subd. 4. **Farmstead cheese.** (a) The commissioner or the commissioner's designee shall issue an additional permit to a dairy plant that desires to use the name "Minnesota farmstead cheese" upon application made by the dairy plant for use of the name, provided the cheese meets the definition in section 32D.01, subdivision 13.

(b) No cheese or packaged cheese that is sold, offered or exposed for sale, or held in possession with intent to sell at either retail or wholesale in this state may be labeled or described as "Minnesota farmstead cheese" unless it meets the criteria in section 32D.01, subdivision 13, and the manufacturer has obtained the designated permit.

Sec. 15. [32D.10] INSPECTIONS.

(a) Inspections of Grade A plants must be completed at least once every three months. A pasteurization plant requesting Grade A inspection must pay an annual inspection fee of no more than \$500.

(b) Inspections of manufacturing plants that process milk or milk products other than Grade A must be completed at least once every six months. A manufacturing plant that pasteurizes milk or milk by-products must pay an annual fee based on the number of pasteurization units. The fee must not exceed \$140 per unit.

Sec. 16. [32D.11] PROCUREMENT FEE.

A dairy plant operator in this state must pay to the commissioner on or before the 18th of each month a fee of 1.1 cents per hundredweight of milk purchased the previous month. If a milk producer in this state ships milk out of the state for sale, the producer must pay the fee to the commissioner unless the purchaser voluntarily pays the fee. Producers who ship milk out of state and processors must submit to the commissioner monthly reports related to milk purchases along with the appropriate procurement fee. The commissioner shall have access to all relevant purchase or sale records as necessary to verify compliance with this section and may require the producer or purchaser to produce records as necessary to determine compliance.

Sec. 17. [32D.12] SELECTED PRODUCTS FEE.

(a) A manufacturer must pay to the commissioner a fee for fluid milk processed and milk used in the manufacture of fluid milk products sold for retail sale in Minnesota in an amount not less than

five cents and not more than nine cents per hundredweight as set by the commissioner's order. No change within any 12-month period may be in excess of one cent per hundredweight.

(b) A processor must report quantities of milk processed under paragraph (a) on forms provided by the commissioner. Processor fees must be paid monthly. The commissioner may require the production of records as necessary to determine compliance with this paragraph.

(c) The commissioner may create within the department a dairy consulting program to provide assistance to dairy producers who are experiencing problems meeting the sanitation and quality requirements of the dairy laws and rules. The commissioner may use money appropriated from the dairy services account to pay for the program authorized in this paragraph.

Sec. 18. **[32D.13] MILK QUALITY STANDARDS.**

Subdivision 1. **Visible adulteration or odors.** Milk shall not be visibly adulterated, or have any objectionable odor, or be abnormal in appearance or consistency.

Subd. 2. **Grade A raw milk.** (a) The bacterial count of Grade A raw milk from producers must not exceed 100,000 bacteria per milliliter prior to commingling with other producer milk.

(b) After commingling with other producer milk, the bacteria count must not exceed 300,000 per milliliter prior to pasteurization.

Subd. 3. **Grade A pasteurized milk and fluid milk products.** (a) The bacterial count of Grade A pasteurized milk and fluid milk products, at any time after pasteurization until delivery, must not exceed 20,000 bacteria per milliliter.

(b) The coliform count of Grade A pasteurized milk and fluid milk products must not exceed ten bacteria per milliliter except that bulk tank transport shipments must not exceed 100 per milliliter.

Subd. 4. **Raw milk, other than Grade A.** The bacterial count of raw milk other than Grade A from producers must not exceed 500,000 bacteria per milliliter prior to commingling with other producer milk.

Subd. 5. **Pasteurized milk, other than Grade A.** The bacterial count of pasteurized milk other than Grade A pasteurized milk, at any time after pasteurization until delivery, must not exceed 20,000 bacteria per milliliter.

Subd. 6. **Exceptions.** Bacterial count standards do not apply to sour cream, cultured buttermilk, and other cultured fluid milk products.

Subd. 7. **Rules and standards.** The commissioner may prescribe standards and rules adopted in accordance with law more stringent than those imposed by this section.

Subd. 8. **Somatic cell count.** (a) The somatic cell count, as determined by a direct microscopic somatic cell count or an electronic somatic cell count, must not exceed 750,000 cells per milliliter for Grade A raw milk and raw milk other than Grade A. Notwithstanding any federal standard, the somatic cell count of goat milk must not exceed 1,500,000 cells per milliliter.

(b) The commissioner may prescribe standards and rules adopted in accordance with law more stringent than those imposed by this subdivision.

Subd. 9. **Temperature.** If milk is received or collected from a dairy farm more than two hours after the most recent milking, the temperature of the milk shall not exceed 45 degrees Fahrenheit (7 degrees Celsius). If the milk consists of a blend of milk from two or more milkings, and the milk is received or collected less than two hours after the most recent milking, the blend temperature shall not exceed 50 degrees Fahrenheit (10 degrees Celsius).

Subd. 10. **Industry enforcement.** A dairy plant is not required to reject milk shipments in response to a violation of subdivisions 2 to 9 unless the commissioner suspends or revokes the dairy plant permit or milk producer's Grade A permit or manufacturing grade certification.

Sec. 19. **[32D.14] OFFICIAL PRODUCER SAMPLES.**

(a) An official producer sample for each producer must be analyzed for bacteria, somatic cell count, temperature, and antibiotic residues at least once per month in four out of every six months. Official producer samples must be collected and analyzed without providing the producer with prior notification of the sampling date.

(b) Official producer sample results must be inclusive of all animals from which milk is collected and sold on the day of sampling.

(c) Official producer sample results must be collected by a licensed sampler.

Sec. 20. **[32D.15] MONTHLY REPORTING.**

(a) In at least four out of every six months, the dairy plant that procures milk from the producer must report to the commissioner at least one representative test result for bacteria, somatic cell count, temperature, and antibiotic residues. The result shall be reported within seven days after the laboratory obtains the test results.

(b) A laboratory that performs the tests required under this section for a dairy plant may report the test results for the dairy plant.

(c) A dairy plant or laboratory shall report test results under this section in an electronic form approved by the department or using an approved alternative.

Sec. 21. **[32D.16] ENFORCEMENT.**

The commissioner shall suspend a producer's permit or certification if three of the last five official producer samples exceed the applicable standard. The commissioner shall provide warning of a pending suspension when two of the last four producer samples exceed the applicable standard.

Sec. 22. **[32D.17] LABORATORY CERTIFICATION.**

(a) A laboratory and its methods are required to be approved or certified prior to testing Grade A milk samples. The results of approved or certified laboratories may be used by official regulatory agencies in enforcement of requirements for milk and milk products. The approval or certification

remains valid unless suspended or revoked by the commissioner for failure to comply with the requirements of this chapter.

(b) Certified or approved laboratories must receive a permit from the commissioner. The permit remains valid without renewal unless suspended or revoked by the commissioner for failure to comply with the requirements of this chapter.

(c) Satisfactory analytical procedures and results for split samples, the nature, number, and frequency of which shall be in accordance with rules established by the commissioner, shall be required of a certified laboratory for retention of its certification and permit.

(d) An application for initial certification or biennial recertification, or for recertification following suspension or revocation of a permit, shall be accompanied by an annual fee based on the number of analyses approved and the number of specific tests for which they are approved. The fee must not be less than \$150 nor more than \$200 for each analysis approved and not less than \$35 nor more than \$50 for each test approved. The commissioner may annually adjust assessments within the limits established by this subdivision to meet the cost recovery of the services required by this section.

Sec. 23. **[32D.18] MILK BOUGHT BY WEIGHT; TESTING METHODS.**

Subdivision 1. Milk fat, protein, and solids not fat bases of payment; tests. (a) Milk must be purchased from producers using a formula based on one or more of the following:

(1) payment of a standard rate with uniform differentials for milk testing above or below 3.5 percent milk fat;

(2) payment of a standard rate for the pounds of milk fat contained in the milk;

(3) payment of a standard rate for the pounds of protein contained in the milk;

(4) payment of a standard rate for the pounds of nonfat solids contained in the milk; or

(5) payment of standard rates based on other attributes of value in the milk.

(b) In addition, an adjustment may be made on the basis of milk quality and other premiums. Testing procedures for determining the percentages of milk fat, protein, and nonfat solids must comply with the methods approved by the Association of Analytical Chemists or be as adopted by rule.

Subd. 2. Apparatus to conform to specifications. Glassware, test bottles, pipettes, acid measures, chemicals, scales, and other apparatus used in the operation of these tests shall conform to the specifications for the particular test method.

Subd. 3. Penalties for violations. A person who:

(1) employs any test other than those tests authorized by rule adopted by the commissioner, or any methods other than the standard official methods for determining the milk fat content of milk or cream;

- (2) incorrectly samples milk or cream purchased or sold;
- (3) incorrectly weighs milk or cream purchased or sold;
- (4) incorrectly grades milk or cream purchased or sold;
- (5) makes a false entry of the weight, test result, or grade of any milk or cream purchased or sold;
- (6) incorrectly samples, weighs, tests, or records or reports weights or tests of skim milk or buttermilk purchased or sold;
- (7) underreads the tests;
- (8) falsifies the reading of the tests;
- (9) manipulates the reading of the tests; or
- (10) falsely states, certifies, or uses in the purchase or sale of milk or cream a misreading of such tests, whether the tests or actual reading have been made by the person or by any other person, is guilty of a misdemeanor.

Sec. 24. **[32D.19] ADULTERATED DAIRY PRODUCTS.**

Subdivision 1. **Purchase and sale prohibition.** A person may not sell or knowingly buy adulterated dairy products.

Subd. 2. **Manufacture of food for human consumption from adulterated milk or cream prohibited.** An article of food for human consumption may not be manufactured from adulterated milk or cream, except as provided in the Federal Food, Drug, and Cosmetic Act, United States Code, title 21, section 301 et seq., and related federal regulations.

Subd. 3. **Adulterated milk.** For purposes of this section, milk is adulterated if it:

- (1) is drawn in a filthy or unsanitary place;
- (2) is drawn from unhealthy or diseased animals;
- (3) contains water in excess of that normally found in milk;
- (4) contains a substance that is not a normal constituent of the milk except as allowed in this chapter; or
- (5) contains drug residues or other chemical or biological substances in amounts above the tolerances or safe levels established by rule.

Subd. 4. **Drug residues.** (a) Before processing milk, all bulk milk pickup tankers must be tested for the presence of beta lactam drug residues and for other residues as determined necessary by the commissioner. Milk received from a producer in other than a bulk milk pickup tanker is also subject to this section.

(b) Bulk milk tankers that confirm positive for beta lactam drug residues or other residues must follow up with producer sample testing of all producers contained on the positive load.

(c) Individual producer samples must be tested for the presence of beta lactam drug residues at least once a month for four out of every six-month period. Results of these tests must be reported to the commissioner as official producer sample results using established electronic reporting procedures.

(d) Drug residue testing methods must be those approved by the Food and Drug Administration (FDA) and the National Conference of Interstate Milk Shipments or listed in the FDA's current version of M-a-85.

(e) All drug residue samples testing positive must be reported to the commissioner or the commissioner's designee within 24 hours. The report must include how and where the milk was disposed of, and the volume, the responsible producer, and the possible cause of the violative residue. All milk sample residue results must be recorded and retained for six months by the receiving plant for examination by the commissioner or the commissioner's designee.

Subd. 5. **Penalties.** (a) The permit or certification of a milk producer identified as having a positive drug residue is immediately suspended. The producer must not ship milk while the permit or certification is suspended.

(b) The producer's permit or certification may be reinstated after being sampled by the commissioner or the commissioner's designee and testing negative on the sample.

(c) A milk producer may not change plants within 30 days, without permission of the commissioner, after receiving notification from the commissioner of a residue violation.

(d) The producer that is identified with the drug residue violation is responsible for the value of all milk on any load that tests positive for drug residues and any costs associated with its disposal. Payment shall be made to the purchaser of the milk.

(e) For the first and second violation within a 12-month period, the dairy producer must, within 30 days of the date of the residue:

(1) meet with the dairy inspector to review potential causes of the adulteration; and

(2) complete the designated drug residue prevention educational program with a licensed veterinarian and submit the signed certificate to the commissioner.

(f) Failure to comply with the requirements for the first and second violation listed in paragraph (e) may result in suspension of the producer's permit or certification until the conditions in paragraph (e) are met.

(g) For the third or subsequent violation within a 12-month period, the commissioner may initiate proceedings for further enforcement action, that may include a penalty of up to a 30-day permit or certification suspension. In lieu of a suspension, the producer may be assessed an administrative penalty of up to \$1,000 or the value of milk sold during the intended suspension period.

Subd. 6. **Other forms of adulteration.** A milk producer who violates subdivision 3 is subject to any of the following penalties:

(1) the permit or certification of a milk producer identified as having adulterated milk is immediately suspended. The producer may not ship milk while the permit or certification is suspended;

(2) the producer that is identified with the adulterated milk violation is responsible for the value of all milk on any load that is contaminated by the adulterant and any costs associated with its disposal. Payment shall be made to the purchaser of the milk;

(3) the producer's permit or certification may be reinstated after the commissioner receives adequate verification that the milk is no longer adulterated; and

(4) the commissioner may, after evaluation of the severity and repetitive nature of the adulteration, initiate additional enforcement action in the form of permit or certification suspension for up to 30 days or in lieu of suspension, an administrative penalty of up to \$1,000, or the value of the milk sold during the intended suspension period for each violation.

Subd. 7. **Civil penalty.** A person other than a milk producer who causes milk to be adulterated is subject to a civil penalty of up to \$1,000.

Subd. 8. **Appeals.** A dairy producer may appeal an adulteration violation by sending written notice to the commissioner within ten days of receipt of the notice of a violation. The appeal must contain a description of why the producer wishes to appeal the violation.

Sec. 25. **[32D.20] LIMITATION ON SALE.**

Subdivision 1. **Pasteurization.** No milk or fluid milk products shall be sold, offered or exposed for sale, or held in possession for sale for the purpose of human consumption in fluid form in this state unless the milk or fluid milk product has been pasteurized, as defined in section 32D.01, subdivision 15, and cooled, provided that this section shall not apply to milk, cream, or skim milk occasionally secured or purchased for personal use by a consumer at the place or farm where the milk is produced.

Subd. 2. **Labels.** (a) Pasteurized milk or fluid milk products offered or exposed for sale or held in possession for sale shall be labeled or otherwise designated as pasteurized milk or pasteurized fluid milk products, and in the case of fluid milk products the label shall also state the name of the specific product.

(b) Milk and dairy products must be labeled with the plant number where the product was produced, or if produced in a state where official plant numbers are not assigned, the name of the manufacturer and the address of the plant where it was manufactured.

Sec. 26. **[32D.21] COOLING AFTER PASTEURIZATION.**

Immediately following pasteurization, all milk and fluid milk products shall be cooled in properly operated equipment approved by the commissioner to a temperature of 45 degrees Fahrenheit or lower, and maintained at 45 degrees Fahrenheit or lower until delivered; provided, however, that if

the milk or fluid milk product is to be cultured immediately after pasteurization, then cooling may be delayed until after the culturing process is completed; provided further that the commissioner may prescribe by rule standards more stringent than those imposed by this section.

Sec. 27. **[32D.22] MANUFACTURE OF CHEESE; REQUIREMENTS IN PROCESS.**

No person, firm, or corporation shall manufacture, transport, sell, offer, or expose for sale or have in possession with intent to sell at retail to a consumer any cheese that has not been (1) manufactured from milk or milk products that have been pasteurized; (2) subjected to a heat treatment equivalent to pasteurization during the process of manufacturing or processing; or (3) subjected to an aging process where it has been kept for at least 60 days after manufacture at a temperature no lower than 35 degrees Fahrenheit.

Sec. 28. **[32D.23] RECOMBINANT BOVINE GROWTH HORMONE LABELING.**

Subdivision 1. **Labeling.** Products offered for wholesale or retail sale in this state that contain milk, cream, or any product or by-product of milk or cream that have been processed and handled pursuant to this section may be labeled with an rBGH statement that is not false or misleading and in accordance with the federal labeling standards. Products offered for wholesale or retail sale in this state need not contain any further label information relative to the use of rBGH in milk production.

Subd. 2. **Affidavit; records.** (a) A dairy plant purchasing milk or cream to be used in products labeled with rBGH claims pursuant to subdivision 1 must provide an affidavit from each producer that states that all cows used in the producer's dairy operations have not and will not be treated with rBGH, without advanced written notice of at least 30 days.

(b) The affidavit must be signed by the producer or authorized representative. Affidavits must be kept on file for not less than two years after receiving written notice that rBGH use status will change.

(c) If a plant chooses to process and handle only milk or milk products sourced from cows who have not been treated with rBGH, the plant, as an alternative to providing individual producer affidavits, may provide one affidavit to certify that the plant has procedures in place to verify that all producers are not using rBGH. A copy of the written procedure that describes this verification process must also be provided with the plant affidavit.

(d) All affidavits and corresponding records must be available for inspection by the commissioner.

(e) Dairy plants supplying milk or cream to a processor or manufacturer of a product to be labeled pursuant to subdivision 1, for use in that product, shall supply a certification to that processor or manufacturer stating that producers of the supplied milk or cream have executed and delivered affidavits pursuant to this subdivision.

Subd. 3. **Separation of nontreated cows and milk.** Milk or cream from non-rBGH-treated cows used in manufacturing or processing of products labeled pursuant to subdivision 1 must be kept fully separate from any other milk or cream through all stages of storage, transportation, and processing until the milk or resulting dairy products are in final packaged form in a properly labeled container. Records of the separation must be kept by the dairy plant and product processor or manufacturer at all stages and made available to the commissioner for inspection.

Sec. 29. [32D.24] DAIRY TRADE PRACTICES; DEFINITIONS.

Subdivision 1. **Application.** The definitions in this section apply to sections 32D.24 to 32D.28.

Subd. 2. **Basic cost.** (a) "Basic cost," for a processor, means the actual cost of the raw milk plus 75 percent of the actual processing and handling costs for a selected class I or class II dairy product.

(b) Basic cost, for a wholesaler, means the actual cost of the selected class I or class II dairy product purchased from the processor or another wholesaler.

(c) Basic cost, for a retailer, means the actual cost of the selected class I or class II dairy product purchased from a processor or wholesaler.

Subd. 3. **Bona fide charity.** "Bona fide charity" means a corporation, trust, fund, or foundation organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes.

Subd. 4. **Processor.** "Processor" means a person engaged in manufacturing or processing selected class I or class II dairy products in the person's own plant for sale in Minnesota.

Subd. 5. **Producer.** "Producer" means a person who operates a dairy herd or herds in Minnesota producing milk or cream commercially and whose milk or cream is sold to, or received or handled by, a distributor or processor. Producer does not include an incorporated or unincorporated association of producers.

Subd. 6. **Responsible person.** "Responsible person" means the business entity that makes payment to an individual Grade A or Grade B milk producer.

Subd. 7. **Selected class I dairy products.** "Selected class I dairy products" means milk for human consumption in fluid form and all other class I dairy products as defined by the Upper Midwest Milk Marketing Order, Code of Federal Regulations, title 7, part 1030.40, or successor orders.

Subd. 8. **Selected class II dairy products.** "Selected class II dairy products" means milk for human consumption processed into fluid cream, eggnog, yogurt, and all other class II dairy products as defined by the Upper Midwest Milk Marketing Order, Code of Federal Regulations, title 7, part 1030.40, or successor orders.

Subd. 9. **Sell at retail; sale at retail; retail sales.** "Sell at retail," "sale at retail," or "retail sales" means a retail sale or offer for retail sale of a selected class I or class II dairy product for ultimate consumption or use.

Subd. 10. **Sell at wholesale; sale at wholesale; wholesale sales.** "Sell at wholesale," "sale at wholesale," or "wholesale sales" means sale or offer for sale of a selected class I dairy product for purposes of resale or further processing or manufacturing but does not include a producer selling or delivering milk to a processor.

Subd. 11. **Wholesaler.** "Wholesaler" means a person including a distributor in the business of making sales of selected class I or class II dairy products at wholesale in Minnesota. In the case of a person making sales at both retail and wholesale, wholesaler applies only to the sales at wholesale.

Sec. 30. **[32D.25] DUTIES AND POWERS OF COMMISSIONER; DATA PRIVACY.**

Subdivision 1. **Duties; rules.** The commissioner shall adopt rules to implement and administer sections 32D.24 to 32D.28.

Subd. 2. **Data privacy.** Financial and production information received by the commissioner on processors, wholesalers, or retailers, including but not limited to financial statements, fee reports, price schedules, cost documentation, books, papers, records, or other documentation for the purpose of administration and enforcement of this chapter is classified private data or nonpublic data pursuant to chapter 13. The classification shall not limit the use of the information in the preparation, institution, or conduct of a legal proceeding by the commissioner in enforcing this chapter.

Sec. 31. **[32D.26] SALES BELOW COST PROHIBITED; EXCEPTIONS.**

Subdivision 1. **Policy; processors; wholesalers; retailers.** (a) It is the intent of the legislature to accomplish partial deregulation of milk marketing with a minimum negative impact on small-volume retailers.

(b) A processor or wholesaler may not sell or offer for sale selected class I or class II dairy products at a price lower than the processor's or wholesaler's basic cost.

(c) A retailer may not sell or offer for sale selected class I or class II dairy products at a retail price lower than (1) 105 percent of the retailer's basic cost until June 30, 1994; and (2) the retailer's basic cost beginning July 1, 1994, and thereafter. A retailer may not use any method or device in the sale or offer for sale of a selected dairy product that results in a violation of this section.

Subd. 2. **Exceptions.** The minimum processor, wholesaler, and retailer prices of subdivision 1 do not apply:

(1) to a sale complying with section 325D.06;

(2) to a retailer giving away selected class I and class II dairy products for free if the customer is not required to make a purchase; or

(3) to a processor, wholesaler, or retailer giving away selected class I and class II dairy products for free or at a reduced cost to a bona fide charity.

Sec. 32. **[32D.27] REDRESS FOR INJURY OR THREATENED INJURY.**

A person injured by a violation of sections 32D.24 to 32D.28 may commence a legal action based on the violation in a court of competent jurisdiction and may recover economic damages and the costs of the action, including reasonable attorney fees. A person injured or who is threatened with injury or loss by reason of violation of sections 32D.24 to 32D.28 may commence a legal action based on the violation and obtain injunctive relief in a court of competent jurisdiction against persons involved in a violation or threatened violation of sections 32D.24 to 32D.28 to prevent and restrain violations or threatened violations of sections 32D.24 to 32D.28 without alleging or proving actual damages or that an adequate remedy at law does not exist, so that injunctive relief can be obtained promptly and without awaiting evidence of injury or actual damage. The injunctive relief does not abridge and is not in lieu of any other civil remedy provided in sections 32D.24 to 32D.28.

Sec. 33. **[32D.28] ANNUAL SUSPENSION OF DAIRY TRADE PRACTICES ACT.**

The provisions of section 32D.26 are suspended during the month of June each year in honor of "Dairy Month."

Sec. 34. Minnesota Statutes 2016, section 34A.01, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** The definitions in this section and chapters 28, 28A, 29, 30, 31, 31A, ~~32D~~, and 34 apply to this chapter. The definitions in this section apply to chapter ~~32D~~.

Sec. 35. **REPEALER.**

Minnesota Statutes 2016, sections 32.01, subdivisions 1, 2, 6, 8, 9, 10, 11, and 12; 32.021; 32.071; 32.072; 32.073; 32.074; 32.075; 32.076; 32.078; 32.10; 32.102; 32.103; 32.105; 32.106; 32.21; 32.212; 32.22; 32.25; 32.391, subdivisions 1, 1d, 1e, 1f, 1g, 2, and 3; 32.392; 32.393; 32.394, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 8a, 8b, 8c, 8d, 8e, 9, 11, and 12; 32.395; 32.397; 32.398, subdivision 1; 32.401, subdivisions 1, 2, 3, and 5; 32.415; 32.416; 32.475; 32.481, subdivision 1; 32.482; 32.483; 32.484; 32.486; 32.55, subdivisions 1, 2, 3, 4, 5, 12, 13, and 14; 32.555; 32.56; 32.61; 32.62; 32.63; 32.64; 32.645; 32.70; 32.71; 32.72; 32.74; 32.745; 32.75; and 32.90, are repealed."

Delete the title and insert:

"A bill for an act relating to agriculture; establishing a budget for the Department of Agriculture, the Board of Animal Health, and the Agricultural Utilization Research Institute; making policy, technical, and conforming changes to various agriculture-related provisions including provisions related to pesticides, noxious weeds, nursery law, inspections, commercial feed, grain, food, and agricultural development; reorganizing dairy law; establishing and modifying agriculture-related programs; modifying partition fence law; modifying certain fees; modifying the Farmer-Lender Mediation Act; requiring reports; appropriating money; amending Minnesota Statutes 2016, sections 3.7371; 13.6435, subdivision 8; 15.985; 17.119, subdivisions 1, 2; 17.53, subdivisions 2, 8, 13; 17.983, subdivision 1; 17.984, subdivision 1; 18.79, subdivision 18; 18B.01, by adding subdivisions; 18B.065, subdivision 8; 18B.26, subdivision 1; 18B.28, subdivisions 1, 3; 18B.305; 18B.33, subdivision 1; 18B.34, subdivision 1; 18B.36, subdivision 1; 18B.37, subdivision 3; 18C.70, subdivision 5; 18C.71, subdivision 4; 18H.06, subdivision 2; 18H.07, subdivisions 2, 3; 21.111, subdivisions 2, 3; 21.113; 21.117; 25.32; 25.33, subdivisions 5, 10, 21; 25.341, subdivisions 1, 2; 25.35; 25.371, subdivision 2; 25.38; 25.39, subdivisions 1, 1a, 2, 3; 25.40, subdivision 2; 25.41, subdivisions 1, 2, 3, 5, 7a; 25.42; 27.04; 28A.03, by adding a subdivision; 28A.05; 28A.081; 28A.085, subdivision 1; 28A.152, subdivision 2; 28A.21, subdivision 6; 31A.02, subdivision 4; 32C.02, subdivision 2; 32C.06; 34A.01, subdivision 1; 41A.12, subdivision 3; 41A.20, subdivision 2; 41B.03, subdivisions 2, 3; 41B.043, subdivision 5; 41B.045, subdivision 2; 41C.02, subdivision 12; 116V.01, subdivisions 1, 2, 3, 4, 7, 10, 11, 13, 14; 223.17, subdivision 8; 232.22, subdivision 7; 336.9-601; 344.03, subdivision 1; 550.365, subdivision 1; 559.209, subdivision 1; 582.039, subdivision 1; 583.215; 583.24, subdivision 4, by adding a subdivision; 583.26, subdivisions 2, 3, 3a, 4, 10; 583.27, subdivision 1; Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, chapter 18B; proposing coding for new law as Minnesota Statutes, chapter 32D; repealing Minnesota Statutes 2016, sections 18B.01, subdivisions 10a, 10b, 22a; 18B.285; 25.371, subdivisions 1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15; 32.01, subdivisions 1, 2, 6, 8, 9, 10, 11, 12; 32.021; 32.071; 32.072; 32.073; 32.074; 32.075;

32.076; 32.078; 32.10; 32.102; 32.103; 32.105; 32.106; 32.21; 32.212; 32.22; 32.25; 32.391, subdivisions 1, 1d, 1e, 1f, 1g, 2, 3; 32.392; 32.393; 32.394, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 8a, 8b, 8c, 8d, 8e, 9, 11, 12; 32.395; 32.397; 32.398, subdivision 1; 32.401, subdivisions 1, 2, 3, 5; 32.415; 32.416; 32.475; 32.481, subdivision 1; 32.482; 32.483; 32.484; 32.486; 32.55, subdivisions 1, 2, 3, 4, 5, 12, 13, 14; 32.555; 32.56; 32.61; 32.62; 32.63; 32.64; 32.645; 32.70; 32.71; 32.72; 32.74; 32.745; 32.75; 32.90; 41A.20, subdivision 6; 41D.01, subdivision 4; 383C.809; 583.22, subdivision 7b."

We request the adoption of this report and repassage of the bill.

House Conferees: Rod Hamilton, Paul Anderson, Jeff Backer, Dale Lueck, Jeanne Poppe

Senate Conferees: Torrey N. Westrom, Bill Weber, Michael P. Goggin, Andrew Lang, Kent Eken

Senator Westrom moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1545 be now adopted, and that the bill be repassed as amended by the Conference Committee.

CALL OF THE SENATE

Senator Benson imposed a call of the Senate for the balance of the proceedings on H.F. No. 1545. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Westrom motion. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 1545 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 60 and nays 6, as follows:

Those who voted in the affirmative were:

Abeler	Draheim	Hoffman	Lang	Rest
Anderson, B.	Dziedzic	Housley	Latz	Rosen
Anderson, P.	Eichorn	Ingebrigtsen	Limmer	Ruud
Benson	Eken	Isaacson	Little	Schoen
Carlson	Fischbach	Jasinski	Lourey	Senjem
Chamberlain	Franzen	Jensen	Mathews	Simonson
Champion	Frentz	Johnson	Miller	Sparks
Clausen	Gazelka	Kent	Nelson	Tomassoni
Cohen	Goggin	Kiffmeyer	Newman	Utke
Cwodzinski	Hall	Klein	Osmek	Weber
Dahms	Hawj	Koran	Pratt	Westrom
Dibble	Hayden	Laine	Relph	Wiklund

Those who voted in the negative were:

Eaton	Newton	Torres Ray
Marty	Pappas	Wiger

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

REPORTS OF COMMITTEES

Senator Gazelka moved that the Committee Report at the Desk be now adopted. The motion prevailed.

Senator Gazelka from the Committee on Rules and Administration, to which was referred under Joint Rule 2.03, together with the committee report thereon,

H.F. No. 739: A bill for an act relating to telecommunications; providing for collocation of small wireless facilities; amending Minnesota Statutes 2016, sections 237.162, subdivisions 2, 4, 9, by adding subdivisions; 237.163, subdivisions 2, 4, 6, 7, by adding subdivisions.

Reports the same back with the recommendation that Joint Rule 2.03 be suspended for all further proceedings on H.F. No. 739 and that the report from the Committee on Local Government, shown in the Journal for May 21, 2017, be adopted; that committee recommendation being:

"the bill do pass". Report adopted.

SECOND READING OF HOUSE BILLS

H.F. No. 739 was read the second time.

MOTIONS AND RESOLUTIONS - CONTINUED

Senators Gazelka and Bakk introduced --

Senate Concurrent Resolution No. 8:

A Senate concurrent resolution relating to adjournment of the Senate and House of Representatives until 2018.

BE IT RESOLVED, by the Senate of the State of Minnesota, the House of Representatives concurring:

1. Upon their adjournments on May 22, 2017, the Senate may set its next day of meeting for Tuesday, February 20, 2018, at 12:00 noon and the House of Representatives may set its next day of meeting for Tuesday, February 20, 2018, at 12:00 noon.

2. By the adoption of this resolution, each house consents to adjournment of the other house for more than three days.

Senator Gazelka moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

Senators Gazelka and Bakk introduced --**Senate Resolution No. 118:**

A Senate resolution relating to conduct of Senate business during the interim between Sessions.

BE IT RESOLVED, by the Senate of the State of Minnesota:

The powers, duties and procedures set forth in this resolution apply during the interim between the adjournment of the 90th Legislature, 2017 session and the convening of the 90th Legislature, 2018 session.

The Subcommittee on Committees of the Committee on Rules and Administration shall appoint persons as necessary to fill any vacancies that may occur in commissions and other bodies whose members are to be appointed by the Senate authorized by rule, statute, resolution, or otherwise.

The Committee on Rules and Administration shall establish positions, set compensation and benefits, appoint employees and authorize expense reimbursement as it deems proper to carry out the work of the Senate.

The Secretary of the Senate shall classify as eligible for benefits under Minnesota Statutes, sections 3.095 and 43A.24, those Senate employees heretofore or hereafter certified as eligible for benefits by the Committee on Rules and Administration.

The Secretary of the Senate may employ after the close of the session the employees necessary to finish the business of the Senate at the salaries paid under the rules of the Senate for the 2017 regular session. The Secretary of the Senate may employ the necessary employees to prepare for the 2018 session at the salaries in effect at that time.

The Secretary of the Senate, as authorized and directed by the Committee on Rules and Administration, shall furnish each member of the Senate with postage and supplies and, upon proper verification of the expenses incurred, shall reimburse each member for expenses as authorized from time to time by the Committee on Rules and Administration.

The Secretary of the Senate shall correct and approve the Journal of the Senate for those days that have not been corrected and approved by the Senate, and shall correct printing errors found in the Journal of the Senate for the 2017 session. The Secretary of the Senate may include in the Senate Journal proceedings of the last day of the 2017 session, appointments by the Subcommittee on Committees to interim commissions created by legislative action, permanent commissions or committees established by statute, standing committees, official communications and other matters of record received on or after May 22, 2017.

The Secretary of the Senate may pay election and litigation costs, including the costs of legal defense, as authorized by the Committee on Rules and Administration.

The Secretary of the Senate, with the approval of the Committee on Rules and Administration, shall secure bids and enter into contracts for remodeling, improvement, and furnishing of Senate office space, and shall purchase all supplies, equipment, and other goods and services necessary to

carry out the work of the Senate. Contracts in excess of \$10,000 must be approved by the Chair of the Committee on Rules and Administration and another member designated by the Chair.

The Secretary of the Senate shall draw warrants from the legislative expense fund in payment of the accounts referred to in this resolution.

All Senate records, including committee books, are subject to the direction of the Committee on Rules and Administration.

The Senate Chamber, retiring room, committee rooms, all conference rooms, storage rooms, Secretary of the Senate's office, Rules and Administration office, and any and all other space assigned to the Senate, are reserved for use by the Senate and its standing committees only and must not be released or used for any other purpose except upon the authorization of the Secretary of the Senate with the approval of the Committee on Rules and Administration or its Chair.

The Custodian of the Capitol shall continue to provide parking space for members and staff of the Legislature under Senate Concurrent Resolution No. 2.

Senator Gazelka moved the adoption of the foregoing resolution.

The question was taken on the adoption of the resolution.

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Eaton	Isaacson	Marty	Senjem
Anderson, B.	Eichorn	Jasinski	Mathews	Simonson
Anderson, P.	Eken	Jensen	Miller	Sparks
Benson	Fischbach	Johnson	Nelson	Tomassoni
Carlson	Franzen	Kent	Newman	Torres Ray
Chamberlain	Frentz	Kiffmeyer	Newton	Utke
Champion	Gazelka	Klein	Osmek	Weber
Clausen	Goggin	Koran	Pappas	Westrom
Cohen	Hall	Laine	Pratt	Wiger
Cwodzinski	Hawj	Lang	Relph	Wiklund
Dahms	Hayden	Latz	Rest	
Dibble	Hoffman	Limmer	Rosen	
Draheim	Housley	Little	Ruud	
Dziedzic	Ingebrigtsen	Lourey	Schoen	

The motion prevailed. So the resolution was adopted.

RECESS

Senator Gazelka 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.

CALL OF THE SENATE

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 844 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. No. 844

A bill for an act relating to environment; providing for certain demolition debris landfill permitting.

May 21, 2017

The Honorable Michelle L. Fischbach
President of the Senate

The Honorable Kurt L. Daudt
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 844 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 844 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1**ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS**Section 1. **ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2018" and "2019" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium" is fiscal years 2018 and 2019. Appropriations for the fiscal year ending June 30, 2017, are effective the day following final enactment.

APPROPRIATIONS**Available for the Year****Ending June 30****2018****2019**

Sec. 2. POLLUTION CONTROL AGENCY

<u>Subdivision 1. Total Appropriation</u>	\$	<u>101,821,000</u>	\$	<u>100,206,000</u>
<u>Appropriations by Fund</u>				
	<u>2018</u>		<u>2019</u>	
<u>General</u>	<u>6,543,000</u>		<u>6,802,000</u>	
<u>State Government</u>				
<u>Special Revenue</u>	<u>75,000</u>		<u>75,000</u>	
<u>Environmental</u>	<u>78,984,000</u>		<u>79,892,000</u>	
<u>Remediation</u>	<u>13,219,000</u>		<u>13,437,000</u>	
<u>Closed Landfill</u>				
<u>Investment</u>	<u>3,000,000</u>		<u>-0-</u>	

The amounts that may be spent for each purpose are specified in the following subdivisions.

The commissioner must present the agency's biennial budget for fiscal years 2020 and 2021 to the legislature in a transparent way by agency division, including the proposed budget bill and presentations of the budget to committees and divisions with jurisdiction over the agency's budget.

<u>Subd. 2. Environmental Analysis and Outcomes</u>		<u>12,577,000</u>		<u>12,558,000</u>
<u>Appropriations by Fund</u>				
	<u>2018</u>		<u>2019</u>	
<u>Environmental</u>	<u>12,308,000</u>		<u>12,289,000</u>	
<u>Remediation</u>	<u>181,000</u>		<u>181,000</u>	
<u>General</u>	<u>88,000</u>		<u>88,000</u>	

(a) \$88,000 the first year and \$88,000 the second year are from the general fund for:

(1) a municipal liaison to assist municipalities in implementing and participating in the water-quality standards rulemaking process and navigating the NPDES/SDS permitting process;

(2) enhanced economic analysis in the water-quality standards rulemaking process, including more-specific analysis and identification of cost-effective permitting;

(3) developing statewide economic analyses and templates to reduce the amount of information and time required for municipalities to apply for variances from water-quality standards; and

(4) coordinating with the Public Facilities Authority to identify and advocate for the resources needed for municipalities to achieve permit requirements.

(b) \$204,000 the first year and \$204,000 the second year are from the environmental fund for a monitoring program under Minnesota Statutes, section 116.454.

(c) \$346,000 the first year and \$346,000 the second year are from the environmental fund for monitoring ambient air for hazardous pollutants.

(d) \$90,000 the first year and \$90,000 the second year are from the environmental fund for duties related to harmful chemicals in children's products under Minnesota Statutes, sections 116.9401 to 116.9407. Of this amount, \$57,000 each year is transferred to the commissioner of health.

(e) \$109,000 the first year and \$109,000 the second year are from the environmental fund for registration of wastewater laboratories.

(f) \$913,000 the first year and \$913,000 the second year are from the environmental fund to continue perfluorochemical biomonitoring in eastern-metropolitan communities, as recommended by the Environmental Health Tracking and Biomonitoring Advisory Panel, and address other environmental health risks, including air quality. The communities must include Hmong and other immigrant farming communities. Of this amount, up to \$677,000 the first year and \$677,000 the second year are for transfer to the Department of Health.

(g) \$100,000 the first year and \$50,000 the second year are from the environmental fund

for impaired waters listing procedures required under this act.

Subd. 3. Industrial 14,079,000 14,200,000

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>Environmental</u>	<u>13,099,000</u>	<u>13,220,000</u>
<u>Remediation</u>	<u>980,000</u>	<u>980,000</u>

\$980,000 the first year and \$980,000 the second year are from the remediation fund for the leaking underground storage tank program to investigate, clean up, and prevent future releases from underground petroleum storage tanks and to the petroleum remediation program for vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

Subd. 4. Municipal 6,625,000 6,624,000

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>162,000</u>	<u>162,000</u>
<u>Environmental</u>	<u>6,463,000</u>	<u>6,462,000</u>

(a) \$162,000 the first year and \$162,000 the second year are from the general fund for:

(1) a municipal liaison to assist municipalities in implementing and participating in the water-quality standards rulemaking process and navigating the NPDES/SDS permitting process;

(2) enhanced economic analysis in the water-quality standards rulemaking process, including more specific analysis and identification of cost-effective permitting;

(3) development of statewide economic analyses and templates to reduce the amount of information and time required for municipalities to apply for variances from water quality standards; and

(4) coordinating with the Public Facilities Authority to identify and advocate for the resources needed for municipalities to achieve permit requirements.

(b) \$50,000 the first year and \$50,000 the second year are from the environmental fund for transfer to the Office of Administrative Hearings to establish sanitary districts.

(c) \$615,000 the first year and \$614,000 the second year are from the environmental fund for subsurface sewage treatment system (SSTS) program administration and community technical assistance and education, including grants and technical assistance to communities for water-quality protection. Of this amount, \$129,000 each year is for assistance to counties through grants for SSTS program administration. A county receiving a grant from this appropriation must submit the results achieved with the grant to the commissioner as part of its annual SSTS report. Any unexpended balance in the first year does not cancel but is available in the second year.

(d) \$639,000 the first year and \$640,000 the second year are from the environmental fund to address the need for continued increased activity in the areas of new technology review, technical assistance for local governments, and enforcement under Minnesota Statutes, sections 115.55 to 115.58, and to complete the requirements of Laws 2003, chapter 128, article 1, section 165.

(e) Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2019, as grants or contracts for subsurface sewage treatment systems, surface water and groundwater assessments, storm water, and water-quality protection in this subdivision are available until June 30, 2022.

Subd. 5. Operations

9,769,000

11,052,000

<u>Appropriations by Fund</u>		
	<u>2018</u>	<u>2019</u>
<u>Environmental</u>	<u>6,349,000</u>	<u>7,154,000</u>
<u>Remediation</u>	<u>1,074,000</u>	<u>1,293,000</u>
<u>General</u>	<u>2,346,000</u>	<u>2,605,000</u>

(a) \$174,000 the first year and \$174,000 the second year are from the remediation fund for purposes of the leaking underground storage tank program to investigate, clean up, and prevent future releases from underground petroleum storage tanks, and to the petroleum remediation program for vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

(b) \$400,000 the first year and \$400,000 the second year are from the environmental fund to develop and maintain systems to support permitting and regulatory business processes and agency data. This is a onetime appropriation.

(c) \$300,000 the first year is from the environmental fund for a grant to the Metropolitan Council under Minnesota Statutes, section 116.195, for wastewater infrastructure to support waste to biofuel development. This is a onetime appropriation and is available until June 30, 2019.

(d) \$2,346,000 the first year and \$2,605,000 the second year are from the general fund for agency operating adjustments. The commissioner shall make necessary adjustments to program appropriations in this article to distribute these funds. The commissioner may transfer an amount of this appropriation to the remediation fund. By September 1, 2017, the commissioner shall report to the chairs of the legislative committees with jurisdiction over environment and natural resources finance the distribution of funds and resulting base-level appropriations for each program.

(e) \$1,774,000 the first year and \$2,879,000 the second year are from the environmental fund for agency operating adjustments. The commissioner shall make necessary adjustments to program appropriations in this article to distribute these funds. By September 1, 2017, the commissioner shall report to the chairs of the legislative committees with jurisdiction over environment and natural resources finance the distribution of funds and resulting base-level appropriations for each program.

(f) \$310,000 the first year and \$528,000 the second year are from the remediation fund for agency operating adjustments. The commissioner shall make necessary adjustments to program appropriations in this article to distribute these funds. By September 1, 2017, the commissioner shall report to the chairs of the legislative committees with jurisdiction over environment and natural resources finance the distribution of funds and resulting base-level appropriations for each program. If any amount under this paragraph is allocated for the leaking underground storage-tank program, the same amount is transferred from the petroleum tank fund to the remediation fund.

Subd. 6. Remediation

14,670,000

11,669,000

	<u>Appropriations by Fund</u>	
	<u>2018</u>	<u>2019</u>
<u>Environmental</u>	<u>688,000</u>	<u>688,000</u>
<u>Remediation</u>	<u>10,766,000</u>	<u>10,765,000</u>
<u>Closed Landfill</u>		
<u>Investment</u>	<u>3,000,000</u>	<u>-0-</u>
<u>General</u>	<u>216,000</u>	<u>216,000</u>

(a) All money for environmental response, compensation, and compliance in the remediation fund not otherwise appropriated is appropriated to the commissioners of the Pollution Control Agency and agriculture for purposes of Minnesota Statutes, section

115B.20, subdivision 2, clauses (1), (2), (3), (6), and (7). At the beginning of each fiscal year, the two commissioners shall jointly submit an annual spending plan to the commissioner of management and budget that maximizes the use of resources and appropriately allocates the money between the two departments. This appropriation is available until June 30, 2019.

(b) \$216,000 the first year and \$216,000 the second year are from the general fund and \$216,000 the first year and \$216,000 the second year are from the environmental fund to manage contaminated sediment projects at multiple sites identified in the St. Louis River remedial action plan to restore water quality in the St. Louis River area of concern. This amount is added to the base for fiscal year 2020 only.

(c) \$3,871,000 the first year and \$3,870,000 the second year are from the remediation fund for purposes of the leaking underground storage tank program to investigate, clean up, and prevent future releases from underground petroleum storage tanks, and to the petroleum remediation program for purposes of vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

(d) \$252,000 the first year and \$252,000 the second year are from the remediation fund for transfer to the commissioner of health for private water-supply monitoring and health assessment costs in areas contaminated by unpermitted mixed municipal solid waste disposal facilities and drinking water advisories and public information activities for areas contaminated by hazardous releases.

(e) Notwithstanding Minnesota Statutes, section 115B.421, \$3,000,000 the first year is from the closed landfill investment fund for settling obligations with the federal government, remedial investigations,

feasibility studies, engineering, and cleanup-related activities for purposes of environmental response actions at a priority qualified facility under Minnesota Statutes, sections 115B.406 and 115B.407. By January 15, 2018, the commissioner must submit a status report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over the environment and natural resources. This is a onetime appropriation and is available until June 30, 2019.

Subd. 7. Resource Management and Assistance 33,617,000 33,619,000

	<u>Appropriations by Fund</u>	
	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>700,000</u>	<u>700,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>75,000</u>	<u>75,000</u>
<u>Environmental</u>	<u>32,842,000</u>	<u>32,844,000</u>

(a) Up to \$150,000 the first year and \$150,000 the second year may be transferred from the environmental fund to the small business environmental improvement loan account established in Minnesota Statutes, section 116.993.

(b) \$1,000,000 the first year and \$1,000,000 the second year are for competitive recycling grants under Minnesota Statutes, section 115A.565. Of this amount \$700,000 each year is from the general fund, and \$300,000 each year is from the environmental fund. This appropriation is available until June 30, 2021. Any unencumbered grant and loan balances in the first year do not cancel but are available for grants and loans in the second year.

(c) \$693,000 the first year and \$693,000 the second year are from the environmental fund for emission reduction activities and grants to small businesses and other nonpoint emission reduction efforts. Of this amount, \$100,000 the first year and \$100,000 the

second year are to continue work with Clean Air Minnesota, and the commissioner may enter into an agreement with Environmental Initiative to support this effort. Any unencumbered grant and loan balances in the first year do not cancel but are available for grants and loans in the second year.

(d) \$17,250,000 the first year and \$17,250,000 the second year are from the environmental fund for SCORE block grants to counties.

(e) \$119,000 the first year and \$119,000 the second year are from the environmental fund for environmental assistance grants or loans under Minnesota Statutes, section 115A.0716. Any unencumbered grant and loan balances in the first year do not cancel but are available for grants and loans in the second year.

(f) \$68,000 the first year and \$69,000 the second year are from the environmental fund for subsurface sewage treatment system (SSTS) program administration and community technical assistance and education, including grants and technical assistance to communities for water-quality protection.

(g) \$125,000 the first year and \$126,000 the second year are from the environmental fund to address the need for continued increased activity in the areas of new technology review, technical assistance for local governments, and enforcement under Minnesota Statutes, sections 115.55 to 115.58, and to complete the requirements of Laws 2003, chapter 128, article 1, section 165.

(h) All money deposited in the environmental fund for the metropolitan solid waste landfill fee in accordance with Minnesota Statutes, section 473.843, and not otherwise appropriated, is appropriated for the purposes of Minnesota Statutes, section 473.844.

(i) Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2019, as contracts or grants for environmental assistance awarded under Minnesota Statutes, section 115A.0716; technical and research assistance under Minnesota Statutes, section 115A.152; technical assistance under Minnesota Statutes, section 115A.52; and pollution prevention assistance under Minnesota Statutes, section 115D.04, are available until June 30, 2021.

Subd. 8. Watershed

9,220,000

9,220,000

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>Environmental</u>	<u>7,043,000</u>	<u>7,043,000</u>
<u>Remediation</u>	<u>218,000</u>	<u>218,000</u>
<u>General</u>	<u>1,959,000</u>	<u>1,959,000</u>

(a) \$1,959,000 the first year and \$1,959,000 the second year are from the general fund for grants to delegated counties to administer the county feedlot program under Minnesota Statutes, section 116.0711, subdivisions 2 and 3. Money remaining after the first year is available for the second year.

(b) \$207,000 the first year and \$207,000 the second year are from the environmental fund for the costs of implementing general operating permits for feedlots over 1,000 animal units.

(c) \$118,000 the first year and \$118,000 the second year are from the remediation fund for purposes of the leaking underground storage tank program to investigate, clean up, and prevent future releases from underground petroleum storage tanks, and to the petroleum remediation program for vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

Subd. 9. Environmental Quality Board

1,264,000

1,264,000

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>1,072,000</u>	<u>1,072,000</u>
<u>Environmental</u>	<u>192,000</u>	<u>192,000</u>

Subd. 10. Transfers

The commissioner shall transfer up to \$44,000,000 from the environmental fund to the remediation fund for the purposes of the remediation fund under Minnesota Statutes, section 116.155, subdivision 2.

Sec. 3. NATURAL RESOURCES

Subdivision 1. Total Appropriation \$ 283,249,000 \$ 286,475,000

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>86,508,000</u>	<u>84,699,000</u>
<u>Natural Resources</u>	<u>94,744,000</u>	<u>97,773,000</u>
<u>Game and Fish</u>	<u>101,689,000</u>	<u>103,688,000</u>
<u>Remediation</u>	<u>102,000</u>	<u>103,000</u>
<u>Permanent School</u>	<u>206,000</u>	<u>212,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Land and Mineral Resources Management 5,652,000 5,658,000

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>1,710,000</u>	<u>1,710,000</u>
<u>Natural Resources</u>	<u>3,392,000</u>	<u>3,392,000</u>
<u>Game and Fish</u>	<u>344,000</u>	<u>344,000</u>
<u>Permanent School</u>	<u>206,000</u>	<u>212,000</u>

(a) \$319,000 the first year and \$319,000 the second year are for environmental research relating to mine permitting, of which \$200,000 each year is from the minerals management account and \$119,000 each year is from the general fund.

(b) \$2,815,000 the first year and \$2,815,000 the second year are from the minerals

management account in the natural resources fund for use as provided in Minnesota Statutes, section 93.2236, paragraph (c), for mineral resource management, projects to enhance future mineral income, and projects to promote new mineral resource opportunities.

(c) \$206,000 the first year and \$212,000 the second year are from the state forest suspense account in the permanent school fund to secure maximum long-term economic return from the school trust lands consistent with fiduciary responsibilities and sound natural resources conservation and management principles.

(d) \$125,000 the first year and \$125,000 the second year are for conservation easement stewardship.

Subd. 3. Ecological and Water Resources

32,740,000

32,629,000

	<u>Appropriations by Fund</u>	
	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>17,213,000</u>	<u>17,046,000</u>
<u>Natural Resources</u>	<u>10,576,000</u>	<u>10,576,000</u>
<u>Game and Fish</u>	<u>4,951,000</u>	<u>5,007,000</u>

(a) \$3,242,000 the first year and \$3,242,000 the second year are from the invasive species account in the natural resources fund and \$3,206,000 the first year and \$3,206,000 the second year are from the general fund for management, public awareness, assessment and monitoring research, and water access inspection to prevent the spread of invasive species; management of invasive plants in public waters; and management of terrestrial invasive species on state-administered lands.

(b) \$5,000,000 the first year and \$5,000,000 the second year are from the water management account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 103G.27, subdivision 2.

(c) \$124,000 the first year and \$124,000 the second year are for a grant to the Mississippi Headwaters Board for up to 50 percent of the cost of implementing the comprehensive plan for the upper Mississippi within areas under the board's jurisdiction.

(d) \$10,000 the first year and \$10,000 the second year are for payment to the Leech Lake Band of Chippewa Indians to implement the band's portion of the comprehensive plan for the upper Mississippi.

(e) \$264,000 the first year and \$264,000 the second year are for grants for up to 50 percent of the cost of implementation of the Red River mediation agreement.

(f) \$2,078,000 the first year and \$2,134,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

(g) \$950,000 the first year and \$950,000 the second year are from the nongame wildlife management account in the natural resources fund for the purpose of nongame wildlife management. Notwithstanding Minnesota Statutes, section 290.431, \$100,000 the first year and \$100,000 the second year may be used for nongame wildlife information, education, and promotion.

(h) Notwithstanding Minnesota Statutes, section 84.943, \$13,000 the first year and \$13,000 the second year from the critical habitat private sector matching account may be used to publicize the critical habitat license plate match program.

(i) \$6,000,000 the first year and \$6,000,000 the second year are from the general fund for the following activities:

(1) financial reimbursement and technical support to soil and water conservation districts or other local units of government for groundwater level monitoring;

(2) surface water monitoring and analysis, including installation of monitoring gauges;

(3) groundwater analysis to assist with water appropriation permitting decisions;

(4) permit application review incorporating surface water and groundwater technical analysis;

(5) precipitation data and analysis to improve the use of irrigation;

(6) information technology, including electronic permitting and integrated data systems; and

(7) compliance and monitoring.

(j) \$167,000 the first year is for a grant to the Koronis Lake Association for purposes of removing and preventing aquatic invasive species. This is a onetime appropriation and is available until June 30, 2022.

(k) \$410,000 the first year and \$410,000 the second year are from the heritage enhancement account in the game and fish fund for grants to the Minnesota Aquatic Invasive Species Research Center at the University of Minnesota to prioritize, support, and develop research-based solutions that can reduce the effects of aquatic invasive species in Minnesota by preventing spread, controlling populations, and managing ecosystems and to advance knowledge to inspire action by others.

Subd. 4. Forest Management

47,185,000

45,981,000

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>31,719,000</u>	<u>30,481,000</u>
<u>Natural Resources</u>	<u>14,144,000</u>	<u>14,144,000</u>

<u>Game and Fish</u>	<u>1,322,000</u>	<u>1,356,000</u>
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(a) \$7,145,000 the first year and \$7,145,000 the second year are for prevention, presuppression, and suppression costs of emergency firefighting and other costs incurred under Minnesota Statutes, section 88.12. The amount necessary to pay for presuppression and suppression costs during the biennium is appropriated from the general fund. By January 15 of each year, the commissioner of natural resources shall submit a report to the chairs and ranking minority members of the house and senate committees and divisions having jurisdiction over environment and natural resources finance, identifying all firefighting costs incurred and reimbursements received in the prior fiscal year. These appropriations may not be transferred. Any reimbursement of firefighting expenditures made to the commissioner from any source other than federal mobilizations must be deposited into the general fund.

(b) \$11,644,000 the first year and \$11,644,000 the second year are from the forest management investment account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 89.039, subdivision 2.

(c) \$1,322,000 the first year and \$1,356,000 the second year are from the heritage enhancement account in the game and fish fund to advance ecological classification systems (ECS) scientific management tools for forest and invasive species management.

(d) \$780,000 the first year and \$780,000 the second year are for the Forest Resources Council to implement the Sustainable Forest Resources Act.

(e) \$500,000 the first year is from the general fund for a study of the ability to sustainably harvest at least 1,000,000 cords of wood annually on state-administered forest lands.

No later than March 1, 2018, the commissioner must report the study's findings to the legislative committees with jurisdiction over environment and natural resources policy and finance. This is a onetime appropriation.

(f) \$2,000,000 the first year and \$2,000,000 the second year are from the forest management investment account in the natural resources fund for state forest reforestation. The base from the forest management investment account in the natural resources fund for fiscal year 2020 and later is \$1,250,000.

(g) \$1,869,000 the first year and \$1,131,000 the second year are from the general fund for the Next Generation Core Forestry data system. The appropriation is available until June 30, 2021.

(h) \$500,000 the first year and \$500,000 the second year are from the forest management investment account in the natural resources fund for forest road maintenance on state forest roads.

(i) \$500,000 the first year and \$500,000 the second year are from the general fund for forest road maintenance on county forest roads.

(j) \$500,000 the first year and \$500,000 the second year are from the general fund for additional private forest management.

(k) The base for the natural resources fund in fiscal year 2020 and later is \$13,394,000.

Subd. 5. Parks and Trails Management

79,830,000

81,100,000

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>25,057,000</u>	<u>24,927,000</u>
<u>Natural Resources</u>	<u>52,500,000</u>	<u>53,900,000</u>
<u>Game and Fish</u>	<u>2,273,000</u>	<u>2,273,000</u>

(a) \$1,075,000 the first year and \$1,075,000 the second year are from the water recreation account in the natural resources fund for enhancing and maintaining public water-access facilities.

(b) \$5,740,000 the first year and \$5,740,000 the second year are from the natural resources fund for state trail, park, and recreation area operations. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (2).

(c) \$17,350,000 the first year and \$17,750,000 the second year are from the state parks account in the natural resources fund for state park and state recreation area operation and maintenance.

(d) \$1,005,000 the first year and \$1,005,000 the second year are from the natural resources fund for park and trail grants to local units of government on land to be maintained for at least 20 years for the purposes of the grants. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (4). Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(e) \$130,000 the first year is from the general fund, and \$8,424,000 the first year and \$9,624,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for the snowmobile grants-in-aid program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(f) \$1,835,000 the first year and \$1,835,000 the second year are from the natural resources fund for the off-highway vehicle grants-in-aid program. Of this amount, \$1,360,000 the first year and \$1,360,000 the

second year are from the all-terrain vehicle account; \$150,000 each year is from the off-highway motorcycle account; and \$325,000 each year is from the off-road vehicle account. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(g) \$75,000 the first year and \$75,000 the second year are from the cross-country ski account in the natural resources fund for grooming and maintaining cross-country ski trails in state parks, trails, and recreation areas.

(h) \$250,000 the first year and \$250,000 the second year are from the state land and water conservation account in the natural resources fund for priorities established by the commissioner for eligible state projects and administrative and planning activities consistent with Minnesota Statutes, section 84.0264, and the federal Land and Water Conservation Fund Act. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(i) \$150,000 the first year is from the all-terrain vehicle account in the natural resources fund for a grant to the city of Orr to predesign, design, and construct the Voyageur all-terrain vehicle trail system, including:

(1) design of the alignment for phase I of the Voyageur all-terrain vehicle trail system and development of a preliminary phase II alignment;

(2) completion of wetland delineation and wetland permitting;

(3) completion of the engineering design and cost estimates for a snowmobile and off-highway vehicle bridge over the Vermilion River to establish a trail connection; and

(4) completion of the master plan for the Voyageur all-terrain vehicle trail system.

This is a onetime appropriation and is available until June 30, 2020.

(j) \$250,000 the first year and \$250,000 the second year are from the general fund for matching grants for local parks and outdoor recreation areas under Minnesota Statutes, section 85.019, subdivision 2.

(k) \$250,000 the first year and \$250,000 the second year are from the general fund for matching grants for local trail connections under Minnesota Statutes, section 85.019, subdivision 4c.

(l) \$50,000 the first year is from the all-terrain vehicle account in the natural resources fund for a grant to the city of Virginia to assist the Virginia Area All-Terrain Vehicle Club to plan, design, engineer, and permit a comprehensive all-terrain vehicle system in the Virginia area and to connect with the Iron Range Off-Highway Vehicle Recreation Area. This is a onetime appropriation and is available until June 30, 2020.

Subd. 6. Fish and Wildlife Management

68,207,000

67,750,000

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>Natural Resources</u>	<u>1,912,000</u>	<u>1,912,000</u>
<u>Game and Fish</u>	<u>66,295,000</u>	<u>65,838,000</u>

(a) \$8,283,000 the first year and \$8,386,000 the second year are from the heritage enhancement account in the game and fish fund only for activities specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1). Notwithstanding Minnesota Statutes, section 297A.94, five percent of this appropriation may be used for expanding hunter and angler recruitment and retention.

(b) Notwithstanding Minnesota Statutes, section 297A.94, \$30,000 the first year is from the heritage enhancement account in the game and fish fund for the commissioner of natural resources to contract with a private entity to search for a site to construct a world-class shooting range and club house for use by the Minnesota State High School League and for other regional, statewide, national, and international shooting events. The commissioner must provide public notice of the search, including making the public aware of the process through the Department of Natural Resources' media outlets, and solicit input on the location and building options for the facility. The siting search process must include a public process to determine if any business or individual is interested in donating land for the facility, anticipated to be at least 500 acres. The site search team must meet with interested third parties affected by or interested in the facility. The commissioner must submit a report with the results of the site search to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources by March 1, 2018. This is a onetime appropriation.

(c) Notwithstanding Minnesota Statutes, section 297A.94, \$30,000 the first year is from the heritage enhancement account in the game and fish fund for a study of lead shot deposition on state lands. By March 1, 2018, the commissioner shall provide a report of the study to the chairs and ranking minority members of the legislative committees with jurisdiction over natural resources policy and finance. This is a onetime appropriation.

(d) Notwithstanding Minnesota Statutes, section 297A.94, \$500,000 the first year is from the heritage enhancement account in the game and fish fund for planning and emergency response to disease outbreaks in

wildlife. This is a onetime appropriation and is available until June 30, 2019.

Subd. 7. Enforcement

40,879,000

40,880,000

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>6,640,000</u>	<u>6,640,000</u>
<u>Natural Resources</u>	<u>10,309,000</u>	<u>10,309,000</u>
<u>Game and Fish</u>	<u>23,828,000</u>	<u>23,828,000</u>
<u>Remediation</u>	<u>102,000</u>	<u>103,000</u>

(a) \$1,718,000 the first year and \$1,718,000 the second year are from the general fund for enforcement efforts to prevent the spread of aquatic invasive species.

(b) \$1,580,000 the first year and \$1,580,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

(c) \$1,082,000 the first year and \$1,082,000 the second year are from the water recreation account in the natural resources fund for grants to counties for boat and water safety. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(d) \$315,000 the first year and \$315,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for grants to local law enforcement agencies for snowmobile enforcement activities. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(e) \$250,000 the first year and \$250,000 the second year are from the all-terrain vehicle account for grants to qualifying organizations to assist in safety and environmental education and monitoring trails on public lands under Minnesota Statutes, section 84.9011. Grants issued under this paragraph

must be issued through a formal agreement with the organization. By December 15 each year, an organization receiving a grant under this paragraph shall report to the commissioner with details on expenditures and outcomes from the grant. Of this appropriation, \$25,000 each year is for administration of these grants. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(f) \$510,000 the first year and \$510,000 the second year are from the natural resources fund for grants to county law enforcement agencies for off-highway vehicle enforcement and public education activities based on off-highway vehicle use in the county. Of this amount, \$498,000 each year is from the all-terrain vehicle account; \$11,000 each year is from the off-highway motorcycle account; and \$1,000 each year is from the off-road vehicle account. The county enforcement agencies may use money received under this appropriation to make grants to other local enforcement agencies within the county that have a high concentration of off-highway vehicle use. Of this appropriation, \$25,000 each year is for administration of these grants. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

(g) \$1,000,000 each year is for recruiting, training, and maintaining additional conservation officers.

(h) The commissioner may hold a conservation officer academy if necessary.

Subd. 8. Operations Support

8,436,000

12,157,000

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>4,169,000</u>	<u>3,895,000</u>
<u>Natural Resources</u>	<u>1,591,000</u>	<u>3,220,000</u>
<u>Game and Fish</u>	<u>2,676,000</u>	<u>5,042,000</u>

(a) \$1,965,000 the first year is available for legal costs. Of this amount, up to \$500,000 may be transferred to the Minnesota Pollution Control Agency. This is a onetime appropriation and is available until June 30, 2021.

(b) \$2,204,000 the first year and \$3,895,000 the second year are from the general fund for agency operating adjustments. The commissioner shall make necessary adjustments to program appropriations in this article to distribute these funds. By September 1, 2017, the commissioner shall report to the chairs of the legislative committees with jurisdiction over environment and natural resources finance the distribution of funds and resulting base-level appropriations for each program.

(c) \$2,676,000 the first year and \$5,042,000 the second year are from the game and fish fund for agency operating adjustments. The commissioner shall make necessary adjustments to program appropriations in this article to distribute these funds. By September 1, 2017, the commissioner shall report to the chairs of the legislative committees with jurisdiction over environment and natural resources finance the distribution of funds and resulting base-level appropriations for each program.

(d) \$1,591,000 the first year and \$3,220,000 the second year are from the natural resources fund for agency operating adjustments. The commissioner shall make necessary adjustments to program appropriations in this article to distribute these funds. By September 1, 2017, the commissioner shall report to the chairs of the legislative committees with jurisdiction over environment and natural resources finance the distribution of funds and resulting base-level appropriations for each program.

Subd. 9. **Pass Through Funds**

320,000

320,000

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>Natural Resources</u>	<u>320,000</u>	<u>320,000</u>

\$320,000 the first year and \$320,000 the second year are from the natural resources fund for grants to be divided equally between the city of St. Paul for the Como Park Zoo and Conservatory and the city of Duluth for the Duluth Zoo. This appropriation is from the revenue deposited to the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (5).

Subd. 10. Cancellation

The remaining amount of the general fund appropriation in Laws 2016, chapter 189, article 3, section 3, subdivision 3, for a grant to the Koronis Lake Association, estimated to be \$167,000, is canceled on June 30, 2017.

This subdivision is effective the day following final enactment.

Sec. 4. BOARD OF WATER AND SOIL RESOURCES

\$ 14,311,000 \$ 14,164,000

(a) \$3,423,000 the first year and \$3,423,000 the second year are for natural resources block grants to local governments. Grants must be matched with a combination of local cash or in-kind contributions. The base grant portion related to water planning must be matched by an amount as specified by Minnesota Statutes, section 103B.3369. The board may reduce the amount of the natural resources block grant to a county by an amount equal to any reduction in the county's general services allocation to a soil and water conservation district from the county's previous year allocation when the board determines that the reduction was disproportionate.

(b) \$3,116,000 the first year and \$3,116,000 the second year are for grants to soil and water conservation districts for the purposes

of Minnesota Statutes, sections 103C.321 and 103C.331, and for general purposes, nonpoint engineering, and implementation and stewardship of the reinvest in Minnesota reserve program. Expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts. Any district receiving a payment under this paragraph shall maintain a Web page that publishes, at a minimum, its annual report, annual audit, annual budget, and meeting notices.

(c) \$260,000 the first year and \$260,000 the second year are for feedlot water quality cost share grants for feedlots under 300 animal units and nutrient and manure management projects in watersheds where there are impaired waters.

(d) \$1,200,000 the first year and \$1,200,000 the second year are for soil and water conservation district cost-sharing contracts for perennially vegetated riparian buffers, erosion control, water retention and treatment, and other high-priority conservation practices.

(e) \$100,000 the first year and \$100,000 the second year are for county cooperative weed management cost-share programs and to restore native plants in selected invasive species management sites.

(f) \$761,000 the first year and \$761,000 the second year are for implementation, enforcement, and oversight of the Wetland Conservation Act, including administration of the wetland banking program and in-lieu fee mechanism.

(g) \$300,000 the first year is for improving the efficiency and effectiveness of Minnesota's wetland regulatory programs through continued examination of United States Clean Water Act section 404 assumption including negotiation of draft agreements with the United States

Environmental Protection Agency and the United States Army Corps of Engineers, planning for an online permitting system, upgrading the existing wetland banking database, and developing an in-lieu fee wetland banking program as authorized by statute. This is a onetime appropriation.

(h) \$166,000 the first year and \$166,000 the second year are to provide technical assistance to local drainage management officials and for the costs of the Drainage Work Group. The Board of Water and Soil Resources must coordinate the stakeholder drainage work group in accordance with Minnesota Statutes, section 103B.101, subdivision 13, to evaluate and make recommendations to accelerate drainage system acquisition and establishment of ditch buffer strips under Minnesota Statutes, chapter 103E, or compatible alternative practices required by Minnesota Statutes, section 103F.48. The evaluation and recommendations must be submitted in a report to the senate and house of representatives committees with jurisdiction over agriculture and environment policy by February 1, 2018.

(i) \$100,000 the first year and \$100,000 the second year are for a grant to the Red River Basin Commission for water quality and floodplain management, including administration of programs. This appropriation must be matched by nonstate funds. If the appropriation in either year is insufficient, the appropriation in the other year is available for it.

(j) \$140,000 the first year and \$140,000 the second year are for grants to Area II Minnesota River Basin Projects for floodplain management.

(k) \$125,000 the first year and \$125,000 the second year are for conservation easement stewardship.

(l) \$240,000 the first year and \$240,000 the second year are for a grant to the Lower Minnesota River Watershed District to defray the annual cost of operating and maintaining sites for dredge spoil to sustain the state, national, and international commercial and recreational navigation on the lower Minnesota River.

(m) \$4,380,000 the first year and \$4,533,000 the second year are for Board of Water and Soil Resources agency administration and operations.

(n) Notwithstanding Minnesota Statutes, section 103C.501, the board may shift cost-share funds in this section and may adjust the technical and administrative assistance portion of the grant funds to leverage federal or other nonstate funds or to address high-priority needs identified in local water management plans or comprehensive water management plans.

(o) The appropriations for grants in this section are available until June 30, 2021, except returned grants are available for two years after they are returned. If an appropriation for grants in either year is insufficient, the appropriation in the other year is available for it.

(p) Notwithstanding Minnesota Statutes, section 16B.97, the appropriations for grants in this section are exempt from Department of Administration, Office of Grants Management Policy 08-08 Grant Payments and 08-10 Grant Monitoring.

Sec. 5. METROPOLITAN COUNCIL \$ 8,540,000 \$ 8,540,000

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	<u>2,540,000</u>	<u>2,540,000</u>
<u>Natural Resources</u>	<u>6,000,000</u>	<u>6,000,000</u>

(a) \$2,540,000 the first year and \$2,540,000 the second year are for metropolitan area

regional parks operation and maintenance according to Minnesota Statutes, section 473.351.

(b) \$6,000,000 the first year and \$6,000,000 the second year are from the natural resources fund for metropolitan area regional parks and trails maintenance and operations. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (3).

Sec. 6. **CONSERVATION CORPS MINNESOTA** \$ **945,000** \$ **945,000**

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
General	<u>455,000</u>	<u>455,000</u>
Natural Resources	<u>490,000</u>	<u>490,000</u>

Conservation Corps Minnesota may receive money appropriated from the natural resources fund under this section only as provided in an agreement with the commissioner of natural resources.

Sec. 7. **ZOOLOGICAL BOARD** \$ **9,227,000** \$ **9,303,000**

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
General	<u>9,067,000</u>	<u>9,143,000</u>
Natural Resources	<u>160,000</u>	<u>160,000</u>

\$160,000 the first year and \$160,000 the second year are from the natural resources fund from the revenue deposited under Minnesota Statutes, section 297A.94, paragraph (e), clause (5).

Sec. 8. **SCIENCE MUSEUM** \$ **1,079,000** \$ **1,079,000**

Sec. 9. **ADMINISTRATION** \$ **800,000** \$ **300,000**

(a) \$300,000 the first year and \$300,000 the second year are from the state forest suspense account in the permanent school fund for the

school trust lands director. This appropriation is to be used for securing long-term economic return from the school trust lands consistent with fiduciary responsibilities and sound natural resources conservation and management principles.

(b) \$500,000 the first year is from the state forest suspense account in the permanent school fund for the school trust lands director to initiate the private sale of surplus school trust lands identified according to Minnesota Statutes, section 92.82, paragraph (d), including but not limited to valuation expenses, legal fees, and transactional staff costs. This is a onetime appropriation and is available until June 30, 2019.

Sec. 10. <u>EXPLORE MINNESOTA TOURISM</u>	<u>\$</u>	<u>15,684,000</u>	<u>\$</u>	<u>14,321,000</u>
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(a) To develop maximum private sector involvement in tourism, \$500,000 the first year and \$500,000 the second year must be matched by Explore Minnesota Tourism from nonstate sources. Each \$1 of state incentive must be matched with \$6 of private sector funding. Cash match is defined as revenue to the state or documented cash expenditures directly expended to support Explore Minnesota Tourism programs. Up to one-half of the private sector contribution may be in-kind or soft match. The incentive in fiscal year 2018 shall be based on fiscal year 2017 private sector contributions. The incentive in fiscal year 2019 shall be based on fiscal year 2018 private sector contributions. This incentive is ongoing.

(b) Funding for the marketing grants is available either year of the biennium. Unexpended grant funds from the first year are available in the second year.

(c) \$100,000 each year is for a grant to the Northern Lights International Music Festival.

(d) \$900,000 the first year is for the major events grant program. This is a onetime

appropriation and is available until June 30, 2021.

(e) \$500,000 the first year is for updating the board's Web site, developing digital content, and making system upgrades. This is a onetime appropriation and is available until June 30, 2019.

Sec. 11. REVENUE	\$	<u>2,000,000</u>	\$	<u>2,000,000</u>
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\$2,000,000 each year is for riparian protection aid payments under Minnesota Statutes, section 477A.21. Notwithstanding Minnesota Statutes, section 477A.21, subdivisions 3 and 4, the first year appropriation may be paid only to counties. Unexpended funds from the first year are available the second year.

Sec. 12. Laws 2016, chapter 189, article 3, section 6, is amended to read:

Sec. 6. ADMINISTRATION	\$	<u>250,000</u>	\$	<u>-0-</u>
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\$250,000 the first year is from the state forest suspense account in the permanent school fund for the school trust lands director to initiate real estate development projects on school trust lands as determined by the school trust lands director. This is a onetime appropriation and is available until June 30, 2019.

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

ARTICLE 2

ENVIRONMENT AND NATURAL RESOURCES STATUTORY CHANGES

Section 1. Minnesota Statutes 2016, section 84.01, is amended by adding a subdivision to read:

Subd. 6. **Legal counsel.** The commissioner of natural resources may appoint attorneys or outside counsel to render title opinions, represent the department in severed mineral interest forfeiture actions brought pursuant to section 93.55, and, notwithstanding any statute to the contrary, represent the state in quiet title or title registration actions affecting land or interests in land administered by the commissioner.

Sec. 2. Minnesota Statutes 2016, section 84.027, subdivision 14a, is amended to read:

Subd. 14a. **Permitting efficiency; public notice.** (a) It is the goal of the state that environmental and resource management permits be issued or denied within 90 days for Tier 1 permits or 150 days for Tier 2 permits following submission of a permit application. The commissioner of natural resources shall establish management systems designed to achieve the goal.

(b) The commissioner shall prepare an annual permitting efficiency report that includes statistics on meeting the goal in paragraph (a) and the criteria for ~~Tier 1 and~~ Tier 2 by permit categories. The report is due August 1 each year. For permit applications that have not met the goal, the report must state the reasons for not meeting the goal. In stating the reasons for not meeting the goal, the commissioner shall separately identify delays caused by the responsiveness of the proposer, lack of staff, scientific or technical disagreements, or the level of public engagement. The report must specify the number of days from initial submission of the application to the day of determination that the application is complete. The report must aggregate the data for the year and assess whether program or system changes are necessary to achieve the goal. The report must be posted on the department's Web site and submitted to the governor and the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over natural resources policy and finance.

(c) The commissioner shall allow electronic submission of environmental review and permit documents to the department.

(d) ~~Beginning July 1, 2011,~~ Within 30 business days of application for a permit subject to paragraph (a), the commissioner of natural resources shall notify the ~~project proposer~~ permit applicant, in writing, whether the application is complete or incomplete. If the commissioner determines that an application is incomplete, the notice to the applicant must enumerate all deficiencies, citing specific provisions of the applicable rules and statutes, and advise the applicant on how the deficiencies can be remedied. If the commissioner determines that the application is complete, the notice must confirm the application's Tier 1 or Tier 2 permit status. If the commissioner believes that a complete application for a Tier 2 construction permit cannot be issued within the 150-day goal, the commissioner must provide notice to the applicant with the commissioner's notice that the application is complete and, upon request of the applicant, provide the permit applicant with a schedule estimating when the agency will begin drafting the permit and issue the public notice of the draft permit. This paragraph does not apply to an application for a permit that is subject to a grant or loan agreement under chapter 446A.

(e) When public notice of a draft individual Tier 2 permit is required, the commissioner must provide the applicant a draft permit for review by the applicant within 30 days after determining the proposal conforms to all federal and state laws and rules, unless the permit applicant and the commissioner mutually agree to a different date. The commissioner must consider all comments submitted by the applicant before issuing the permit.

Sec. 3. Minnesota Statutes 2016, section 84.027, subdivision 14b, is amended to read:

Subd. 14b. **Expediting costs; reimbursement.** Permit applicants ~~who wish to construct, reconstruct, modify, or operate a facility~~ needing any permit from the commissioner of natural resources to construct, reconstruct, or modify a project or to operate a facility may offer to reimburse the department for the costs of staff time or consultant services needed to expedite the preapplication process and permit development process through the final decision on the permit, including the

analysis of environmental review documents. The reimbursement shall be in addition to permit application fees imposed by law. When the commissioner determines that additional resources are needed to develop the permit application in an expedited manner, and that expediting the development is consistent with permitting program priorities, the commissioner may accept the reimbursement. The commissioner must give the permit applicant an estimate of costs for the expedited service to be incurred by the commissioner. The estimate must include a brief description of the tasks to be performed, a schedule for completing the tasks, and the estimated cost for each task. The proposer and the commissioner shall enter into a written agreement detailing the estimated costs for the expedited service to be incurred by the department. The agreement must also identify staff anticipated to be assigned to the project. The commissioner must not issue a permit until the applicant has paid all fees in full. The commissioner must refund any unobligated balance of fees paid. Reimbursements accepted by the commissioner are appropriated to the commissioner for the purpose of developing the permit or analyzing environmental review documents. Reimbursement by a permit applicant shall precede and not be contingent upon issuance of a permit; shall not affect the commissioner's decision on whether to issue or deny a permit, what conditions are included in a permit, or the application of state and federal statutes and rules governing permit determinations; and shall not affect final decisions regarding environmental review.

Sec. 4. Minnesota Statutes 2016, section 84.788, subdivision 2, is amended to read:

Subd. 2. **Exemptions.** Registration is not required for off-highway motorcycles:

(1) owned and used by the United States, an Indian tribal government, the state, another state, or a political subdivision;

(2) registered in another state or country that have not been within this state for more than 30 consecutive days;

(3) registered under chapter 168, when operated on forest roads to gain access to a state forest campground;

(4) used exclusively in organized track racing events;

(5) operated on state or grant-in-aid trails by a nonresident possessing a nonresident off-highway motorcycle state trail pass; ~~or~~

(6) operated by a person participating in an event for which the commissioner has issued a special use permit; or

(7) operated on boundary trails and registered in another state or country providing equal reciprocal registration or licensing exemptions for registrants of this state.

Sec. 5. Minnesota Statutes 2016, section 84.793, subdivision 1, is amended to read:

Subdivision 1. **Prohibitions on youthful operators.** (a) A person six years or older but less than 16 years of age operating an off-highway motorcycle on public lands or waters must possess a valid off-highway motorcycle safety certificate issued by the commissioner.

(b) Except for operation on public road rights-of-way that is permitted under section 84.795, subdivision 1, a driver's license issued by the state or another state is required to operate an off-highway motorcycle along or on a public road right-of-way.

(c) A person under 12 years of age may not:

(1) make a direct crossing of a public road right-of-way;

(2) operate an off-highway motorcycle on a public road right-of-way in the state; or

(3) operate an off-highway motorcycle on public lands or waters unless accompanied by a person 18 years of age or older or participating in an event for which the commissioner has issued a special use permit.

(d) Except for public road rights-of-way of interstate highways, a person less than 16 years of age may make a direct crossing of a public road right-of-way of a trunk, county state-aid, or county highway only if that person is accompanied by a person 18 years of age or older who holds a valid driver's license.

(e) A person less than 16 years of age may operate an off-highway motorcycle on public road rights-of-way in accordance with section 84.795, subdivision 1, paragraph (a), only if that person is accompanied by a person 18 years of age or older who holds a valid driver's license.

(f) Notwithstanding paragraph (a), a nonresident less than 16 years of age may operate an off-highway motorcycle on public lands or waters if the nonresident youth has in possession evidence of completing an off-road safety course offered by the Motorcycle Safety Foundation or another state as provided in section 84.791, subdivision 4.

Sec. 6. Minnesota Statutes 2016, section 84.8031, is amended to read:

84.8031 GRANT-IN-AID APPLICATIONS; REVIEW PERIOD.

The commissioner must review an off-road vehicle grant-in-aid application and, if approved, ~~commence~~ begin public review of the application within 60 days after the completed application has been locally approved and submitted to an area parks and trails office. If the commissioner fails to approve or deny the application within 60 days after submission, the application is deemed approved and the commissioner must provide for a 30-day public review period. If the commissioner denies an application, the commissioner must provide the applicant with a written explanation for denying the application at the time the applicant is notified of the denial.

Sec. 7. Minnesota Statutes 2016, section 84.82, subdivision 2, is amended to read:

Subd. 2. **Application, issuance, issuing fee.** (a) Application for registration or reregistration shall be made to the commissioner or an authorized deputy registrar of motor vehicles in a format prescribed by the commissioner and shall state the legal name and address of every owner of the snowmobile.

(b) A person who purchases a snowmobile from a retail dealer shall make application for registration to the dealer at the point of sale. The dealer shall issue a dealer temporary 21-day registration permit to each purchaser who applies to the dealer for registration. The temporary permit

must contain the dealer's identification number and phone number. Each retail dealer shall submit completed registration and fees to the deputy registrar at least once a week. No fee may be charged by a dealer to a purchaser for providing the temporary permit.

(c) Upon receipt of the application and the appropriate fee, the commissioner or deputy registrar shall issue to the applicant, or provide to the dealer, an assigned registration number or a commissioner or deputy registrar temporary 21-day permit. Once issued, the registration number must be affixed to the snowmobile in a clearly visible and permanent manner for enforcement purposes as the commissioner of natural resources shall prescribe. A dealer subject to paragraph (b) shall provide the registration materials or temporary permit to the purchaser within the temporary 21-day permit period. The registration is not valid unless signed by at least one owner.

(d) Each deputy registrar of motor vehicles acting pursuant to section 168.33, shall also be a deputy registrar of snowmobiles. The commissioner of natural resources in agreement with the commissioner of public safety may prescribe the accounting and procedural requirements necessary to assure efficient handling of registrations and registration fees. Deputy registrars shall strictly comply with these accounting and procedural requirements.

(e) ~~A fee of \$2~~ In addition to ~~that otherwise~~ other fees prescribed by law ~~shall be charged for,~~ an issuing fee of \$4.50 is charged for each snowmobile registration renewal, duplicate or replacement registration card, and replacement decal and an issuing fee of \$7 is charged for each snowmobile registration and registration transfer issued by:

(1) ~~each snowmobile registered by the~~ a registrar or a deputy registrar and ~~the additional fee shall be disposed of~~ must be deposited in the manner provided in section 168.33, subdivision 2; or

(2) ~~each snowmobile registered by the commissioner and the additional fee shall~~ must be deposited in the state treasury and credited to the snowmobile trails and enforcement account in the natural resources fund.

Sec. 8. Minnesota Statutes 2016, section 84.82, subdivision 3, is amended to read:

Subd. 3. **Fees for registration.** (a) The fee for registration of each snowmobile, other than those used for an agricultural purpose, as defined in section 84.92, subdivision 1c, those registered by a dealer or manufacturer pursuant to paragraph (b) or (c), or those registered under subdivision 2a shall be as follows: ~~\$75~~ \$105 for three years and \$10 for a duplicate or transfer.

(b) The total registration fee for all snowmobiles owned by a dealer and operated for demonstration or testing purposes shall be \$50 per year.

(c) The total registration fee for all snowmobiles owned by a manufacturer and operated for research, testing, experimentation, or demonstration purposes shall be \$150 per year. Dealer and manufacturer registrations are not transferable.

(d) The onetime fee for registration of an exempt snowmobile under subdivision 6a is \$6.

Sec. 9. Minnesota Statutes 2016, section 84.8205, subdivision 1, is amended to read:

Subdivision 1. **Sticker required; fee.** (a) A snowmobile that is not registered in the state under section 84.82, subdivision 3, paragraph (a), or that is registered by a manufacturer or dealer under section 84.82, subdivision 3, paragraph (b) or (c), may not be operated on a state or grant-in-aid snowmobile trail unless a snowmobile state trail sticker is affixed to the snowmobile.

(b) The commissioner of natural resources shall issue a sticker upon application and payment of a fee. The fee is:

- (1) ~~\$35~~ \$50 for a one-year snowmobile state trail sticker purchased by an individual; and
- (2) \$15 for a one-year snowmobile state trail sticker purchased by a dealer or manufacturer.

(c) In addition to other penalties prescribed by law, an individual in violation of this subdivision must purchase an annual state trail sticker for a fee of \$70. The sticker is valid from November 1 through June 30. Fees collected under this section, except for the issuing fee for licensing agents, shall be deposited in the state treasury and credited to the snowmobile trails and enforcement account in the natural resources fund and, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, must be used for grants-in-aid, trail maintenance, grooming, and easement acquisition.

(d) A state trail sticker is not required under this section for:

(1) a snowmobile that is owned and used by the United States, an Indian tribal government, another state, or a political subdivision thereof that is exempt from registration under section 84.82, subdivision 6;

(2) a collector snowmobile that is operated as provided in a special permit issued for the collector snowmobile under section 84.82, subdivision 7a;

(3) a person operating a snowmobile only on the portion of a trail that is owned by the person or the person's spouse, child, or parent; or

(4) a snowmobile while being used to groom a state or grant-in-aid trail.

Sec. 10. Minnesota Statutes 2016, section 84.922, subdivision 5, is amended to read:

Subd. 5. **Fees for registration.** (a) The fee for a three-year registration of an all-terrain vehicle under this section, other than those registered by a dealer or manufacturer under paragraph (b) or (c), is:

- (1) for public use, ~~\$45~~ \$60;
- (2) for private use, \$6; and
- (3) for a duplicate or transfer, \$4.

(b) The total registration fee for all-terrain vehicles owned by a dealer and operated for demonstration or testing purposes is \$50 per year. Dealer registrations are not transferable.

(c) The total registration fee for all-terrain vehicles owned by a manufacturer and operated for research, testing, experimentation, or demonstration purposes is \$150 per year. Manufacturer registrations are not transferable.

(d) The onetime fee for registration of an all-terrain vehicle under subdivision 2b is \$6.

(e) The fees collected under this subdivision must be credited to the all-terrain vehicle account.

Sec. 11. Minnesota Statutes 2016, section 84.925, subdivision 1, is amended to read:

Subdivision 1. **Program established.** (a) The commissioner shall establish a comprehensive all-terrain vehicle environmental and safety education and training program, including the preparation and dissemination of vehicle information and safety advice to the public, the training of all-terrain vehicle operators, and the issuance of all-terrain vehicle safety certificates to vehicle operators over the age of 12 years who successfully complete the all-terrain vehicle environmental and safety education and training course. A parent or guardian must be present at the hands-on training portion of the program for youth who are six through ten years of age.

(b) For the purpose of administering the program and to defray the expenses of training and certifying vehicle operators, the commissioner shall collect a fee from each person who receives the training. The commissioner shall collect a fee, to include a \$1 issuing fee for licensing agents, for issuing a duplicate all-terrain vehicle safety certificate. The commissioner shall establish both fees in a manner that neither significantly overrecovers nor underrecovers costs, including overhead costs, involved in providing the services. The fees are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The fees may be established by the commissioner notwithstanding section 16A.1283. Fee proceeds, except for the issuing fee for licensing agents under this subdivision, shall be deposited in the all-terrain vehicle account in the natural resources fund and the amount thereof, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, and issuing fees collected by the commissioner, is appropriated annually to the Enforcement Division of the Department of Natural Resources for the administration of the programs. In addition to the fee established by the commissioner, instructors may charge each person up to the established fee amount for class materials and expenses.

(c) The commissioner shall cooperate with private organizations and associations, private and public corporations, and local governmental units in furtherance of the program established under this section. School districts may cooperate with the commissioner and volunteer instructors to provide space for the classroom portion of the training. The commissioner shall consult with the commissioner of public safety in regard to training program subject matter and performance testing that leads to the certification of vehicle operators. The commissioner shall incorporate a riding component in the safety education and training program.

Sec. 12. Minnesota Statutes 2016, section 84.9256, subdivision 1, is amended to read:

Subdivision 1. **Prohibitions on youthful operators.** (a) Except for operation on public road rights-of-way that is permitted under section 84.928 and as provided under paragraph (j), a driver's license issued by the state or another state is required to operate an all-terrain vehicle along or on a public road right-of-way.

(b) A person under 12 years of age shall not:

(1) make a direct crossing of a public road right-of-way;

(2) operate an all-terrain vehicle on a public road right-of-way in the state; or

(3) operate an all-terrain vehicle on public lands or waters, except as provided in paragraph (f).

(c) Except for public road rights-of-way of interstate highways, a person 12 years of age but less than 16 years may make a direct crossing of a public road right-of-way of a trunk, county state-aid, or county highway or operate on public lands and waters or state or grant-in-aid trails, only if that person possesses a valid all-terrain vehicle safety certificate issued by the commissioner and is accompanied by a person 18 years of age or older who holds a valid driver's license.

(d) To be issued an all-terrain vehicle safety certificate, a person at least 12 years old, but less than 16 years old, must:

(1) successfully complete the safety education and training program under section 84.925, subdivision 1, including a riding component; and

(2) be able to properly reach and control the handle bars and reach the foot pegs while sitting upright on the seat of the all-terrain vehicle.

(e) A person at least ~~4~~ six years of age may take the safety education and training program and may receive an all-terrain vehicle safety certificate under paragraph (d), but the certificate is not valid until the person reaches age 12.

(f) A person at least ten years of age but under 12 years of age may operate an all-terrain vehicle with an engine capacity up to ~~90cc~~ 110cc if the vehicle is a class 1 all-terrain vehicle with straddle-style seating or up to 170cc if the vehicle is a class 1 all-terrain vehicle with side-by-side-style seating on public lands or waters if accompanied by a parent or legal guardian.

(g) A person under 15 years of age shall not operate a class 2 all-terrain vehicle.

(h) A person under the age of 16 may not operate an all-terrain vehicle on public lands or waters or on state or grant-in-aid trails if the person cannot properly reach and control:

(1) the handle bars and reach the foot pegs while sitting upright on the seat of the all-terrain vehicle with straddle-style seating; or

(2) the steering wheel and foot controls of a class 1 all-terrain vehicle with side-by-side-style seating while sitting upright in the seat with the seat belt fully engaged.

(i) Notwithstanding paragraph (c), a nonresident at least 12 years old, but less than 16 years old, may make a direct crossing of a public road right-of-way of a trunk, county state-aid, or county highway or operate an all-terrain vehicle on public lands and waters or state or grant-in-aid trails if:

(1) the nonresident youth has in possession evidence of completing an all-terrain safety course offered by the ATV Safety Institute or another state as provided in section 84.925, subdivision 3; and

(2) the nonresident youth is accompanied by a person 18 years of age or older who holds a valid driver's license.

(j) A person 12 years of age but less than 16 years of age may operate an all-terrain vehicle on the roadway, bank, slope, or ditch of a public road right-of-way as permitted under section 84.928 if the person:

(1) possesses a valid all-terrain vehicle safety certificate issued by the commissioner; and

(2) is accompanied by a parent or legal guardian on a separate all-terrain vehicle.

Sec. 13. Minnesota Statutes 2016, section 84.9256, subdivision 2, is amended to read:

Subd. 2. **Helmet and seat belts required.** (a) A person less than 18 years of age shall not ride as a passenger or as an operator of an all-terrain vehicle on public land, public waters, or on a public road right-of-way unless wearing a safety helmet approved by the commissioner of public safety.

(b) A person less than 18 years of age shall not ride as a passenger or as an operator of ~~a class~~ an all-terrain vehicle without wearing a seat belt when provided by the manufacturer.

Sec. 14. Minnesota Statutes 2016, section 84.9275, subdivision 1, is amended to read:

Subdivision 1. **Pass required; fee.** (a) A tribal member exempt from registration under section 84.922, subdivision 1a, clause (2), or a nonresident may not operate an all-terrain vehicle on a state or grant-in-aid all-terrain vehicle trail unless the operator carries a valid nonresident all-terrain vehicle state trail pass in immediate possession. The pass must be available for inspection by a peace officer, a conservation officer, or an employee designated under section 84.0835.

(b) The commissioner of natural resources shall issue a pass upon application and payment of a ~~\$20~~ \$30 fee. The pass is valid from January 1 through December 31. Fees collected under this section, except for the issuing fee for licensing agents, shall be deposited in the state treasury and credited to the all-terrain vehicle account in the natural resources fund and, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, must be used for grants-in-aid to counties and municipalities for all-terrain vehicle organizations to construct and maintain all-terrain vehicle trails and use areas.

(c) A nonresident all-terrain vehicle state trail pass is not required for:

(1) an all-terrain vehicle that is owned and used by the United States, another state, or a political subdivision thereof that is exempt from registration under section 84.922, subdivision 1a;

(2) a person operating an all-terrain vehicle only on the portion of a trail that is owned by the person or the person's spouse, child, or parent; or

(3) a nonresident operating an all-terrain vehicle that is registered according to section 84.922.

Sec. 15. Minnesota Statutes 2016, section 84.946, subdivision 2, is amended to read:

Subd. 2. **Standards.** (a) An appropriation for asset preservation may be used only for a capital expenditure on a capital asset previously owned by the state, within the meaning of generally accepted accounting principles as applied to public expenditures. The commissioner of natural resources will consult with the commissioner of management and budget to the extent necessary to ensure this and will furnish the commissioner of management and budget a list of projects to be financed from the account in order of their priority. The legislature assumes that many projects for preservation and replacement of portions of existing capital assets will constitute betterments and capital improvements within the meaning of the Constitution and capital expenditures under generally accepted accounting principles, and will be financed more efficiently and economically under this section than by direct appropriations for specific projects.

(b) An appropriation for asset preservation must not be used to acquire land or to acquire or construct buildings or other facilities.

(c) Capital budget expenditures for natural resource asset preservation and replacement projects must be for one or more of the following types of capital projects that support the existing programmatic mission of the department: code compliance including health and safety, Americans with Disabilities Act requirements, hazardous material abatement, access improvement, or air quality improvement; building energy efficiency improvements using current best practices; building or infrastructure repairs necessary to preserve the interior and exterior of existing buildings; projects to remove life safety hazards such as building code violations or structural defects; or renovation of other existing improvements to land, including but not limited to trails and bridges.

(d) Up to ten percent of an appropriation awarded under this section may be used for design costs for projects eligible to be funded from this account in anticipation of future funding from the account.

Sec. 16. Minnesota Statutes 2016, section 84.946, is amended by adding a subdivision to read:

Subd. 4. **Priorities; report.** The commissioner of natural resources must establish priorities for natural resource asset preservation and replacement projects. By January 15 each year, the commissioner must submit to the commissioner of management and budget a list of the projects that have been paid for with money from a natural resource asset preservation and replacement appropriation during the preceding calendar year.

Sec. 17. Minnesota Statutes 2016, section 84.992, subdivision 3, is amended to read:

Subd. 3. **Training and mentoring.** The commissioner must develop and implement a training program that adequately prepares Minnesota Naturalist Corps members for the tasks assigned. Each corps member ~~shall be~~ is assigned ~~a state park~~ an interpretive naturalist as a mentor.

Sec. 18. Minnesota Statutes 2016, section 84.992, subdivision 4, is amended to read:

Subd. 4. **Uniform ~~patch~~ pin.** Uniforms worn by members of the Minnesota Naturalist Corps must have a ~~patch~~ pin that includes the name of the Minnesota Naturalist Corps and information that the program is funded by the clean water, land, and legacy amendment to the Minnesota Constitution adopted by the voters in November 2008.

Sec. 19. Minnesota Statutes 2016, section 84.992, subdivision 5, is amended to read:

Subd. 5. **Eligibility.** A person is eligible to enroll in the Minnesota Naturalist Corps if the person:

(1) is a permanent resident of the state;

(2) is a participant in an approved college internship program ~~or has a postsecondary degree in a field related to natural resource resources, cultural history, interpretation, or conservation related field;~~ and

(3) has completed at least one year of postsecondary education.

Sec. 20. Minnesota Statutes 2016, section 84.992, subdivision 6, is amended to read:

Subd. 6. **Corps member status.** Minnesota Naturalist Corps members are not eligible for unemployment benefits ~~if their services are excluded under section 268.035, subdivision 20,~~ and are not eligible for other benefits except workers' compensation. The corps members are not employees of the state within the meaning of section 43A.02, subdivision 21.

Sec. 21. Minnesota Statutes 2016, section 84D.03, subdivision 3, is amended to read:

Subd. 3. **Bait harvest from infested waters.** (a) Taking wild animals from infested waters for bait or aquatic farm purposes is prohibited, except as provided in paragraph (b), (c), or (d), and section 97C.341.

(b) In waters that are listed as infested waters, except those listed as infested with prohibited invasive species of fish or certifiable diseases of fish, as defined under section 17.4982, subdivision 6, taking wild animals may be permitted for:

(1) commercial taking of wild animals for bait and aquatic farm purposes as provided in a permit issued under section 84D.11, subject to rules adopted by the commissioner; and

(2) bait purposes for noncommercial personal use in waters that contain Eurasian watermilfoil, when the infested waters are listed solely because they contain Eurasian watermilfoil and if the equipment for taking is limited to cylindrical minnow traps not exceeding 16 inches in diameter and 32 inches in length.

(c) In streams or rivers that are listed as infested waters, except those listed as infested with certifiable diseases of fish, as defined under section 17.4982, subdivision 6, the harvest of bullheads, goldeyes, mooneyes, sheepshead (freshwater drum), and suckers for bait by hook and line for noncommercial personal use is allowed as follows:

(1) fish taken under this paragraph must be used on the same body of water where caught and while still on that water body. Where the river or stream is divided by barriers such as dams, the fish must be caught and used on the same section of the river or stream;

(2) fish taken under this paragraph may not be transported live from or off the water body;

(3) fish harvested under this paragraph may only be used in accordance with this section;

(4) any other use of wild animals used for bait from infested waters is prohibited;

(5) fish taken under this paragraph must meet all other size restrictions and requirements as established in rules; and

(6) all species listed under this paragraph shall be included in the person's daily limit as established in rules, if applicable.

(d) In the Mississippi River downstream of St. Anthony Falls and the St. Croix River downstream of the dam at Taylors Falls, including portions described as Minnesota-Wisconsin boundary waters in Minnesota Rules, part 6266.0500, subpart 1, items A and B, the harvest of gizzard shad by cast net for noncommercial personal use as bait for angling, as provided in a permit issued under section 84D.11, is allowed as follows:

(1) nontarget species must immediately be returned to the water;

(2) gizzard shad taken under this paragraph must be used on the same body of water where caught and while still on that water body. Where the river is divided by barriers such as dams, the gizzard shad must be caught and used on the same section of the river;

(3) gizzard shad taken under this paragraph may not be transported off the water body; and

(4) gizzard shad harvested under this paragraph may only be used in accordance with this section.

This paragraph expires December 1, 2017.

(e) Equipment authorized for minnow harvest in a listed infested water by permit issued under paragraph (b) may not be transported to, or used in, any waters other than waters specified in the permit.

(f) Bait intended for sale may not be held in infested water after taking and before sale, unless authorized under a license or permit according to Minnesota Rules, part 6216.0500.

Sec. 22. Minnesota Statutes 2016, section 84D.03, subdivision 4, is amended to read:

Subd. 4. Commercial fishing and turtle, frog, and crayfish harvesting restrictions in infested and noninfested waters. (a) All nets, traps, buoys, anchors, stakes, and lines used for commercial fishing or turtle, frog, or crayfish harvesting in an infested water that is listed because it contains invasive fish, invertebrates, or certifiable diseases, as defined in section 17.4982, ~~may not be used in any other waters. If a commercial licensee operates in an infested water listed because it contains invasive fish, invertebrates, or certifiable diseases, as defined in section 17.4982, all nets, traps, buoys, anchors, stakes, and lines used for commercial fishing or turtle, frog, or crayfish harvesting in waters listed as infested with invasive fish, invertebrates, or certifiable diseases, as defined in section 17.4982,~~ must be tagged with tags provided by the commissioner, as specified in the commercial licensee's license or permit. Tagged gear must not be used in water bodies other than those specified in the license or permit. The permit may authorize department staff to remove tags after the gear is decontaminated. This tagging requirement does not apply to commercial fishing equipment used in Lake Superior.

(b) All nets, traps, buoys, anchors, stakes, and lines used for commercial fishing or turtle, frog, or crayfish harvesting in an infested water that is listed solely because it contains Eurasian watermilfoil must be dried for a minimum of ten days or frozen for a minimum of two days before they are used in any other waters, except as provided in this paragraph. Commercial licensees must notify the department's regional or area fisheries office or a conservation officer before removing nets or equipment from an infested water listed solely because it contains Eurasian watermilfoil and before resetting those nets or equipment in any other waters. Upon notification, the commissioner may authorize a commercial licensee to move nets or equipment to another water without freezing or drying, if that water is listed as infested solely because it contains Eurasian watermilfoil.

(c) A commercial licensee must remove all aquatic macrophytes from nets and other equipment before placing the equipment into waters of the state.

(d) The commissioner shall provide a commercial licensee with a current listing of listed infested waters at the time that a license or permit is issued.

Sec. 23. Minnesota Statutes 2016, section 84D.04, subdivision 1, is amended to read:

Subdivision 1. **Classes.** The commissioner shall, as provided in this chapter, classify nonnative species of aquatic plants and wild animals, including subspecies, genotypes, cultivars, hybrids, or genera of nonnative species, according to the following categories:

(1) prohibited invasive species, which may not be possessed, imported, purchased, sold, propagated, transported, or introduced except as provided in section 84D.05;

(2) regulated invasive species, which may not be introduced except as provided in section 84D.07;

(3) unlisted nonnative species, which are subject to the classification procedure in section 84D.06; and

(4) unregulated nonnative species, which are not subject to regulation under this chapter.

Sec. 24. Minnesota Statutes 2016, section 84D.05, subdivision 1, is amended to read:

Subdivision 1. **Prohibited activities.** A person may not possess, import, purchase, sell, propagate, transport, or introduce a prohibited invasive species, except:

(1) under a permit issued by the commissioner under section 84D.11;

(2) in the case of purple loosestrife, as provided by sections 18.75 to 18.88;

(3) under a restricted species permit issued under section 17.457;

(4) when being transported to the department, or another destination as the commissioner may direct, in a sealed container for purposes of identifying the species or reporting the presence of the species;

(5) when being transported for disposal as part of a harvest or control activity when specifically authorized under a permit issued by the commissioner according to section 103G.615, when being

transported for disposal as specified under a commercial fishing license issued by the commissioner according to section 97A.418, 97C.801, 97C.811, 97C.825, 97C.831, or 97C.835, or when being transported as specified by the commissioner;

(6) when being removed from watercraft and equipment, or caught while angling, and immediately returned to the water from which they came; ~~or~~

(7) when being transported from riparian property to a legal disposal site that is at least 100 feet from any surface water, ditch, or seasonally flooded land, provided the prohibited invasive species are in a covered commercial vehicle specifically designed and used for hauling trash; or

~~(7)~~ (8) as the commissioner may otherwise prescribe by rule.

Sec. 25. Minnesota Statutes 2016, section 84D.108, subdivision 2a, is amended to read:

Subd. 2a. **Lake Minnetonka pilot study.** (a) The commissioner may issue an additional permit to service providers to return to Lake Minnetonka water-related equipment with zebra mussels attached after the equipment has been seasonally stored, serviced, or repaired. The permit must include verification and documentation requirements and any other conditions the commissioner deems necessary.

(b) Water-related equipment with zebra mussels attached may be returned only to Lake Minnetonka (DNR Division of Waters number 27-0133) by service providers permitted under subdivision 1.

(c) The service provider's place of business must be within the Lake Minnetonka Conservation District as established according to sections 103B.601 to 103B.645 or within a municipality immediately bordering the Lake Minnetonka Conservation District's boundaries.

(d) A service provider applying for a permit under this subdivision must, if approved for a permit and before the permit is valid, furnish a corporate surety bond in favor of the state for \$50,000 payable upon violation of this chapter while the service provider is acting under a permit issued according to this subdivision.

(e) This subdivision expires December 1, ~~2018~~ 2019.

Sec. 26. Minnesota Statutes 2016, section 84D.108, is amended by adding a subdivision to read:

Subd. 2b. **Gull Lake pilot study.** (a) The commissioner may include an additional targeted pilot study to include water-related equipment with zebra mussels attached for the Gull Narrows State Water Access Site, Government Point State Water Access Site, and Gull East State Water Access Site on Gull Lake (DNR Division of Waters number 11-0305) in Cass and Crow Wing Counties using the same authorities, general procedures, and requirements provided for the Lake Minnetonka pilot project in subdivision 2a. Lake service providers participating in the Gull Lake targeted pilot study place of business must be located in Cass or Crow Wing County.

(b) If an additional targeted pilot project for Gull Lake is implemented under this section, the report to the chairs and ranking minority members of the senate and house of representatives

committees having jurisdiction over natural resources required under Laws 2016, chapter 189, article 3, section 48, must also include the Gull Lake targeted pilot study recommendations and assessments.

(c) This subdivision expires December 1, 2019.

Sec. 27. Minnesota Statutes 2016, section 84D.108, is amended by adding a subdivision to read:

Subd. 2c. **Cross Lake pilot study.** (a) The commissioner may include an additional targeted pilot study to include water-related equipment with zebra mussels attached for the Cross Lake #1 State Water Access Site on Cross Lake (DNR Division of Waters number 18-0312) in Crow Wing County using the same authorities, general procedures, and requirements provided for the Lake Minnetonka pilot project in subdivision 2a. The place of business of lake service providers participating in the Cross Lake targeted pilot study must be located in Cass or Crow Wing County.

(b) If an additional targeted pilot project for Cross Lake is implemented under this section, the report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over natural resources required under Laws 2016, chapter 189, article 3, section 48, must also include the Cross Lake targeted pilot study recommendations and assessments.

(c) This subdivision expires December 1, 2019.

Sec. 28. Minnesota Statutes 2016, section 84D.11, is amended by adding a subdivision to read:

Subd. 1a. **Permit for invasive carp.** The commissioner may issue a permit to departmental divisions for tagging bighead, black, grass, or silver carp for research or control. Under the permit, the carp may be released into the water body from which the carp was captured. This subdivision expires December 31, 2021.

Sec. 29. **[85.0507] FORT RIDGELY GOLF COURSE; GOLF CARTS.**

The commissioner may by contract, concession agreement, or lease, authorize the use of golf carts on the golf course at Fort Ridgely State Park.

Sec. 30. Minnesota Statutes 2016, section 85.052, subdivision 1, is amended to read:

Subdivision 1. **Authority to establish.** (a) The commissioner may establish, by written order, provisions for the use of state parks for the following:

(1) special parking space for automobiles or other motor-driven vehicles in a state park or state recreation area;

(2) special parking spurs, campgrounds for automobiles, sites for tent camping, other types of lodging, camping, or day use facilities, and special auto trailer coach parking spaces, for the use of the individual charged for the space or facility;

(3) improvement and maintenance of golf courses already established in state parks, and charging reasonable use fees; and

(4) providing water, sewer, and electric service to trailer or tent campsites and charging a reasonable use fee.

(b) Provisions established under paragraph (a) are exempt from section 16A.1283 and the rulemaking provisions of chapter 14. Section 14.386 does not apply.

(c) For the purposes of this subdivision, "lodging" means an enclosed shelter, room, or building with furnishings for overnight use.

Sec. 31. Minnesota Statutes 2016, section 85.053, subdivision 8, is amended to read:

Subd. 8. **Free permit; military personnel; exemption.** (a) ~~A one-day permit, Annual permits under subdivision 4, shall~~ 1 must be issued without a fee for a motor vehicle being used by a person who is serving in to active military service personnel in any branch or unit of the United States armed forces and who is stationed outside Minnesota, during the period of active service and for 90 days immediately thereafter, if the or their dependents and to recipients of a Purple Heart medal. To qualify for a free permit under this subdivision, a person presents the person's current military orders must present qualifying military identification or an annual pass for the United States military issued through the National Parks and Federal Recreational Lands Pass program to the park attendant on duty or other designee of the commissioner.

~~(b) For purposes of this section, "active service" has the meaning given under section 190.05, subdivision 5e, when performed outside Minnesota~~ subdivision, the commissioner shall establish what constitutes qualifying military identification in the State Register.

~~(c) A permit is not required for a motor vehicle being used by military personnel or their dependents who have in their possession the annual pass for United States military and their dependents issued by the federal government for access to federal recreation sites~~ For vehicles permitted under paragraph (a), the permit or decal issued under this subdivision is valid only when displayed on a vehicle owned and occupied by the person to whom the permit is issued.

(d) The commissioner may issue a daily vehicle permit free of charge to an individual who qualifies under paragraph (a) and does not own or operate a motor vehicle.

Sec. 32. Minnesota Statutes 2016, section 85.053, subdivision 10, is amended to read:

Subd. 10. **Free entrance permit; disabled veterans.** (a) ~~The commissioner shall issue an annual park permit for no charge to any veteran with a total and permanent service-connected disability, and a daily park permit to any resident veteran with any level of service-connected disability, as determined by the United States Department of Veterans Affairs, who presents each year a copy of the veteran's determination letter or other official form of validation issued by the United States Department of Veterans Affairs or the United States Department of Defense to a park attendant or commissioner's designee. For the purposes of this section~~ subdivision, "veteran" has the meaning given in section 197.447.

(b) For vehicles permitted under paragraph (a), the permit or decal issued under this subdivision is valid only when displayed on a vehicle owned and occupied by the person to whom the permit is issued.

(c) The commissioner may issue a daily vehicle permit free of charge to an individual who qualifies under paragraph (a) and does not own or operate a motor vehicle.

Sec. 33. Minnesota Statutes 2016, section 85.054, is amended by adding a subdivision to read:

Subd. 19. **Fort Ridgely golf course.** The commissioner may by contract, concession agreement, or lease waive a state park permit and associated fee for motor vehicle entry or parking for persons playing golf at the Fort Ridgely State Park golf course provided that the contract, concession agreement, or lease payment to the state is set, in part, to compensate the state park system for the loss of the state park fees.

Sec. 34. Minnesota Statutes 2016, section 85.055, subdivision 1, is amended to read:

Subdivision 1. **Fees.** The fee for state park permits for:

- (1) an annual use of state parks is ~~\$25~~ \$35;
- (2) a second or subsequent vehicle state park permit is ~~\$18~~ \$26;
- (3) a state park permit valid for one day is ~~\$5~~ \$7;
- (4) a daily vehicle state park permit for groups is ~~\$3~~ \$5;
- (5) an annual permit for motorcycles is ~~\$20~~ \$30;
- (6) an employee's state park permit is without charge; and
- (7) a state park permit for persons with disabilities under section 85.053, subdivision 7, paragraph (a), clauses (1) to (3), is \$12.

The fees specified in this subdivision include any sales tax required by state law.

Sec. 35. Minnesota Statutes 2016, section 85.22, subdivision 2a, is amended to read:

Subd. 2a. **Receipts, appropriation.** All receipts derived from the rental or sale of state park items, tours at ~~Forestville Mystery Cave State Park~~, interpretation programs, educational programs, and operation of Douglas Lodge shall be deposited in the state treasury and be credited to the state parks working capital account. Receipts and expenses from Douglas Lodge shall be tracked separately within the account. Money in the account is annually appropriated for the purchase and payment of expenses attributable to items for resale or rental and operation of Douglas Lodge. Any excess receipts in this account are annually appropriated for state park management and interpretive programs.

Sec. 36. Minnesota Statutes 2016, section 85.32, subdivision 1, is amended to read:

Subdivision 1. ~~Areas marked~~ **Designation.** The commissioner of natural resources is authorized in cooperation with local units of government and private individuals and groups when feasible to ~~mark~~ manage state water trails on the Lake Superior water trail under section 85.0155 and on the following rivers, which have historic, recreational, and scenic values: Little Fork, Big Fork, Minnesota, St. Croix, Snake, Mississippi, Red Lake, Cannon, Straight, Des Moines, Crow Wing, St. Louis, Pine, Rum, Kettle, Cloquet, Root, Zumbro, Pomme de Terre within Swift County, Watonwan, Cottonwood, Whitewater, Chippewa from Benson in Swift County to Montevideo in Chippewa County, Long Prairie, Red River of the North, Sauk, Otter Tail, Redwood, Blue Earth,

Cedar, Shell Rock, and Vermilion in St. Louis County, North Fork of the Crow, and South Fork of the Crow Rivers, which have historic and scenic values, and to mark appropriately. The commissioner may map and sign points of interest, public water access sites, portages, camp sites, and all dams, rapids, waterfalls, whirlpools, and other serious hazards that are dangerous to canoe, kayak, and watercraft travelers. The commissioner may maintain passageway for watercraft on state water trails.

Sec. 37. **[85.47] SPECIAL USE PERMITS; FEES.**

Fees collected for special use permits to use state trails not on state forest, state park, or state recreation area lands and for use of state water access sites must be deposited in the natural resources fund.

Sec. 38. Minnesota Statutes 2016, section 86B.301, subdivision 2, is amended to read:

Subd. 2. **Exemptions.** A watercraft license is not required for:

(1) a watercraft that is covered by a license or number in full force and effect under federal law or a federally approved licensing or numbering system of another state, or a watercraft that is owned by a person from another state and that state does not require licensing that type of watercraft, and the watercraft has not been within this state for more than 90 consecutive days, which does not include days that a watercraft is laid up at dock over winter or for repairs at a Lake Superior port or another port in the state;

(2) a watercraft from a country other than the United States that has not been within this state for more than 90 consecutive days, which does not include days that a watercraft is laid up at dock over winter or for repairs at a Lake Superior port or another port in the state;

(3) a watercraft owned by the United States, an Indian tribal government, a state, or a political subdivision of a state, except watercraft used for recreational purposes;

(4) a ship's lifeboat;

(5) a watercraft that has been issued a valid marine document by the United States government;

(6) a waterfowl boat during waterfowl-hunting season;

(7) a rice boat during the harvest season;

(8) a seaplane;

(9) a nonmotorized watercraft ten feet in length or less; and

(10) a watercraft that is covered by a valid license or number issued by a federally recognized Indian tribe in the state under a federally approved licensing or numbering system and that is owned by a member of that tribe.

Sec. 39. Minnesota Statutes 2016, section 86B.313, subdivision 1, is amended to read:

Subdivision 1. **General requirements.** (a) In addition to requirements of other laws relating to watercraft, a person may not operate or permit the operation of a personal watercraft:

(1) without each person on board the personal watercraft wearing a ~~United States Coast Guard (USCG) approved~~ wearable personal flotation device ~~with a~~ that is approved by the United States Coast Guard (USCG) and has a USCG label indicating it the flotation device either is approved for or does not prohibit use with personal watercraft ~~or water skiing~~;

(2) between one hour before sunset and 9:30 a.m.;

(3) at greater than slow-no wake speed within 150 feet of:

(i) a shoreline;

(ii) a dock;

(iii) a swimmer;

(iv) a raft used for swimming or diving; or

(v) a moored, anchored, or nonmotorized watercraft;

(4) while towing a person on water skis, a kneeboard, an inflatable craft, or any other device unless:

(i) an observer is on board; or

(ii) the personal watercraft is equipped with factory-installed or factory-specified accessory mirrors that give the operator a wide field of vision to the rear;

(5) without the lanyard-type engine cutoff switch being attached to the person, clothing, or personal flotation device of the operator, if the personal watercraft is equipped by the manufacturer with such a device;

(6) if any part of the spring-loaded throttle mechanism has been removed, altered, or tampered with so as to interfere with the return-to-idle system;

(7) to chase or harass wildlife;

(8) through emergent or floating vegetation at other than a slow-no wake speed;

(9) in a manner that unreasonably or unnecessarily endangers life, limb, or property, including weaving through congested watercraft traffic, jumping the wake of another watercraft within 150 feet of the other watercraft, or operating the watercraft while facing backwards;

(10) in any other manner that is not reasonable and prudent; or

(11) without a personal watercraft rules decal, issued by the commissioner, attached to the personal watercraft so as to be in full view of the operator.

(b) Paragraph (a), clause (3), does not apply to a person operating a personal watercraft to launch or land a person on water skis, a kneeboard, or similar device by the most direct route to open water.

Sec. 40. Minnesota Statutes 2016, section 86B.701, subdivision 3, is amended to read:

Subd. 3. **Allocation of funding.** (a) Notwithstanding section 16A.41, expenditures directly related to each appropriation's purpose made on or after January 1 of the fiscal year in which the grant is made or the date of work plan approval, whichever is later, are eligible for reimbursement unless otherwise provided.

(b) The amount of funds to be allocated under subdivisions 1 and 2 and shall be determined by the commissioner on the basis of the following criteria:

- (1) the number of watercraft using the waters wholly or partially within the county;
- (2) the number of watercraft using particular bodies of water, wholly or partially within the county, in relation to the size of the body of water and the type, speed, and size of the watercraft utilizing the water body;
- (3) the amount of water acreage wholly or partially within the county;
- (4) the overall performance of the county in the area of boat and water safety;
- (5) special considerations, such as volume of transient or nonresident watercraft use, number of rental watercraft, extremely large bodies of water wholly or partially in the county; or
- (6) any other factor as determined by the commissioner.

~~(b)~~ (c) The commissioner may require reports from the counties, make appropriate surveys or studies, or utilize local surveys or studies to determine the criteria required in allocation funds.

Sec. 41. Minnesota Statutes 2016, section 88.01, subdivision 28, is amended to read:

Subd. 28. **Prescribed burn.** "Prescribed burn" means a fire that is intentionally ignited, managed, and controlled for the purpose of managing forests, prairies, or wildlife habitats by an entity meeting certification requirements established by the commissioner ~~for the purpose of managing vegetation~~. A prescribed burn that has exceeded its prescribed boundaries and requires immediate suppression action by a local fire department or other agency with wildfire suppression responsibilities is considered a wildfire.

Sec. 42. Minnesota Statutes 2016, section 88.523, is amended to read:

88.523 AUXILIARY FOREST CONTRACTS; SUPPLEMENTAL AGREEMENTS.

Upon application of the owner, any auxiliary forest contract may be made subject to any provisions of law enacted subsequent to the execution of the contract and in force at the time of application, so far as not already applicable, with the approval of the county board and the commissioner of natural resources. A supplemental agreement in a ~~form~~ format prescribed by the commissioner ~~and approved by the attorney general~~ must be executed by the commissioner in behalf of the state and by the owner. The supplemental agreement must be filed and recorded in like manner as the supplemental contract under section 88.49, subdivision 9, and takes effect upon filing and recording.

Sec. 43. Minnesota Statutes 2016, section 89.39, is amended to read:

89.39 PURCHASE AGREEMENTS AND PENALTIES.

Every individual, partnership, or private corporation to whom any planting stock is supplied for planting on private land ~~hereunder shall~~ under sections 89.35 to 89.39 must execute an agreement, ~~upon a form~~ in a format approved by the attorney general commissioner, to comply with ~~all~~ the requirements of sections 89.35 to 89.39 and ~~all~~ conditions prescribed by the commissioner ~~hereunder thereunder~~. Any party to such an agreement who ~~shall violate any provision thereof shall~~, violates the agreement is, in addition to any other penalties that may be applicable, ~~be~~ liable to the state in a sum equal to three times the reasonable value of the trees affected by the violation at the time the ~~same~~ trees were shipped for planting; provided, that if ~~such~~ the trees are sold or offered for sale for any purpose not ~~herein~~ authorized, such under sections 89.35 to 89.39, the penalty ~~shall be~~ is equal to three times the sale price. ~~Such~~ The penalties ~~shall be~~ are recoverable in a civil action brought in the name of the state by the attorney general.

Sec. 44. Minnesota Statutes 2016, section 90.01, is amended by adding a subdivision to read:

Subd. 1a. **Affiliate.** "Affiliate" means a person who:

(1) controls, is controlled by, or is under common control with any other person, including, without limitation, a partner, business entity with common ownership, or principal of any business entity or a subsidiary, parent company, or holding company of any person; or

(2) bids as a representative for another person.

Sec. 45. Minnesota Statutes 2016, section 90.01, subdivision 8, is amended to read:

Subd. 8. **Permit holder.** "Permit holder" means the person or affiliate of the person who is the signatory of a permit to cut timber on state lands.

Sec. 46. Minnesota Statutes 2016, section 90.01, subdivision 12, is amended to read:

Subd. 12. **Responsible bidder.** "Responsible bidder" means a person or affiliate of a person who is financially responsible; demonstrates the judgment, skill, ability, capacity, and integrity requisite and necessary to perform according to the terms of a permit issued under this chapter; and is not currently debarred by ~~another~~ a government entity for any cause.

Sec. 47. Minnesota Statutes 2016, section 90.041, subdivision 2, is amended to read:

Subd. 2. **Trespass on state lands.** The commissioner may compromise and settle, ~~with notification to the attorney general~~, upon terms the commissioner deems just, any claim of the state for casual and involuntary trespass upon state lands or timber; provided that no claim shall be settled for less than the full value of all timber or other materials taken in casual trespass or the full amount of all actual damage or loss suffered by the state as a result. Upon request, the commissioner shall advise the Executive Council of any information acquired by the commissioner concerning any trespass on state lands, giving all details and names of witnesses and all compromises and settlements made under this subdivision.

Sec. 48. Minnesota Statutes 2016, section 90.051, is amended to read:

90.051 SUPERVISION OF SALES; BOND.

The department employee delegated to supervise state timber appraisals and sales shall be bonded in a form to be prescribed by the ~~attorney general~~ commissioner and in the sum of not less than \$25,000, conditioned upon the faithful and honest performance of duties.

Sec. 49. Minnesota Statutes 2016, section 90.101, subdivision 2, is amended to read:

Subd. 2. **Sale list and notice.** At least 30 days before the date of sale, the commissioner shall compile a list containing a description of each tract of land upon which any timber to be offered is situated and a statement of the estimated quantity of timber and of the appraised price of each kind of timber thereon as shown by the report of the state appraiser. No description shall be added after the list is posted and no timber shall be sold from land not described in the list. Copies of the list ~~shall~~ must be furnished to all interested applicants. At least 30 days before the date of sale, a copy of the list shall ~~shall~~ must be posted on the Internet or conspicuously posted in the forest office or other public facility most accessible to potential bidders at least 30 days prior to the date of sale. ~~The commissioner shall cause a notice to be published once not less than one week before the date of sale in a legal newspaper in the county or counties where the land is situated. The notice shall state the time and place of the sale and the location at which further information regarding the sale may be obtained.~~ The commissioner may give other published or posted notice as the commissioner deems proper to reach prospective bidders.

Sec. 50. Minnesota Statutes 2016, section 90.14, is amended to read:

90.14 AUCTION SALE PROCEDURE.

(a) All state timber shall be offered and sold by the same unit of measurement as it was appraised. No tract shall be sold to any person other than the ~~purchaser~~ responsible bidder in whose name the bid was made. The commissioner may refuse to approve any and all bids received and cancel a sale of state timber for good and sufficient reasons.

(b) The purchaser at any sale of timber shall, immediately upon the approval of the bid, or, if unsold at public auction, at the time of purchase at a subsequent sale under section 90.101, subdivision 1, pay to the commissioner a down payment of 15 percent of the appraised value. In case any purchaser fails to make such payment, the purchaser shall be liable therefor to the state in a civil action, and the commissioner may reoffer the timber for sale as though no bid or sale under section 90.101, subdivision 1, therefor had been made.

(c) In lieu of the scaling of state timber required by this chapter, a purchaser of state timber may, at the time of payment by the purchaser to the commissioner of 15 percent of the appraised value, elect in ~~writing on a form~~ format prescribed by the ~~attorney general~~ commissioner to purchase a permit based solely on the appraiser's estimate of the volume of timber described in the permit, provided that the commissioner has expressly designated the availability of such option for that tract on the list of tracts available for sale as required under section 90.101. A purchaser who elects in ~~writing on a form~~ format prescribed by the ~~attorney general~~ commissioner to purchase a permit based solely on the appraiser's estimate of the volume of timber described on the permit does not have recourse to the provisions of section 90.281.

(d) In the case of a public auction sale conducted by a sealed bid process, tracts shall be awarded to the high bidder, who shall pay to the commissioner a down payment of 15 percent of the appraised value that must be received or postmarked within 14 days of the date of the sealed bid opening. If

a purchaser fails to make the down payment, the purchaser is liable for the down payment to the state and the commissioner may offer the timber for sale to the next highest bidder as though no higher bid had been made.

(e) Except as otherwise provided by law, at the time the purchaser signs a permit issued under section 90.151, the commissioner shall require the purchaser to make a bid guarantee payment to the commissioner in an amount equal to 15 percent of the total purchase price of the permit less the down payment amount required by paragraph (b) for any bid increase in excess of \$10,000 of the appraised value. If a required bid guarantee payment is not submitted with the signed permit, no harvesting may occur, the permit cancels, and the down payment for timber forfeits to the state. The bid guarantee payment forfeits to the state if the purchaser and successors in interest fail to execute an effective permit.

Sec. 51. Minnesota Statutes 2016, section 90.145, subdivision 2, is amended to read:

Subd. 2. **Purchaser registration.** To facilitate the sale of permits issued under section 90.151, the commissioner may establish a registration system to verify the qualifications of a person or affiliate as a responsible bidder to purchase a timber permit. Any system implemented by the commissioner shall be limited in scope to only that information that is required for the efficient administration of the purchaser qualification requirements of this chapter. The registration system established under this subdivision is not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply.

Sec. 52. Minnesota Statutes 2016, section 90.151, subdivision 1, is amended to read:

Subdivision 1. **Issuance; expiration.** (a) Following receipt of the down payment for state timber required under section 90.14 or 90.191, the commissioner shall issue a numbered permit to the purchaser, in a form format approved by the attorney general commissioner, by the terms of which the purchaser ~~shall be~~ is authorized to enter upon the land; and to cut and remove the timber ~~therein~~ described in the permit as designated for cutting in the report of the state appraiser, according to the provisions of this chapter. The permit ~~shall~~ must be correctly dated and executed by the commissioner and signed by the purchaser. If a permit is not signed by the purchaser within 45 days from the date of purchase, the permit cancels and the down payment for timber required under section 90.14 forfeits to the state. The commissioner may grant an additional period for the purchaser to sign the permit, not to exceed ten business days, provided the purchaser pays a \$200 penalty fee.

(b) The permit ~~shall expire~~ expires no later than five years after the date of sale as the commissioner shall specify or as specified under section 90.191, and the timber ~~shall~~ must be cut and removed within the time specified ~~therein~~. If additional time is needed, the permit holder must request, ~~prior to~~ before the expiration date, and may be granted, for good and sufficient reasons, up to 90 additional days for the completion of skidding, hauling, and removing all equipment and buildings. All cut timber, equipment, and buildings not removed from the land after expiration of the permit becomes the property of the state.

(c) The commissioner may grant ~~an~~ additional ~~period of~~ time not to exceed 240 days for ~~the removal of~~ removing cut timber, equipment, and buildings upon receipt of a written request by the permit holder for good and sufficient reasons. The permit holder may combine in the written request under this paragraph the request for additional time under paragraph (b).

Sec. 53. Minnesota Statutes 2016, section 90.162, is amended to read:

90.162 SECURING TIMBER PERMITS WITH CUTTING BLOCKS.

In lieu of the security deposit equal to the value of all timber covered by the permit required by section 90.161, a purchaser of state timber may elect in ~~writing on a form~~ format prescribed by the ~~attorney general~~ commissioner to give good and valid surety to the state of Minnesota equal to the purchase price for any designated cutting block identified on the permit before the date the purchaser enters upon the land to begin harvesting the timber on the designated cutting block.

Sec. 54. Minnesota Statutes 2016, section 90.252, is amended to read:

90.252 SCALING AGREEMENT; WEIGHT MEASUREMENT SERVICES; FEES.

Subdivision 1. **Scaling agreement.** The commissioner may enter into an agreement with either a timber sale permittee, or the purchaser of the cut products, or both, so that the scaling of the cut timber and the collection of the payment for the same can be consummated by the state. ~~Such an~~ The agreement shall must be approved as to form and content by the ~~attorney general~~ commissioner and ~~shall~~ must provide for a bond or cash in lieu of a bond and ~~such~~ other safeguards as are necessary to protect the interests of the state. The scaling and payment collection procedure may be used for any state timber sale, except that no permittee who is also the consumer shall both cut and scale the timber sold unless ~~such~~ the scaling is supervised by a state scaler.

Subd. 2. **Weight measurement services; fees.** The commissioner may enter into an agreement with the owner or operator of any weight scale inspected, tested, and approved under chapter 239 to provide weight measurements for ~~the scaling of~~ state timber according to section 90.251. The agreement ~~shall must~~ be ~~on a form~~ in a format prescribed by the ~~attorney general~~ commissioner, ~~shall become a~~ becomes part of the official record of any state timber permit so scaled, and ~~shall~~ must contain safeguards that are necessary to protect the interests of the state. Except as otherwise provided by the commissioner, the cost of any agreement to provide weight measurement of state timber ~~shall must~~ be paid by the permit holder of any state timber permit so measured and the cost ~~shall must~~ be included in the statement of the amount due for the permit under section 90.181, subdivision 1.

Sec. 55. Minnesota Statutes 2016, section 93.25, subdivision 2, is amended to read:

Subd. 2. **Lease requirements.** All leases for nonferrous metallic minerals or petroleum must be approved by the Executive Council, and any other mineral lease issued pursuant to this section that covers 160 or more acres must be approved by the Executive Council. The rents, royalties, terms, conditions, and covenants of all such leases shall be fixed by the commissioner according to rules adopted by the commissioner, but no lease shall be for a longer term than 50 years, and all rents, royalties, terms, conditions, and covenants shall be fully set forth in each lease issued. No lease shall be canceled by the state for failure to meet production requirements prior to the 36th year of the lease. The rents and royalties shall be credited to the funds as provided in section 93.22.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to leases in effect or issued on or after that date.

Sec. 56. Minnesota Statutes 2016, section 93.47, subdivision 4, is amended to read:

Subd. 4. **Administration and enforcement.** The commissioner shall administer and enforce sections 93.44 to 93.51 and the rules adopted pursuant hereto. In so doing the commissioner may (1) conduct such investigations and inspections as the commissioner deems necessary for the proper administration of sections 93.44 to 93.51; (2) enter upon any parts of the mining areas in connection with any such investigation and inspection without liability to the operator or landowner provided that reasonable prior notice of intention to do so shall have been given the operator or landowner; (3) conduct such research or enter into contracts related to mining areas and the reclamation thereof as may be necessary to carry out the provisions of sections 93.46 to 93.50; and (4) allocate surplus wetland credits that are approved by the commissioner under a permit to mine on or after July 1, 1991, and that are not otherwise deposited in a state wetland bank.

EFFECTIVE DATE. This section is effective retroactively from July 1, 1991.

Sec. 57. Minnesota Statutes 2016, section 93.481, subdivision 2, is amended to read:

Subd. 2. **Commissioner's review; hearing; burden of proof.** ~~Within 120 days after receiving the an application, or after receiving additional information requested, or after holding a hearing as provided in this section~~ the commissioner has deemed complete and filed, the commissioner shall grant the permit applied for, with or without modifications or conditions, or deny the application unless a contested case hearing is requested or ordered under section 93.483. ~~If written objections to the proposed application are filed with the commissioner within 30 days after the last publication required pursuant to this section or within seven days after publication in the case of an application to conduct lean ore stockpile removal, by any person owning property which will be affected by the proposed operation or by any federal, state, or local governmental agency having responsibilities affected by the proposed operations, a public hearing shall be held by the commissioner in the locality of the proposed operations within 30 days of receipt of such written objections and after appropriate notice and publication of the date, time, and location of the hearing.~~ The commissioner's decision to grant the permit, with or without modifications, or deny the application constitutes a final order for purposes of section 93.50. The commissioner in granting a permit with or without modifications shall determine that the reclamation or restoration planned for the operation complies with lawful requirements and can be accomplished under available technology and that a proposed reclamation or restoration technique is practical and workable under available technology. The commissioner may hold public meetings on the application.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all pending applications submitted before that date.

Sec. 58. **[93.483] CONTESTED CASE.**

Subdivision 1. **Petition for contested case hearing.** Any person owning property that will be affected by the proposed operation or any federal, state, or local government having responsibilities affected by the proposed operation identified in the application for a permit to mine under section 93.481 may file a petition with the commissioner to hold a contested case hearing on the completed application. To be considered by the commissioner, a petition must be submitted in writing, must contain the information specified in subdivision 2, and must be submitted to the commissioner within 30 days after the application is deemed complete and filed. In addition, the commissioner may, on the commissioner's own motion, order a contested case hearing on the completed application.

Subd. 2. **Petition contents.** (a) A petition for a contested case hearing must include the following information:

(1) a statement of reasons or proposed findings supporting the commissioner's decision to hold a contested case hearing pursuant to the criteria in subdivision 3; and

(2) a statement of the issues proposed to be addressed by a contested case hearing and the specific relief requested or resolution of the matter.

(b) To the extent known by the petitioner, a petition for a contested case hearing may also include:

(1) a proposed list of prospective witnesses to be called, including experts, with a brief description of the proposed testimony or a summary of evidence to be presented at a contested case hearing;

(2) a proposed list of publications, references, or studies to be introduced and relied upon at a contested case hearing; and

(3) an estimate of time required for the petitioner to present the matter at a contested case hearing.

(c) A petitioner is not bound or limited to the witnesses, materials, or estimated time identified in the petition if the requested contested case is granted by the commissioner.

(d) Any person may serve timely responses to a petition for a contested case hearing. The commissioner shall establish deadlines for responses to be submitted.

Subd. 3. **Commissioner's decision to hold hearing.** (a) The commissioner must grant the petition to hold a contested case hearing or order upon the commissioner's own motion that a contested case hearing be held if the commissioner finds that:

(1) there is a material issue of fact in dispute concerning the completed application before the commissioner;

(2) the commissioner has jurisdiction to make a determination on the disputed material issue of fact; and

(3) there is a reasonable basis underlying a disputed material issue of fact so that a contested case hearing would allow the introduction of information that would aid the commissioner in resolving the disputed facts in order to make a final decision on the completed application.

(b) The commissioner must make the determination of whether to grant a petition or otherwise order a contested case hearing within 120 days after the commissioner deems the application complete and filed.

Subd. 4. **Hearing upon request of applicant.** The applicant may, within 30 days after the application is deemed complete and filed, submit a request for a contested case. Within 30 days of the applicant's request, the commissioner shall grant the petition and initiate the contested case hearing process.

Subd. 5. **Scope of hearing.** If the commissioner decides to hold a contested case hearing, the commissioner shall identify the issues to be resolved and limit the scope and conduct of the hearing in accordance with applicable law, due process, and fundamental fairness. The commissioner may, before granting or ordering a contested case hearing, develop a proposed permit or permit conditions to inform the contested case. The contested case hearing must be conducted in accordance with sections 14.57 to 14.62. The final decision by the commissioner to grant, with or without modifications or conditions, or deny the application after a contested case shall constitute a final order for purposes of section 93.50.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all pending applications submitted before that date.

Sec. 59. Minnesota Statutes 2016, section 93.50, is amended to read:

93.50 APPEAL.

Any person aggrieved by any final order, ruling, or decision of the commissioner may appeal obtain judicial review of such order, ruling, or decision in the manner provided in chapter 14 under sections 14.63 to 14.69.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to all final orders, rulings, and decisions issued after that date.

Sec. 60. Minnesota Statutes 2016, section 94.343, subdivision 9, is amended to read:

Subd. 9. **Approval by ~~attorney general~~ commissioner.** No exchange of class A land shall be consummated unless the ~~attorney general shall have given an opinion in writing~~ commissioner determines that the title to the land proposed to be conveyed to the state is good and marketable, free from all liens ~~and, with all encumbrances identified~~ except reservations herein authorized. ~~The commissioner may use title insurance to aid in the title determination. If required by the attorney general~~ commissioner, the landowner shall must submit an abstract of title and make and file with the commissioner an affidavit as to possession of the land, improvements, liens, and encumbrances thereon, and other matters affecting the title.

Sec. 61. Minnesota Statutes 2016, section 94.344, subdivision 9, is amended to read:

Subd. 9. **Approval of county attorney.** No exchange of class B land shall be consummated unless the title to the land proposed to be exchanged therefor shall is first be approved by the county attorney in like manner as provided for approval by the ~~attorney general~~ commissioner in case of class A land. The county attorney's opinion on the title shall be is subject to approval by the ~~attorney general~~ commissioner.

Sec. 62. Minnesota Statutes 2016, section 97A.015, is amended by adding a subdivision to read:

Subd. 35a. **Portable shelter.** "Portable shelter" means a fish house, dark house, or other shelter that is set on the ice of state waters to provide shelter and that collapses, folds, or is disassembled for transportation.

Sec. 63. Minnesota Statutes 2016, section 97A.015, subdivision 39, is amended to read:

Subd. 39. **Protected wild animals.** "Protected wild animals" ~~are the following wild animals:~~ means big game, small game, game fish, rough fish, minnows, leeches, alewives, ciscoes, chubs, ~~and~~ lake whitefish; and the subfamily Coregoninae, rainbow smelt, frogs, turtles, clams, mussels, wolf, mourning doves, bats, snakes, salamanders, lizards, any animal species listed as endangered, threatened, or of special concern in Minnesota Rules, chapter 6134, and wild animals that are protected by a restriction in the time or manner of taking, other than a restriction in the use of artificial lights, poison, or motor vehicles.

Sec. 64. Minnesota Statutes 2016, section 97A.015, subdivision 43, is amended to read:

Subd. 43. **Rough fish.** "Rough fish" means carp, buffalo, sucker, sheepshead, bowfin, burbot, cisco, gar, goldeye, and bullhead, except for any fish species listed as endangered, threatened, or of special concern in Minnesota Rules, chapter 6134.

Sec. 65. Minnesota Statutes 2016, section 97A.015, subdivision 45, is amended to read:

Subd. 45. **Small game.** "Small game" means game birds, gray squirrel, fox squirrel, cottontail rabbit, snowshoe hare, jack rabbit, raccoon, lynx, bobcat, short-tailed weasel, long-tailed weasel, wolf, red fox and gray fox, fisher, pine marten, opossum, badger, cougar, wolverine, muskrat, mink, otter, and beaver.

Sec. 66. Minnesota Statutes 2016, section 97A.015, subdivision 52, is amended to read:

Subd. 52. **Unprotected birds.** "Unprotected birds" means English sparrow, ~~blackbird,~~ starling, ~~maggie,~~ cormorant, common pigeon, Eurasian collared dove, chukar partridge, quail other than bobwhite quail, and mute swan.

Sec. 67. Minnesota Statutes 2016, section 97A.015, subdivision 53, is amended to read:

Subd. 53. **Unprotected wild animals.** "Unprotected wild animals" means wild animals that are not protected wild animals including ~~weasel,~~ coyote, plains pocket gopher, porcupine, striped skunk, and unprotected birds, except any animal species listed as endangered, threatened, or of special concern in Minnesota Rules, chapter 6134.

Sec. 68. Minnesota Statutes 2016, section 97A.045, subdivision 10, is amended to read:

Subd. 10. **Reciprocal agreements on violations.** The commissioner, ~~with the approval of the attorney general,~~ may enter into reciprocal agreements with game and fish authorities in other states and the United States government to provide for:

(1) revocation of the appropriate Minnesota game and fish licenses of Minnesota residents for violations of game and fish laws committed in signatory jurisdictions ~~which~~ that result in license revocation in that jurisdiction;

(2) reporting convictions and license revocations of residents of signatory states for violations of game and fish laws of Minnesota to game and fish authorities in the nonresident's state of residence; and

(3) release upon signature without posting of bail for residents of signatory states accused of game and fish law violations in this state, providing for recovery, in the resident jurisdiction, of fines levied if the citation is not answered in this state.

As used in this subdivision, "conviction" includes a plea of guilty or a forfeiture of bail.

Sec. 69. Minnesota Statutes 2016, section 97A.055, subdivision 2, is amended to read:

Subd. 2. **Receipts.** The commissioner of management and budget shall credit to the game and fish fund all money received under the game and fish laws and all income from state lands acquired by purchase or gift for game or fish purposes, including receipts from:

(1) licenses and permits issued;

(2) fines and forfeited bail;

(3) sales of contraband, wild animals, and other property under the control of the division, except as provided in section 97A.225, subdivision 8, clause (2);

(4) fees from advanced education courses for hunters and trappers;

(5) reimbursements of expenditures by the division;

(6) contributions to the division; and

(7) revenue credited to the game and fish fund under section 297A.94, paragraph (e), clause (1).

Sec. 70. Minnesota Statutes 2016, section 97A.075, subdivision 1, is amended to read:

Subdivision 1. **Deer, bear, and lifetime licenses.** (a) For purposes of this subdivision, "deer license" means a license issued under section 97A.475, subdivisions 2, clauses (5), (6), (7), (13), (14), and (15); 3, paragraph (a), clauses (2), (3), (4), (10), (11), and (12); and 8, paragraph (b), and licenses issued under section 97B.301, subdivision 4.

(b) \$2 from each annual deer license and \$2 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the deer management account and is appropriated to the commissioner for deer habitat improvement or deer management programs.

(c) \$1 from each annual deer license and each bear license and \$1 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the deer and bear management account and is appropriated to the commissioner for deer and bear management programs, including a computerized licensing system.

(d) Fifty cents from each deer license is credited to the emergency deer feeding and wild cervidae health management account and is appropriated for emergency deer feeding and wild cervidae health management. Money appropriated for emergency deer feeding and wild cervidae health management is available until expended.

When the unencumbered balance in the appropriation for emergency deer feeding and wild cervidae health management exceeds \$2,500,000 at the end of a fiscal year, the unencumbered balance in excess of \$2,500,000 is canceled and available for deer and bear management programs and computerized licensing.

~~(c) Fifty cents from each annual deer license and 50 cents annually from the lifetime fish and wildlife trust fund established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the wolf management and monitoring account under subdivision 7.~~

EFFECTIVE DATE. This section is effective July 1 of the year following the year the wolf is delisted under the federal Endangered Species Act.

Sec. 71. Minnesota Statutes 2016, section 97A.137, subdivision 5, is amended to read:

Subd. 5. **Portable stands.** (a) Prior to the Saturday on or nearest September 16, a portable stand may be left overnight in a wildlife management area by a person with a valid bear license who is hunting within 100 yards of a bear bait site that is legally tagged and registered as prescribed under section 97B.425. Any person leaving a portable stand overnight under this subdivision must affix a tag with: (1) the person's name and address; (2) the licensee's driver's license number; or (3) the "MDNR#" license identification number issued to the licensee. The tag must be affixed to the stand in a manner that it can be read from the ground.

(b) From November 1 through December 31, a portable stand may be left overnight by a person possessing a license to take deer in a wildlife management area located in whole or in part north and west of a line described as follows:

State Trunk Highway 1 from the west boundary of the state to State Trunk Highway 89; then north along State Trunk Highway 89 to Fourtown; then north on County State-Aid Highway 44, Beltrami County, to County Road 704, Beltrami County; then north on County Road 704 to Dick's Parkway State Forest Road; then north on Dick's Parkway to County State-Aid Highway 5, Roseau County; then north on County State-Aid Highway 5 to Warroad; then north on State Trunk Highway 11 to State Trunk Highway 313; then north on State Trunk Highway 313 to the north boundary of the state.

A person leaving a portable stand overnight under this paragraph must affix a tag with: (1) the person's name and address; (2) the licensee's driver's license number; or (3) the "MDNR#" license identification number issued to the licensee. The tag must be affixed to the stand so that it can be read from the ground and must be made of a material sufficient to withstand weather conditions. A person leaving a portable stand overnight in a wildlife management area under this paragraph may not leave more than two portable stands in any one wildlife management area. Unoccupied portable stands left overnight under this paragraph may be used by any member of the public. This paragraph expires December 31, 2019.

Sec. 72. Minnesota Statutes 2016, section 97A.201, subdivision 2, is amended to read:

Subd. 2. **Duty of county attorneys and peace officers.** ~~County attorneys and~~ All peace officers must enforce the game and fish laws.

Sec. 73. Minnesota Statutes 2016, section 97A.201, is amended by adding a subdivision to read:

Subd. 3. **Prosecuting authority.** County attorneys are the primary prosecuting authority for violations under section 97A.205, clause (5). Prosecution includes associated civil forfeiture actions provided by law.

Sec. 74. Minnesota Statutes 2016, section 97A.225, subdivision 8, is amended to read:

Subd. 8. **Proceeds of sale.** ~~After determining the expense~~ The proceeds from the sale after payment of the costs of seizing, towing, keeping, and selling the property, the commissioner must pay the and satisfying valid liens from the proceeds according to the court order. The remaining proceeds against the property must be distributed as follows:

(1) 70 percent of the money or proceeds shall be deposited in the state treasury and credited to the game and fish fund; and

(2) 30 percent of the money or proceeds is considered a cost of forfeiting the property and must be forwarded to the prosecuting authority that handled the forfeiture for deposit as a supplement to its operating fund or similar fund for prosecutorial purposes.

Sec. 75. Minnesota Statutes 2016, section 97A.301, subdivision 1, is amended to read:

Subdivision 1. **Misdemeanor.** Unless a different penalty is prescribed, a person is guilty of a misdemeanor if that person:

(1) ~~takes, buys, sells, transports or possesses a wild animal in violation of~~ violates the game and fish laws;

(2) aids or assists in committing the violation;

(3) knowingly shares in the proceeds of the violation;

(4) fails to perform a duty or comply with a requirement of the game and fish laws;

(5) knowingly makes a false statement related to an affidavit regarding a violation or requirement of the game and fish laws; or

(6) violates or attempts to violate a rule under the game and fish laws.

Sec. 76. Minnesota Statutes 2016, section 97A.338, is amended to read:

97A.338 GROSS OVERLIMITS OF WILD ANIMALS; PENALTY.

(a) A person who takes, possesses, or transports wild animals over the legal limit, in closed season, or without a valid license, when the restitution value of the wild animals is over \$1,000 is guilty of a gross overlimit violation. Except as provided in paragraph (b), a violation under this section paragraph is a gross misdemeanor.

(b) If a wild animal involved in a gross overlimit violation is listed as a threatened or endangered wild animal, the penalty in paragraph (a) does not apply unless more than one animal is taken, possessed, or transported in violation of the game and fish laws.

Sec. 77. Minnesota Statutes 2016, section 97A.420, subdivision 1, is amended to read:

Subdivision 1. **Seizure.** (a) An enforcement officer shall immediately seize the license of a person who unlawfully takes, transports, or possesses wild animals when the restitution value of the wild animals exceeds \$500. Except as provided in subdivisions 2, 4, and 5, the person may not use or obtain any license to take the same type of wild animals involved, including a duplicate license, until an action is taken under subdivision 6. If the license seized under this paragraph was for a big game animal, the license seizure applies to all licenses to take big game issued to the individual. If the license seized under this paragraph was for small game animals, the license seizure applies to all licenses to take small game issued to the individual.

(b) In addition to the license seizure under paragraph (a), if the restitution value of the wild animals unlawfully taken, possessed, or transported is ~~\$5,000~~ \$1,000 or more, all other game and fish licenses held by the person shall be immediately seized. Except as provided in subdivision 2, 4, or 5, the person may not obtain any game or fish license or permit, including a duplicate license, until an action is taken under subdivision 6.

(c) A person may not take wild animals covered by a license seized under this subdivision until an action is taken under subdivision 6.

Sec. 78. Minnesota Statutes 2016, section 97A.421, subdivision 2a, is amended to read:

Subd. 2a. **Issuance after conviction; gross overlimits.** (a) A person may not obtain a license to take a wild animal and is prohibited from taking wild animals for ten years after the date of conviction of a violation when the restitution value of the wild animals is \$2,000 or more.

(b) A person may not obtain a license to take a wild animal and is prohibited from taking wild animals for ~~a period of~~ five years after the date of conviction of:

(1) a violation when the restitution value of the wild animals is ~~\$5,000~~ \$1,000 or more, but less than \$2,000; or

(2) a violation when the restitution value of the wild animals exceeds \$500 and the violation occurs within ten years of one or more previous license revocations under this subdivision.

~~(b)~~ (c) A person may not obtain a license to take the type of wild animals involved in a violation when the restitution value of the wild animals exceeds \$500 and is prohibited from taking the type of wild animals involved in the violation for ~~a period of~~ three years after the date of conviction of a violation.

~~(c)~~ (d) The time period of multiple revocations under paragraph (a) or (b), clause (2), ~~shall be~~ are consecutive and no wild animals of any kind may be taken during the entire revocation period.

(e) If a wild animal involved in the conviction is listed as a threatened or endangered wild animal, the revocations under this subdivision do not apply unless more than one animal is taken, possessed, or transported in violation of the game and fish laws.

~~(d)~~ (f) The court may not stay or reduce the imposition of license revocation provisions under this subdivision.

Sec. 79. Minnesota Statutes 2016, section 97A.441, subdivision 1, is amended to read:

Subdivision 1. **Angling and spearing; disabled residents.** (a) A person authorized to issue licenses must issue, without a fee, licenses to take fish by angling or spearing to a resident who is:

- (1) blind;
- (2) a recipient of Supplemental Security Income for the aged, blind, and disabled;
- (3) a recipient of Social Security aid to the disabled under United States Code, title 42, section 416, paragraph (i)(1), or section 423(d);
- (4) a recipient of workers' compensation based on a finding of total and permanent disability;
- (5) 65 years of age or older and was qualified under clause (2) or (3) at the age of 64; ~~or~~
- (6) permanently disabled and meets the disability requirements for Supplemental Security Income or Social Security aid to the disabled under United States Code, title 42, section 416, paragraph (i)(1), or section 423(d);
- (7) receiving aid under the federal Railroad Retirement Act of 1974, United States Code, title 45, section 231a(a)(1)(v); or
- (8) a former employee of the United States Postal Service receiving disability pay under United States Code, title 5, section 8337.

(b) A driver's license or Minnesota identification card bearing the applicable designation under section 171.07, subdivision 17, serves as satisfactory evidence to obtain a license under this subdivision at all agent locations.

Sec. 80. Minnesota Statutes 2016, section 97A.473, subdivision 2, is amended to read:

Subd. 2. **Lifetime angling license; fee.** (a) A resident lifetime angling license authorizes a person to take fish by angling in the state. The license authorizes those activities authorized by the annual resident angling license. The license does not include a trout-and-salmon stamp validation, a walleye stamp validation, or other stamps required by law.

(b) The fees for a resident lifetime angling license are:

- (1) age 3 and under, ~~\$304~~ \$344;
- (2) age 4 to age 15, ~~\$415~~ \$469;
- (3) age 16 to age 50, ~~\$508~~ \$574; and

(4) age 51 and over, ~~\$335~~ \$379.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 81. Minnesota Statutes 2016, section 97A.473, subdivision 2a, is amended to read:

Subd. 2a. **Lifetime spearing license; fee.** (a) A resident lifetime spearing license authorizes a person to take fish by spearing in the state. The license authorizes those activities authorized by the annual resident spearing license.

(b) The fees for a resident lifetime spearing license are:

(1) age 3 and under, ~~\$77~~ \$90;

(2) age 4 to age 15, ~~\$106~~ \$124;

(3) age 16 to age 50, ~~\$100~~ \$117; and

(4) age 51 and over, ~~\$52~~ \$61.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 82. Minnesota Statutes 2016, section 97A.473, subdivision 2b, is amended to read:

Subd. 2b. **Lifetime angling and spearing license; fee.** (a) A resident lifetime angling and spearing license authorizes a person to take fish by angling or spearing in the state. The license authorizes those activities authorized by the annual resident angling and spearing licenses.

(b) The fees for a resident lifetime angling and spearing license are:

(1) age 3 and under, ~~\$380~~ \$432;

(2) age 4 to age 15, ~~\$509~~ \$579;

(3) age 16 to age 50, ~~\$596~~ \$678; and

(4) age 51 and over, ~~\$386~~ \$439.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 83. Minnesota Statutes 2016, section 97A.473, subdivision 4, is amended to read:

Subd. 4. **Lifetime deer-hunting license; fee.** (a) A resident lifetime deer-hunting license authorizes a person to take deer with firearms or by archery in the state. The license authorizes those activities authorized by the annual resident firearm deer-hunting license or the annual resident archery deer-hunting license. The licensee must register and receive tags each year that the license is used. The tags shall be issued at no charge to the licensee.

(b) The fees for a resident lifetime firearm or archery deer-hunting license are:

(1) age 3 and under, ~~\$406~~ \$458;

- (2) age 4 to age 15, ~~\$538~~ \$607;
- (3) age 16 to age 50, ~~\$656~~ \$741; and
- (4) age 51 and over, ~~\$468~~ \$528.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 84. Minnesota Statutes 2016, section 97A.473, subdivision 5, is amended to read:

Subd. 5. **Lifetime sporting license; fee.** (a) A resident lifetime sporting license authorizes a person to take fish by angling and hunt and trap small game, other than wolves, in the state. The license authorizes those activities authorized by the annual resident angling and resident small-game-hunting licenses and the resident trapping license for fur-bearing animals other than wolves. The license does not include a trout-and-salmon stamp validation, a turkey stamp validation, a walleye stamp validation, or any other hunting stamps required by law.

(b) The fees for a resident lifetime sporting license are:

- (1) age 3 and under, ~~\$485~~ \$522;
- (2) age 4 to age 15, ~~\$659~~ \$710;
- (3) age 16 to age 50, ~~\$861~~ \$927; and
- (4) age 51 and over, ~~\$560~~ \$603.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 85. Minnesota Statutes 2016, section 97A.473, subdivision 5a, is amended to read:

Subd. 5a. **Lifetime sporting with spearing option license; fee.** (a) A resident lifetime sporting with spearing option license authorizes a person to take fish by angling or spearing and hunt and trap small game, other than wolves, in the state. The license authorizes those activities authorized by the annual resident angling, spearing, and resident small-game-hunting licenses and the resident trapping license for fur-bearing animals other than wolves. The license does not include a trout-and-salmon stamp validation, a turkey stamp validation, a walleye stamp validation, or any other hunting stamps required by law.

(b) The fees for a resident lifetime sporting with spearing option license are:

- (1) age 3 and under, ~~\$562~~ \$612;
- (2) age 4 to age 15, ~~\$765~~ \$833;
- (3) age 16 to age 50, ~~\$961~~ \$1,046; and
- (4) age 51 and over, ~~\$612~~ \$666.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 86. Minnesota Statutes 2016, section 97A.474, subdivision 2, is amended to read:

Subd. 2. **Nonresident lifetime angling license; fee.** (a) A nonresident lifetime angling license authorizes a person to take fish by angling in the state. The license authorizes those activities authorized by the annual nonresident angling license. The license does not include a trout-and-salmon stamp validation, a walleye stamp validation, or other stamps required by law.

(b) The fees for a nonresident lifetime angling license are:

- (1) age 3 and under, ~~\$726~~ \$821;
- (2) age 4 to age 15, ~~\$925~~ \$1,046;
- (3) age 16 to age 50, ~~\$1,054~~ \$1,191; and
- (4) age 51 and over, ~~\$702~~ \$794.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 87. Minnesota Statutes 2016, section 97A.475, subdivision 2, is amended to read:

Subd. 2. **Resident hunting.** Fees for the following licenses, to be issued to residents only, are:

- (1) for persons age 18 or over and under age 65 to take small game, \$15.50;
- (2) for persons age 65 or over, \$7 to take small game;
- (3) for persons age 18 or over to take turkey, \$26;
- (4) for persons age 13 or over and under age 18 to take turkey, \$5;
- (5) for persons age 18 or over to take deer with firearms during the regular firearms season, ~~\$30~~ \$34;
- (6) for persons age 18 or over to take deer by archery, ~~\$30~~ \$34;
- (7) for persons age 18 or over to take deer by muzzleloader during the muzzleloader season, ~~\$30~~ \$34;
- (8) to take moose, for a party of not more than six persons, \$356;
- (9) for persons age 18 or over to take bear, \$44;
- (10) to take elk, for a party of not more than two persons, \$287;
- (11) to take Canada geese during a special season, \$4;
- (12) to take prairie chickens, \$23;
- (13) for persons age 13 or over and under age 18 to take deer with firearms during the regular firearms season, \$5;

(14) for persons age 13 or over and under age 18 to take deer by archery, \$5;

(15) for persons age 13 or over and under age 18 to take deer by muzzleloader during the muzzleloader season, \$5;

(16) for persons age 10, 11, or 12 to take bear, no fee;

(17) for persons age 13 or over and under age 18 to take bear, \$5;

(18) for persons age 18 or over to take small game for a consecutive 72-hour period selected by the licensee, \$19, of which an amount equal to: one-half of the fee for the migratory-waterfowl stamp under subdivision 5, clause (1), shall be deposited in the waterfowl habitat improvement account under section 97A.075, subdivision 2; one-half of the fee for the pheasant stamp under subdivision 5, clause (2), shall be deposited in the pheasant habitat improvement account under section 97A.075, subdivision 4; and one-half of the small-game surcharge under subdivision 4, shall be deposited in the wildlife acquisition account;

(19) for persons age 16 or over and under age 18 to take small game, \$5;

(20) to take wolf, \$30;

(21) for persons age 12 and under to take turkey, no fee;

(22) for persons age 10, 11, or 12 to take deer by firearm, no fee;

(23) for persons age 10, 11, or 12 to take deer by archery, no fee; and

(24) for persons age 10, 11, or 12 to take deer by muzzleloader during the muzzleloader season, no fee.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 88. Minnesota Statutes 2016, section 97A.475, subdivision 3, is amended to read:

Subd. 3. **Nonresident hunting.** (a) Fees for the following licenses, to be issued to nonresidents, are:

(1) for persons age 18 or over to take small game, \$90.50;

(2) for persons age 18 or over to take deer with firearms during the regular firearms season, ~~\$160~~ \$180;

(3) for persons age 18 or over to take deer by archery, ~~\$160~~ \$180;

(4) for persons age 18 or over to take deer by muzzleloader during the muzzleloader season, ~~\$160~~ \$180;

(5) for persons age 18 or over to take bear, \$225;

(6) for persons age 18 or over to take turkey, \$91;

(7) for persons age 13 or over and under age 18 to take turkey, \$5;

(8) to take raccoon or bobcat, \$178;

(9) to take Canada geese during a special season, \$4;

(10) for persons age 13 or over and under age 18 to take deer with firearms during the regular firearms season in any open season option or time period, \$5;

(11) for persons age 13 or over and under age 18 to take deer by archery, \$5;

(12) for persons age 13 or over and under age 18 to take deer during the muzzleloader season, \$5;

(13) for persons age 13 or over and under 18 to take bear, \$5;

(14) for persons age 18 or over to take small game for a consecutive 72-hour period selected by the licensee, \$75, of which an amount equal to: one-half of the fee for the migratory-waterfowl stamp under subdivision 5, clause (1), shall be deposited in the waterfowl habitat improvement account under section 97A.075, subdivision 2; one-half of the fee for the pheasant stamp under subdivision 5, clause (2), shall be deposited in the pheasant habitat improvement account under section 97A.075, subdivision 4; and one-half of the small-game surcharge under subdivision 4, shall be deposited into the wildlife acquisition account;

(15) for persons age 16 or 17 to take small game, \$5;

(16) to take wolf, \$250;

(17) for persons age 12 and under to take turkey, no fee;

(18) for persons age ten, 11, or 12 to take deer by firearm, no fee;

(19) for persons age ten, 11, or 12 to take deer by archery, no fee;

(20) for persons age ten, 11, or 12 to take deer by muzzleloader during the muzzleloader season, no fee; and

(21) for persons age 10, 11, or 12 to take bear, no fee.

(b) A \$5 surcharge shall be added to nonresident hunting licenses issued under paragraph (a), clauses (1) to (6) and (8). An additional commission may not be assessed on this surcharge.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 89. Minnesota Statutes 2016, section 97A.475, subdivision 6, is amended to read:

Subd. 6. **Resident fishing.** Fees for the following licenses, to be issued to residents only, are:

(1) for persons age 18 or over to take fish by angling, ~~\$22~~ \$25;

(2) for persons age 18 or over to take fish by angling, for a combined license for a married couple, ~~\$35~~ \$40;

(3) for persons age 18 or over to take fish by spearing from a dark house, ~~\$5~~ \$6, and the person must possess an angling license;

(4) for persons age 18 or over to take fish by angling for a 24-hour period selected by the licensee, ~~\$10~~ \$12;

(5) for persons age 18 or over to take fish by angling for a consecutive 72-hour period selected by the licensee, ~~\$12~~ \$14;

(6) for persons age 18 or over to take fish by angling for three consecutive years, ~~\$63~~ \$71; and

(7) for persons age 16 or over and under age 18 to take fish by angling, \$5.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 90. Minnesota Statutes 2016, section 97A.475, subdivision 7, is amended to read:

Subd. 7. **Nonresident fishing.** (a) Fees for the following licenses, to be issued to nonresidents, are:

(1) for persons age 18 or over to take fish by angling, ~~\$40~~ \$46;

(2) for persons age 18 or over to take fish by angling limited to seven consecutive days selected by the licensee, ~~\$33~~ \$38;

(3) for persons age 18 or over to take fish by angling for a consecutive 72-hour period selected by the licensee, ~~\$27~~ \$31;

(4) for persons age 18 or over to take fish by angling for a combined license for a family for one or both parents and dependent children under the age of 16, ~~\$55~~ \$63;

(5) for persons age 18 or over to take fish by angling for a 24-hour period selected by the licensee, ~~\$12~~ \$14;

(6) to take fish by angling for a combined license for a married couple, limited to 14 consecutive days selected by one of the licensees, ~~\$43~~ \$49;

(7) for persons age 18 or over to take fish by spearing from a dark house, ~~\$10~~ \$12, and the person must possess an angling license; and

(8) for persons age 16 or over and under age 18 to take fish by angling, \$5.

(b) A \$5 surcharge shall be added to all nonresident fishing licenses, except licenses issued under paragraph (a), clauses (5) and (8). An additional commission may not be assessed on this surcharge.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 91. Minnesota Statutes 2016, section 97A.475, subdivision 8, is amended to read:

Subd. 8. **Minnesota sporting; supersports.** (a) The commissioner shall issue Minnesota sporting licenses to residents only. The licensee may take fish by angling and small game. The fee for the license is:

(1) for an individual, ~~\$31.50~~ \$34.50; and

(2) for a combined license for a married couple to take fish and for one spouse to take small game, ~~\$45.50~~ \$50.50.

(b) The commissioner shall issue Minnesota supersports licenses to residents only. The licensee may take fish by angling, including trout; small game, including pheasant and waterfowl; and deer by firearms or muzzleloader or by archery. The fee for the supersports license, including all required stamp validations is:

(1) for an individual age 18 or over, ~~\$86.50~~ \$93.50; and

(2) for a combined license for a married couple to take fish, including the trout-and-salmon stamp validation, and for one spouse to take small game, including pheasant and waterfowl, and deer, ~~\$110.50~~ \$119.50.

(c) Revenue for the stamp endorsements under paragraph (b) shall be deposited according to section 97A.075, subdivisions 2, 3, and 4.

(d) Revenue for the deer license endorsement under paragraph (b) shall be deposited according to section 97A.075, subdivision 1.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 92. Minnesota Statutes 2016, section 97A.475, subdivision 45, is amended to read:

Subd. 45. **Camp Ripley archery deer hunt.** The application fee for the Camp Ripley archery deer hunt is ~~\$12~~ \$14.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 93. Minnesota Statutes 2016, section 97B.031, subdivision 6, is amended to read:

Subd. 6. **Scopes; ~~age 60 or over~~.** A person ~~age 60 or over~~ may use a muzzleloader with a scope to take deer during the muzzleloader season. The scope may have magnification capabilities.

Sec. 94. Minnesota Statutes 2016, section 97B.071, is amended to read:

97B.071 ~~BLAZE ORANGE~~ CLOTHING REQUIREMENTS; BLAZE ORANGE OR BLAZE PINK.

(a) Except as provided in rules adopted under paragraph (c), a person may not hunt or trap during the open season where deer may be taken by firearms under applicable laws and ordinances, unless the visible portion of the person's cap and outer clothing above the waist, excluding sleeves and

gloves, is blaze orange or blaze pink. Blaze orange or blaze pink includes a camouflage pattern of at least 50 percent blaze orange or blaze pink within each foot square. This section does not apply to migratory-waterfowl hunters on waters of this state or in a stationary shooting location or to trappers on waters of this state.

(b) Except as provided in rules adopted under paragraph (c), and in addition to the requirement in paragraph (a), a person may not take small game other than turkey, migratory birds, raccoons, and predators, except while trapping, unless a visible portion of at least one article of the person's clothing above the waist is blaze orange or blaze pink. This paragraph does not apply to a person when in a stationary location while hunting deer by archery or when hunting small game by falconry.

(c) The commissioner may, by rule, prescribe an alternative color in cases where paragraph (a) or (b) would violate the Religious Freedom Restoration Act of 1993, Public Law 103-141.

(d) A violation of paragraph (b) shall not result in a penalty, but is punishable only by a safety warning.

Sec. 95. Minnesota Statutes 2016, section 97B.405, is amended to read:

97B.405 COMMISSIONER MAY LIMIT NUMBER OF BEAR HUNTERS.

(a) The commissioner may limit the number of persons that may hunt bear in an area, if it is necessary to prevent an overharvest or improve the distribution of hunters. The commissioner may establish, by rule, a method, including a drawing, to impartially select the hunters for an area. The commissioner shall give preference to hunters that have previously applied and have not been selected.

(b) If the commissioner limits the number of persons that may hunt bear in an area under paragraph (a), the commissioner must reserve one permit and give first preference for that permit to a resident of a Minnesota veterans home.

~~(b)~~(c) A person selected through a drawing must purchase a license by August 1. Any remaining available licenses not purchased shall be issued to any eligible person as prescribed by the commissioner on a first-come, first-served basis beginning three business days after August 1.

Sec. 96. Minnesota Statutes 2016, section 97B.431, is amended to read:

97B.431 BEAR-HUNTING OUTFITTERS.

(a) A person may not place bait for bear, or guide hunters to take bear, for compensation without a bear-hunting-outfitter license. A bear-hunting outfitter is not required to have a license to take bear unless the outfitter is attempting to shoot a bear. The commissioner shall adopt rules for qualifications for issuance and administration of the licenses.

(b) The commissioner shall establish a resident master bear-hunting-outfitter license under which one person serves as the bear-hunting outfitter and one other person is eligible to guide and bait bear. Additional persons may be added to the license and are eligible to guide and bait bear under the license, provided the additional fee under section 97A.475, subdivision 16, is paid for each person added. The commissioner shall adopt rules for qualifications for issuance and

administration of the licenses. The commissioner must not require a person to have certification or training in first aid or CPR to be eligible for a license under this section.

Sec. 97. Minnesota Statutes 2016, section 97B.516, is amended to read:

97B.516 ELK MANAGEMENT PLAN.

(a) The commissioner of natural resources must adopt an elk management plan that:

(1) recognizes the value and uniqueness of elk;

(2) provides for integrated management of an elk population in harmony with the environment;
and

(3) affords optimum recreational opportunities.

(b) Notwithstanding paragraph (a), the commissioner must not manage an elk herd in Kittson, Roseau, Marshall, or Beltrami Counties in a manner that would increase the size of the herd, including adoption or implementation of an elk management plan designed to increase an elk herd, unless the commissioner of agriculture verifies that crop and fence damages paid under section 3.7371 and attributed to the herd have not increased for at least two years.

(c) At least 60 days prior to implementing a plan to increase an elk herd, the commissioners of natural resources and agriculture must hold a joint public meeting in the county where the elk herd to be increased is located. At the meeting, the commissioners must present evidence that crop and fence damages have not increased in the prior two years and must detail the practices that will be used to reduce elk conflicts with area landowners.

Sec. 98. Minnesota Statutes 2016, section 97B.655, subdivision 1, is amended to read:

Subdivision 1. **Owners and occupants may take certain animals.** A person or the person's agent may take bats, snakes, salamanders, lizards, weasel, mink, squirrel, rabbit, hare, raccoon, bobcat, fox, opossum, muskrat, or beaver on land owned or occupied by the person where the animal is causing damage. The person or the person's agent may take the animal without a license and in any manner except by ~~poison, or~~ artificial lights in the closed season or by poison. Raccoons may be taken under this subdivision with artificial lights during open season. A person ~~that~~ or the person's agent who kills mink, raccoon, bobcat, fox, opossum, muskrat, or beaver under this subdivision must notify a conservation officer or employee of the Fish and Wildlife Division within 24 hours after the animal is killed.

Sec. 99. Minnesota Statutes 2016, section 97C.081, subdivision 3, is amended to read:

Subd. 3. **Contests requiring a permit.** (a) Unless subdivision 3a applies, a person must have a permit from the commissioner to conduct a fishing contest if:

(1) there are more than 25 boats for open water contests, more than 150 participants for ice fishing contests, or more than 100 participants for shore fishing contests;

(2) entry fees are more than \$25 per person; or

(3) the contest is limited to trout species.

(b) The commissioner shall charge a fee for the permit that recovers the costs of issuing the permit and of monitoring the activities allowed by the permit. Notwithstanding section 16A.1283, the commissioner may, by written order published in the State Register, establish contest permit fees. The fees are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply.

(c) The commissioner may require the applicant to furnish evidence of financial responsibility in the form of a surety bond or bank letter of credit in the amount of \$25,000 if entry fees are over \$25 per person, or total prizes are valued at more than \$25,000, and if the applicant has either:

- (1) not previously conducted a fishing contest requiring a permit under this subdivision; or
- (2) ever failed to make required prize awards in a fishing contest conducted by the applicant.

(d) The permit fee for any individual contest may not exceed the following amounts:

- (1) ~~\$60~~ \$70 for an open water contest not exceeding 50 boats and without off-site weigh-in;
- (2) ~~\$200~~ \$225 for an open water contest with more than 50 boats and without off-site weigh-in;
- (3) ~~\$250~~ \$280 for an open water contest not exceeding 50 boats with off-site weigh-in;
- (4) ~~\$500~~ \$560 for an open water contest with more than 50 boats with off-site weigh-in; or
- (5) ~~\$120~~ \$135 for an ice fishing contest with more than 150 participants.

EFFECTIVE DATE. This section is effective March 1, 2018.

Sec. 100. Minnesota Statutes 2016, section 97C.355, subdivision 2, is amended to read:

Subd. 2. **License required.** (a) A person may not ~~leave place~~ leave place a dark house, fish house, or shelter ~~unattended, except a portable shelter, on the ice at any time between midnight and one hour before sunrise unless:~~

- (1) the house or shelter is licensed; and
- (2) has the license tag attached to the exterior in a readily visible location, except as provided in this subdivision.

(b) The commissioner must issue a tag with a dark house, fish house, or shelter license, marked with a number to correspond with the license and the year of issue. A dark house, fish house, or shelter license is not required of a resident on boundary waters where the adjacent state does not charge a fee for the same activity.

Sec. 101. Minnesota Statutes 2016, section 97C.355, subdivision 2a, is amended to read:

Subd. 2a. **Portable shelters.** (a) A person using a portable shelter that is not identified under subdivision 1 may not leave the portable shelter unattended between midnight and sunrise and must remain within 200 feet of the shelter while the shelter is on the ice of state waters.

(b) If a person leaves the portable shelter unattended any time between midnight and one hour before sunrise or is not within 200 feet of the portable shelter, the portable shelter must be licensed as provided under subdivision 2.

Sec. 102. Minnesota Statutes 2016, section 97C.401, subdivision 2, is amended to read:

Subd. 2. ~~Walleye; northern pike.~~ ~~(a) Except as provided in paragraph (b),~~ A person may have no more than one walleye larger than 20 inches ~~and one northern pike larger than 30 inches~~ in possession. This subdivision does not apply to boundary waters.

~~(b) The restrictions in paragraph (a) do not apply to boundary waters.~~

Sec. 103. Minnesota Statutes 2016, section 97C.501, subdivision 1, is amended to read:

Subdivision 1. **Minnow retailers.** (a) A person may not be a minnow retailer without a minnow retailer license except as provided in subdivisions 2, paragraph (d), and 3. A person must purchase a minnow retailer license for each minnow retail outlet operated, except as provided by subdivision 2, paragraph (d).

(b) A minnow retailer must obtain a minnow retailer's vehicle license for each motor vehicle used by the minnow retailer to transport more than 12 dozen minnows to the minnow retailer's place of business; ~~except as provided in subdivision 3.~~ A minnow retailer is not required to obtain a minnow retailer's vehicle license:

(1) as provided in subdivision 3;

(2) if the minnow retailer is licensed as a resort under section 157.16, is transporting minnows purchased from a minnow dealer's place of business directly to the resort, possesses a detailed receipt, including the date and time of purchase, and presents the receipt and minnows for inspection upon request; or

(3) if minnows are being transported by common carrier and information is provided that allows the commissioner to find out the location of the shipment in the state.

Sec. 104. Minnesota Statutes 2016, section 97C.701, is amended by adding a subdivision to read:

Subd. 7. **Harvesting mussel shells.** Live mussels may not be harvested. A person possessing a valid resident or nonresident angling license or a person not required to have an angling license to take fish may take and possess at any time, for personal use only, not more than 24 whole shells or 48 shell halves of dead freshwater mussels. Mussel shells may be harvested in waters of the state where fish may be taken by angling. Mussel shells must be harvested by hand-picking only and may not be purchased or sold.

Sec. 105. Minnesota Statutes 2016, section 103F.48, subdivision 1, is amended to read:

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

(b) "Board" means the Board of Water and Soil Resources.

(c) "Buffer" means an area consisting of perennial vegetation, excluding invasive plants and noxious weeds, adjacent to all bodies of water within the state and that protects the water resources of the state from runoff pollution; stabilizes soils, shores, and banks; and protects or provides riparian corridors.

(d) "Buffer protection map" means buffer maps established and maintained by the commissioner of natural resources.

(e) "Commissioner" means the commissioner of natural resources.

(f) "Executive director" means the executive director of the Board of Water and Soil Resources.

(g) "Local water management authority" means a watershed district, metropolitan water management organization, or county operating separately or jointly in its role as local water management authority under chapter 103B or 103D.

(h) "Normal water level" means the level evidenced by the long-term presence of surface water as indicated directly by hydrophytic plants or hydric soils or indirectly determined via hydrological models or analysis.

(i) "Public waters" ~~has the meaning given in section 103G.005, subdivision 15. The term means public waters as used in this section applies to waters that are on the public waters inventory as provided in section 103G.201.~~

(j) "With jurisdiction" means a board determination that the county or watershed district has adopted a rule, ordinance, or official controls providing procedures for the issuance of administrative penalty orders, enforcement, and appeals for purposes of this section and section 103B.101, subdivision 12a.

Sec. 106. Minnesota Statutes 2016, section 103F.48, subdivision 3, is amended to read:

Subd. 3. Water resources riparian protection requirements on public waters and public drainage systems. (a) Except as provided in paragraph (b), landowners owning property adjacent to a water body identified and mapped on a buffer protection map must maintain a buffer to protect the state's water resources as follows:

(1) for all public waters, the more restrictive of:

(i) a 50-foot average width, 30-foot minimum width, continuous buffer of perennially rooted vegetation; or

(ii) the state shoreland standards and criteria adopted by the commissioner under section 103F.211; and

(2) for public drainage systems established under chapter 103E, a 16.5-foot minimum width continuous buffer as provided in section 103E.021, subdivision 1. The buffer vegetation shall not impede future maintenance of the ditch.

(b) A landowner owning property adjacent to a water body identified in a buffer protection map and whose property is used for cultivation farming may meet the requirements under paragraph (a)

by adopting an alternative riparian water quality practice, or combination of structural, vegetative, and management practices, based on the Natural Resources Conservation Service Field Office Technical Guide ~~or~~ common alternative practices adopted and published by the board, other practices approved by the board, or practices based on local conditions approved by the local soil and water conservation district that are consistent with the Field Office Technical Guide, that provide water quality protection comparable to the buffer protection for the water body that the property abuts. Included in these practices are retention ponds and alternative measures that prevent overland flow to the water resource.

(c) The width of a buffer on public waters must be measured from the top or crown of the bank. Where there is no defined bank, measurement must be from the edge of the normal water level. The width of the buffer on public drainage systems must be measured as provided in section 103E.021, subdivision 1.

(d) Upon request by a landowner or authorized agent or operator of a landowner, a technical professional employee or contractor of the soil and water conservation district or its delegate may issue a validation of compliance with the requirements of this subdivision. The soil and water conservation district validation may be appealed to the board as described in subdivision 9.

(e) Buffers or alternative water quality practices required under paragraph (a) or (b) must be in place on or before:

(1) November 1, 2017, for public waters; and

(2) November 1, 2018, for public drainage systems.

(f) Nothing in this section limits the eligibility of a landowner or authorized agent or operator of a landowner to participate in federal or state conservation programs, including enrolling or reenrolling in federal conservation programs.

(g) After the effective date of this section, a person planting buffers or water quality protection practices to meet the requirements in paragraph (a) must use only seed mixes verified by the Department of Agriculture as consistent with chapter 18G or 21 to prevent contamination with Palmer amaranth or other noxious weed seeds.

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

Sec. 107. Minnesota Statutes 2016, section 103G.005, is amended by adding a subdivision to read:

Subd. 8a. **Constructed management facilities for storm water.** "Constructed management facilities for storm water" means ponds, basins, holding tanks, cisterns, infiltration trenches and swales, or other best management practices that have been designed, constructed, and operated to store or treat storm water in accordance with local, state, or federal requirements.

Sec. 108. Minnesota Statutes 2016, section 103G.005, subdivision 10b, is amended to read:

Subd. 10b. **Greater than 80 percent area.** "Greater than 80 percent area" means a county ~~or~~₂ watershed, or, for purposes of wetland replacement, bank service area where 80 percent or more of the presettlement wetland acreage is intact and:

- (1) ten percent or more of the current total land area is wetland; or
- (2) 50 percent or more of the current total land area is state or federal land.

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

Sec. 109. Minnesota Statutes 2016, section 103G.005, subdivision 10h, is amended to read:

Subd. 10h. **Less than 50 percent area.** "Less than 50 percent area" means a county ~~or~~₂ watershed, or, for purposes of wetland replacement, bank service area with less than 50 percent of the presettlement wetland acreage intact or any county ~~or~~₂ watershed, or bank service area not defined as a "greater than 80 percent area" or "50 to 80 percent area."

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

Sec. 110. Minnesota Statutes 2016, section 103G.222, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** (a) Wetlands must not be drained or filled, wholly or partially, unless replaced by actions that provide at least equal public value under a replacement plan approved as provided in section 103G.2242, a replacement plan under a local governmental unit's comprehensive wetland protection and management plan approved by the board under section 103G.2243, or, if a permit to mine is required under section 93.481, under a mining reclamation plan approved by the commissioner under the permit to mine. Project-specific wetland replacement plans submitted as part of a project for which a permit to mine is required and approved by the commissioner on or after July 1, 1991, may include surplus wetland credits to be allocated by the commissioner to offset future mining-related wetland impacts under any permits to mine held by the permittee, the operator, the permittee's or operator's parent, an affiliated subsidiary, or an assignee pursuant to an assignment under section 93.481, subdivision 5. For project-specific wetland replacement completed prior to wetland impacts authorized or conducted under a permit to mine within the Great Lakes and Rainy River watershed basins, those basins shall be considered a single watershed for purposes of determining wetland replacement ratios. Mining reclamation plans shall apply the same principles and standards for replacing wetlands that are applicable to mitigation plans approved as provided in section 103G.2242. The commissioner must provide notice of an application for wetland replacement under a permit to mine to the county in which the impact is proposed and the county in which a mitigation site is proposed. Public value must be determined in accordance with section 103B.3355 or a comprehensive wetland protection and management plan established under section 103G.2243. Sections 103G.221 to 103G.2372 also apply to excavation in permanently and semipermanently flooded areas of types 3, 4, and 5 wetlands.

(b) Replacement must be guided by the following principles in descending order of priority:

- (1) avoiding the direct or indirect impact of the activity that may destroy or diminish the wetland;
- (2) minimizing the impact by limiting the degree or magnitude of the wetland activity and its implementation;

(3) rectifying the impact by repairing, rehabilitating, or restoring the affected wetland environment;

(4) reducing or eliminating the impact over time by preservation and maintenance operations during the life of the activity;

(5) compensating for the impact by restoring a wetland; and

(6) compensating for the impact by replacing or providing substitute wetland resources or environments.

For a project involving the draining or filling of wetlands in an amount not exceeding 10,000 square feet more than the applicable amount in section 103G.2241, subdivision 9, paragraph (a), the local government unit may make an on-site sequencing determination without a written alternatives analysis from the applicant.

(c) If a wetland is located in a cultivated field, then replacement must be accomplished through restoration only without regard to the priority order in paragraph (b), provided that the altered wetland is not converted to a nonagricultural use for at least ten years.

(d) If a wetland is replaced under paragraph (c), or drained under section 103G.2241, subdivision 2, paragraph (b) or (e), the local government unit may require a deed restriction that prohibits nonagricultural use for at least ten years. The local government unit may require the deed restriction if it determines the wetland area drained is at risk of conversion to a nonagricultural use within ten years based on the zoning classification, proximity to a municipality or full service road, or other criteria as determined by the local government unit.

(e) Restoration and replacement of wetlands must be accomplished in accordance with the ecology of the landscape area affected and ponds that are created primarily to fulfill storm water management, and water quality treatment requirements may not be used to satisfy replacement requirements under this chapter unless the design includes pretreatment of runoff and the pond is functioning as a wetland.

(f) Except as provided in paragraph (g), for a wetland or public waters wetland located on nonagricultural land, replacement must be in the ratio of two acres of replaced wetland for each acre of drained or filled wetland.

(g) For a wetland or public waters wetland located on agricultural land or in a greater than 80 percent area, replacement must be in the ratio of one acre of replaced wetland for each acre of drained or filled wetland.

(h) Wetlands that are restored or created as a result of an approved replacement plan are subject to the provisions of this section for any subsequent drainage or filling.

(i) Except in a greater than 80 percent area, only wetlands that have been restored from previously drained or filled wetlands, wetlands created by excavation in nonwetlands, wetlands created by dikes or dams along public or private drainage ditches, or wetlands created by dikes or dams associated with the restoration of previously drained or filled wetlands may be used for wetland replacement according to rules adopted under section 103G.2242, subdivision 1. Modification or

conversion of nondegraded naturally occurring wetlands from one type to another are not eligible for wetland replacement.

(j) The Technical Evaluation Panel established under section 103G.2242, subdivision 2, shall ensure that sufficient time has occurred for the wetland to develop wetland characteristics of soils, vegetation, and hydrology before recommending that the wetland be deposited in the statewide wetland bank. If the Technical Evaluation Panel has reason to believe that the wetland characteristics may change substantially, the panel shall postpone its recommendation until the wetland has stabilized.

(k) This section and sections 103G.223 to 103G.2242, 103G.2364, and 103G.2365 apply to the state and its departments and agencies.

(l) For projects involving draining or filling of wetlands associated with a new public transportation project, and for projects expanded solely for additional traffic capacity, public transportation authorities may purchase credits from the board at the cost to the board to establish credits. Proceeds from the sale of credits provided under this paragraph are appropriated to the board for the purposes of this paragraph. For the purposes of this paragraph, "transportation project" does not include an airport project.

(m) A replacement plan for wetlands is not required for individual projects that result in the filling or draining of wetlands for the repair, rehabilitation, reconstruction, or replacement of a currently serviceable existing state, city, county, or town public road necessary, as determined by the public transportation authority, to meet state or federal design or safety standards or requirements, excluding new roads or roads expanded solely for additional traffic capacity lanes. This paragraph only applies to authorities for public transportation projects that:

(1) minimize the amount of wetland filling or draining associated with the project and consider mitigating important site-specific wetland functions on site;

(2) except as provided in clause (3), submit project-specific reports to the board, the Technical Evaluation Panel, the commissioner of natural resources, and members of the public requesting a copy at least 30 days prior to construction that indicate the location, amount, and type of wetlands to be filled or drained by the project or, alternatively, convene an annual meeting of the parties required to receive notice to review projects to be commenced during the upcoming year; and

(3) for minor and emergency maintenance work impacting less than 10,000 square feet, submit project-specific reports, within 30 days of commencing the activity, to the board that indicate the location, amount, and type of wetlands that have been filled or drained.

Those required to receive notice of public transportation projects may appeal minimization, delineation, and on-site mitigation decisions made by the public transportation authority to the board according to the provisions of section 103G.2242, subdivision 9. The Technical Evaluation Panel shall review minimization and delineation decisions made by the public transportation authority and provide recommendations regarding on-site mitigation if requested to do so by the local government unit, a contiguous landowner, or a member of the Technical Evaluation Panel.

Except for state public transportation projects, for which the state Department of Transportation is responsible, the board must replace the wetlands, and wetland areas of public waters if authorized

by the commissioner or a delegated authority, drained or filled by public transportation projects on existing roads.

Public transportation authorities at their discretion may deviate from federal and state design standards on existing road projects when practical and reasonable to avoid wetland filling or draining, provided that public safety is not unreasonably compromised. The local road authority and its officers and employees are exempt from liability for any tort claim for injury to persons or property arising from travel on the highway and related to the deviation from the design standards for construction or reconstruction under this paragraph. This paragraph does not preclude an action for damages arising from negligence in construction or maintenance on a highway.

(n) If a landowner seeks approval of a replacement plan after the proposed project has already affected the wetland, the local government unit may require the landowner to replace the affected wetland at a ratio not to exceed twice the replacement ratio otherwise required.

(o) A local government unit may request the board to reclassify a county or watershed on the basis of its percentage of presettlement wetlands remaining. After receipt of satisfactory documentation from the local government, the board shall change the classification of a county or watershed. If requested by the local government unit, the board must assist in developing the documentation. Within 30 days of its action to approve a change of wetland classifications, the board shall publish a notice of the change in the Environmental Quality Board Monitor.

(p) One hundred citizens who reside within the jurisdiction of the local government unit may request the local government unit to reclassify a county or watershed on the basis of its percentage of presettlement wetlands remaining. In support of their petition, the citizens shall provide satisfactory documentation to the local government unit. The local government unit shall consider the petition and forward the request to the board under paragraph (o) or provide a reason why the petition is denied.

EFFECTIVE DATE. This section is effective retroactively from July 1, 1991.

Sec. 111. Minnesota Statutes 2016, section 103G.222, subdivision 3, is amended to read:

Subd. 3. **Wetland replacement siting.** (a) ~~Impacted wetlands in a 50 to 80 percent area must not be replaced in a 50 to greater than 80 percent area or in a less than 50 percent area. Impacted wetlands in a less than 50 percent area must be replaced in a less than 50 percent area.~~ Impacted wetlands outside of a greater than 80 percent area must not be replaced in a 50 to greater than 80 percent area. All wetland replacement must follow this priority order:

- (1) ~~on site or~~ in the same minor watershed as the impacted wetland;
- (2) in the same watershed as the impacted wetland;
- (3) in the same ~~county or~~ wetland bank service area as the impacted wetland; and
- (4) in another wetland bank service area.

(b) Notwithstanding paragraph (a), wetland banking credits approved according to a complete wetland banking application submitted to a local government unit by April 1, 1996, may be used to replace wetland impacts resulting from public transportation projects statewide.

(c) Notwithstanding paragraph (a), clauses (1) and (2), the priority order for replacement by wetland banking begins at paragraph (a), clause (3), according to rules adopted under section 103G.2242, subdivision 1.

(d) When reasonable, practicable, and environmentally beneficial replacement opportunities are not available in siting priorities listed in paragraph (a), the applicant may seek opportunities at the next level.

(e) For the purposes of this section, "reasonable, practicable, and environmentally beneficial replacement opportunities" are defined as opportunities that:

(1) take advantage of naturally occurring hydrogeomorphological conditions and require minimal landscape alteration;

(2) have a high likelihood of becoming a functional wetland that will continue in perpetuity;

(3) do not adversely affect other habitat types or ecological communities that are important in maintaining the overall biological diversity of the area; and

(4) are available and capable of being done after taking into consideration cost, existing technology, and logistics consistent with overall project purposes.

(f) Regulatory agencies, local government units, and other entities involved in wetland restoration shall collaborate to identify potential replacement opportunities within their jurisdictional areas.

(g) The board must establish wetland replacement ratios and wetland bank service area priorities to implement the siting and targeting of wetland replacement and encourage the use of high priority areas for wetland replacement.

(h) Wetland replacement sites identified in accordance with the priority order for replacement siting in paragraph (a) as part of the completion of an adequate environmental impact statement may be approved for a replacement plan under section 93.481, 103G.2242, or 103G.2243 without further modification related to the priority order, notwithstanding availability of new mitigation sites or availability of credits after completion of an adequate environmental impact statement. Wetland replacement plan applications must be submitted within one year of the adequacy determination of the environmental impact statement to be eligible for approval under this paragraph.

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

Sec. 112. Minnesota Statutes 2016, section 103G.223, is amended to read:

103G.223 CALCAREOUS FENS.

(a) Calcareous fens, as identified by the commissioner by written order published in the State Register, may not be filled, drained, or otherwise degraded, wholly or partially, by any activity, unless the commissioner, under an approved management plan, decides some alteration is necessary or as provided in paragraph (b). Identifications made by the commissioner are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply.

(b) The commissioner may allow water appropriations that result in temporary reductions in groundwater resources on a seasonal basis under an approved calcareous fen management plan.

Sec. 113. Minnesota Statutes 2016, section 103G.2242, subdivision 1, is amended to read:

Subdivision 1. **Rules.** (a) The board, in consultation with the commissioner, shall adopt rules governing the approval of wetland value replacement plans under this section and public-waters-work permits affecting public waters wetlands under section 103G.245. These rules must address the criteria, procedure, timing, and location of acceptable replacement of wetland values and may address the state establishment and administration of a wetland banking program for public and private projects, including provisions for an in-lieu fee program; the administrative, monitoring, and enforcement procedures to be used; and a procedure for the review and appeal of decisions under this section. In the case of peatlands, the replacement plan rules must consider the impact on carbon. Any in-lieu fee program established by the board must conform with Code of Federal Regulations, title 33, section 332.8, as amended.

(b) After the adoption of the rules, a replacement plan must be approved by a resolution of the governing body of the local government unit, consistent with the provisions of the rules or a comprehensive wetland protection and management plan approved under section 103G.2243.

(c) If the local government unit fails to apply the rules, or fails to implement a local comprehensive wetland protection and management plan established under section 103G.2243, the government unit is subject to penalty as determined by the board.

(d) When making a determination under rules adopted pursuant to this subdivision on whether a rare natural community will be permanently adversely affected, consideration of measures to mitigate any adverse effect on the community must be considered.

Sec. 114. Minnesota Statutes 2016, section 103G.2242, subdivision 2, is amended to read:

Subd. 2. **Evaluation.** (a) Questions concerning the public value, location, size, or type of a wetland shall be submitted to and determined by a Technical Evaluation Panel after an on-site inspection. The Technical Evaluation Panel shall be composed of a technical professional employee of the board, a technical professional employee of the local soil and water conservation district or districts, a technical professional with expertise in water resources management appointed by the local government unit, and a technical professional employee of the Department of Natural Resources for projects affecting public waters or wetlands adjacent to public waters. The panel shall use the "United States Army Corps of Engineers Wetland Delineation Manual" (January 1987), including updates, supplementary guidance, and replacements, if any, "Wetlands of the United States" (United States Fish and Wildlife Service Circular 39, 1971 edition), and "Classification of Wetlands and Deepwater Habitats of the United States" (1979 edition). The panel shall provide the wetland determination and recommendations on other technical matters to the local government unit that must approve a replacement plan, sequencing, exemption determination, no-loss determination, or wetland boundary or type determination and may recommend approval or denial of the plan. The authority must consider and include the decision of the Technical Evaluation Panel in their approval or denial of a plan or determination.

(b) A member of the Technical Evaluation Panel that has a financial interest in a wetland bank or management responsibility to sell or make recommendations in their official capacity to sell

credits from a publicly owned wetland bank must disclose that interest, in writing, to the Technical Evaluation Panel and the local government unit.

~~(b)~~ (c) Persons conducting wetland or public waters boundary delineations or type determinations are exempt from the requirements of chapter 326. The board may develop a professional wetland delineator certification program.

~~(e)~~ (d) The board must establish an interagency team to assist in identifying and evaluating potential wetland replacement sites. The team must consist of members of the Technical Evaluation Panel and representatives from the Department of Natural Resources; the Pollution Control Agency; the United States Army Corps of Engineers, St. Paul district; and other organizations as determined by the board.

Sec. 115. Minnesota Statutes 2016, section 103G.2372, subdivision 1, is amended to read:

Subdivision 1. **Authority; orders.** (a) The commissioner of natural resources, conservation officers, and peace officers shall enforce laws preserving and protecting groundwater quantity, wetlands, and public waters. The commissioner of natural resources, a conservation officer, or a peace officer may issue a cease and desist order to stop any illegal activity adversely affecting groundwater quantity, a wetland, or public waters.

(b) In the order, or by separate order, the commissioner, conservation officer, or peace officer may require restoration or replacement of the wetland or public waters, as determined by the local soil and water conservation district for wetlands and the commissioner of natural resources for public waters. Restoration or replacement orders may be recorded or filed in the office of the county recorder or registrar of titles, as appropriate, in the county where the real property is located by the commissioner of natural resources, conservation officers, or peace officers as a deed restriction on the property that runs with the land and is binding on the owners, successors, and assigns until the conditions of the order are met or the order is rescinded. Notwithstanding section 386.77, the agency shall pay the applicable filing fee for any document filed under this section.

(c) If a court has ruled that there has not been a violation of the restoration or replacement order, an order may not be recorded or filed under this section.

(d) The commissioner must remove a deed restriction filed or recorded under this section on homesteaded property if the owner requests that it be removed and a court has found that the owner of the property is not guilty or that there has not been a violation of the restoration or replacement order. Within 30 days of receiving the request for removal from the owner, the commissioner must contact, in writing, the office of the county recorder or registrar of titles where the order is recorded or filed, along with all applicable fees, and have the order removed. Within 30 days of receiving notification from the office of the county recorder or registrar of titles that the order has been removed, the commissioner must inform the owner that the order has been removed and provide the owner with a copy of any documentation provided by the office of the county recorder or registrar of titles.

Sec. 116. Minnesota Statutes 2016, section 103G.271, subdivision 1, is amended to read:

Subdivision 1. **Permit required.** (a) Except as provided in paragraph (b), the state, a person, partnership, or association, private or public corporation, county, municipality, or other political

subdivision of the state may not appropriate or use waters of the state without a water-use permit from the commissioner.

(b) This section does not apply to the following water uses:

(1) use for a water supply by less than 25 persons for domestic purposes, except as required by the commissioner under section 103G.287, subdivision 4, paragraph (b);

(2) nonconsumptive diversion of a surface water of the state from its natural channel for the production of hydroelectric or hydromechanical power at structures that were in existence on and before July 1, 1937, including repowering, upgrades, or additions to those facilities; or

(3) appropriation or use of storm water collected and used to reduce storm-water runoff volume, treat storm water, or sustain groundwater supplies when water is extracted from constructed management facilities for storm water.

(c) The commissioner may issue a state general permit for appropriation of water to a governmental subdivision or to the general public. The general permit may authorize more than one project and the appropriation or use of more than one source of water. Water-use permit processing fees and reports required under subdivision 6 and section 103G.281, subdivision 3, are required for each project or water source that is included under a general permit, except that no fee is required for uses totaling less than 15,000,000 gallons annually.

Sec. 117. Minnesota Statutes 2016, section 103G.271, subdivision 6, is amended to read:

Subd. 6. **Water-use permit processing fee.** (a) Except as described in paragraphs (b) to (g), a water-use permit processing fee must be prescribed by the commissioner in accordance with the schedule of fees in this subdivision for each water-use permit in force at any time during the year. Fees collected under this paragraph are credited to the water management account in the natural resources fund. The schedule is as follows, with the stated fee in each clause applied to the total amount appropriated:

(1) \$140 for amounts not exceeding 50,000,000 gallons per year;

(2) \$3.50 per 1,000,000 gallons for amounts greater than 50,000,000 gallons but less than 100,000,000 gallons per year;

(3) \$4 per 1,000,000 gallons for amounts greater than 100,000,000 gallons but less than 150,000,000 gallons per year;

(4) \$4.50 per 1,000,000 gallons for amounts greater than 150,000,000 gallons but less than 200,000,000 gallons per year;

(5) \$5 per 1,000,000 gallons for amounts greater than 200,000,000 gallons but less than 250,000,000 gallons per year;

(6) \$5.50 per 1,000,000 gallons for amounts greater than 250,000,000 gallons but less than 300,000,000 gallons per year;

(7) \$6 per 1,000,000 gallons for amounts greater than 300,000,000 gallons but less than 350,000,000 gallons per year;

(8) \$6.50 per 1,000,000 gallons for amounts greater than 350,000,000 gallons but less than 400,000,000 gallons per year;

(9) \$7 per 1,000,000 gallons for amounts greater than 400,000,000 gallons but less than 450,000,000 gallons per year;

(10) \$7.50 per 1,000,000 gallons for amounts greater than 450,000,000 gallons but less than 500,000,000 gallons per year; and

(11) \$8 per 1,000,000 gallons for amounts greater than 500,000,000 gallons per year.

(b) For once-through cooling systems, a water-use processing fee must be prescribed by the commissioner in accordance with the following schedule of fees for each water-use permit in force at any time during the year:

(1) for nonprofit corporations and school districts, \$200 per 1,000,000 gallons; and

(2) for all other users, \$420 per 1,000,000 gallons.

(c) The fee is payable based on the amount of water appropriated during the year and, except as provided in paragraph (f), the minimum fee is \$100.

(d) For water-use processing fees other than once-through cooling systems:

(1) the fee for a city of the first class may not exceed \$250,000 per year;

(2) the fee for other entities for any permitted use may not exceed:

(i) \$60,000 per year for an entity holding three or fewer permits;

(ii) \$90,000 per year for an entity holding four or five permits; or

(iii) \$300,000 per year for an entity holding more than five permits;

(3) the fee for agricultural irrigation may not exceed \$750 per year;

(4) the fee for a municipality that furnishes electric service and cogenerates steam for home heating may not exceed \$10,000 for its permit for water use related to the cogeneration of electricity and steam; ~~and~~

(5) the fee for a facility that temporarily diverts a water of the state from its natural channel to produce hydroelectric or hydromechanical power may not exceed \$5,000 per year. A permit for such a facility does not count toward the number of permits held by an entity as described in paragraph (d); and

~~(5)~~ (6) no fee is required for a project involving the appropriation of surface water to prevent flood damage or to remove flood waters during a period of flooding, as determined by the commissioner.

(e) Failure to pay the fee is sufficient cause for revoking a permit. A penalty of ten percent per month calculated from the original due date must be imposed on the unpaid balance of fees remaining 30 days after the sending of a second notice of fees due. A fee may not be imposed on an agency, as defined in section 16B.01, subdivision 2, or federal governmental agency holding a water appropriation permit.

(f) The minimum water-use processing fee for a permit issued for irrigation of agricultural land is \$20 for years in which:

- (1) there is no appropriation of water under the permit; or
- (2) the permit is suspended for more than seven consecutive days between May 1 and October 1.

(g) The commissioner shall waive the water-use permit fee for installations and projects that use storm water runoff or where public entities are diverting water to treat a water quality issue and returning the water to its source without using the water for any other purpose, unless the commissioner determines that the proposed use adversely affects surface water or groundwater.

(h) A surcharge of \$30 per million gallons in addition to the fee prescribed in paragraph (a) shall be applied to the volume of water used in each of the months of June, July, and August that exceeds the volume of water used in January for municipal water use, irrigation of golf courses, and landscape irrigation. The surcharge for municipalities with more than one permit shall be determined based on the total appropriations from all permits that supply a common distribution system.

Sec. 118. Minnesota Statutes 2016, section 103G.271, subdivision 6a, is amended to read:

Subd. 6a. **Fees for past unpermitted appropriations.** An entity that appropriates water without a required permit under subdivision 1 must pay the applicable water-use permit processing fee specified in subdivision 6 for the period during which the unpermitted appropriation occurred. The fees for unpermitted appropriations are required for the previous seven calendar years after being notified of the need for a permit. This fee is in addition to any other fee or penalty assessed. The commissioner may waive payment of fees for past unpermitted appropriations for a residential system permitted under subdivision 5, paragraph (b), or for a hydroelectric or hydromechanical facility that temporarily diverts a water of the state from its natural channel.

Sec. 119. Minnesota Statutes 2016, section 103G.271, subdivision 7, is amended to read:

Subd. 7. **Transfer of permit.** A water-use permit may be transferred to a successive owner of real property if the permittee conveys the real property where the source of water is located. The new owner must notify the commissioner immediately after the conveyance and request transfer of the permit. The commissioner must not deny the transfer of a permit if the permittee is in compliance with all permit conditions and the permit meets the requirements of sections 103G.255 to 103G.301.

Sec. 120. Minnesota Statutes 2016, section 103G.287, subdivision 1, is amended to read:

Subdivision 1. **Applications for groundwater appropriations; preliminary well construction approval.** (a) Groundwater use permit applications are not complete until the applicant has supplied:

(1) a water well record as required by section 103I.205, subdivision 9, information on the subsurface geologic formations penetrated by the well and the formation or aquifer that will serve as the water source, and geologic information from test holes drilled to locate the site of the production well;

(2) the maximum daily, seasonal, and annual pumpage rates and volumes being requested;

(3) information on groundwater quality in terms of the measures of quality commonly specified for the proposed water use and details on water treatment necessary for the proposed use;

(4) the results of an aquifer test completed according to specifications approved by the commissioner. The test must be conducted at the maximum pumping rate requested in the application and for a length of time adequate to assess or predict impacts to other wells and surface water and groundwater resources. The permit applicant is responsible for all costs related to the aquifer test, including the construction of groundwater and surface water monitoring installations, and water level readings before, during, and after the aquifer test; and

(5) the results of any assessments conducted by the commissioner under paragraph (c).

(b) The commissioner may waive an application requirement in this subdivision if the information provided with the application is adequate to determine whether the proposed appropriation and use of water is sustainable and will protect ecosystems, water quality, and the ability of future generations to meet their own needs.

(c) The commissioner shall provide an assessment of a proposed well needing a groundwater appropriation permit. The commissioner shall evaluate the information submitted as required under section 103I.205, subdivision 1, paragraph (f), and determine whether the anticipated appropriation request is likely to meet the applicable requirements of this chapter. If the appropriation request is likely to meet applicable requirements, the commissioner shall provide the person submitting the information with a letter providing preliminary approval to construct the well and the requirements, including test-well information, that will be needed to obtain the permit.

(d) The commissioner must provide an applicant denied a groundwater use permit or issued a groundwater use permit that is reduced or restricted from the original request with all information the commissioner used in making the determination, including hydrographs, flow tests, aquifer tests, topographic maps, field reports, photographs, and proof of equipment calibration.

Sec. 121. Minnesota Statutes 2016, section 103G.411, is amended to read:

103G.411 STIPULATION OF LOW-WATER MARK.

If the state is a party in a civil action relating to the navigability or ownership of the bed of a body of water, river, or stream, the commissioner, in behalf of the state, ~~with the approval of the attorney general,~~ may agree by written stipulation with a riparian owner who is a party to the action on the location of the ordinary low-water mark on the riparian land of the party. After the stipulation is executed by all parties, it must be presented to the judge of the district court where the action is pending for approval. If the stipulation is approved, the judge shall make and enter an order providing that the final judgment when entered shall conform to the location of the ordinary, low-water mark as provided for in the stipulation as it relates to the parties to the stipulation.

Sec. 122. Minnesota Statutes 2016, section 114D.25, is amended by adding a subdivision to read:

Subd. 6. **Impaired waters list; public notice and process.** The commissioner of the Pollution Control Agency must allow at least 60 days for public comment after publishing the draft impaired waters list required under the federal Clean Water Act. In making impairment designations, the Pollution Control Agency must use available water-quality data that takes into consideration recent relevant pollutant reductions resulting from controls on municipal point sources and nonpoint sources.

Sec. 123. **[115.542] NOTICE REQUIREMENTS FOR PUBLICLY OWNED WASTEWATER TREATMENT FACILITIES.**

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

(1) "permit" means a national pollutant discharge elimination system (NPDES) permit or state disposal system (SDS) permit; and

(2) "permit applicant" means a person or entity submitting an application for a new permit or renewal, modification, or revocation of an existing permit for a publicly owned wastewater treatment facility.

Subd. 2. **Applicability.** This section applies to all draft permits and permits for publicly owned wastewater treatment facilities for which the commissioner of the Pollution Control Agency makes a preliminary determination whether to issue or deny.

Subd. 3. **Notice requirements.** The commissioner of the Pollution Control Agency must provide a permit applicant with a copy of the draft permit and any fact sheets required by agency rules at least 30 days before the distribution and public notice of the permit application and preliminary determination.

Subd. 4. **Permitting efficiency.** The commissioner must prepare and issue a public notice of a completed application and the commissioner's preliminary determination as to whether the permit should be issued or denied. The public comment period must be at least 60 days for permit applications under this section. Notwithstanding section 116.03, it is the goal of the state that Tier 2 permits for publicly owned wastewater treatment facilities be issued or denied within 210 days following submission of a permit application.

Sec. 124. Minnesota Statutes 2016, section 115B.39, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) In addition to the definitions in this subdivision, the definitions in sections 115A.03 and 115B.02 apply to sections 115B.39 to 115B.445, except as specifically modified in this subdivision.

(b) "Cleanup order" means a consent order between responsible persons and the agency or an order issued by the United States Environmental Protection Agency under section 106 of the federal Superfund Act.

(c) "Closure" means actions to prevent or minimize the threat to public health and the environment posed by a mixed municipal solid waste disposal facility that has stopped accepting waste by controlling the sources of releases or threatened releases at the facility. "Closure" includes removing contaminated equipment and liners; applying final cover; grading and seeding final cover; installing wells, borings, and other monitoring devices; constructing groundwater and surface water diversion structures; and installing gas control systems and site security systems, as necessary. The commissioner may authorize use of final cover that includes processed materials that meet the requirements in Code of Federal Regulations, title 40, section 503.32, paragraph (a).

(d) "Closure upgrade" means construction activity that will, at a minimum, modify an existing cover so that it satisfies current rule requirements for mixed municipal solid waste land disposal facilities.

(e) "Contingency action" means organized, planned, or coordinated courses of action to be followed in case of fire, explosion, or release of solid waste, waste by-products, or leachate that could threaten human health or the environment.

(f) "Corrective action" means steps taken to repair facility structures including liners, monitoring wells, separation equipment, covers, and aeration devices and to bring the facility into compliance with design, construction, groundwater, surface water, and air emission standards.

(g) "Custodial" or "custodial care" means actions taken for the care, maintenance, and monitoring of closure actions at a mixed municipal solid waste disposal facility after completion of the postclosure period.

(h) "Decomposition gases" means gases produced by chemical or microbial activity during the decomposition of solid waste.

~~(i)~~ (i) "Dump materials" means nonhazardous mixed municipal solid wastes disposed at a Minnesota waste disposal site other than a qualified facility prior to 1973.

~~(j)~~ (j) "Environmental response action" means response action at a qualified facility or priority qualified facility, including corrective action, closure, postclosure care; contingency action; environmental studies, including remedial investigations and feasibility studies; engineering, including remedial design; removal; remedial action; site construction; and other similar cleanup-related activities.

~~(k)~~ (k) "Environmental response costs" means:

(1) costs of environmental response action, not including legal or administrative expenses; and

(2) costs required to be paid to the federal government under section 107(a) of the federal Superfund Act, as amended.

(l) "Owner or operator of a priority qualified facility" means a person, personal representative, trustee, beneficiary, partnership, sole proprietorship, firm, limited liability company, cooperative, association, corporation, or other entity that:

(1) has possession of, holds title to, or owns a controlling interest in a priority qualified facility;

(2) participates in decision making related to compliance with federal and state environmental laws and regulations for a priority qualified facility; or

(3) has authority or control to make decisions regarding state and federal environmental laws and regulations for a priority qualified facility.

(m) "Priority qualified facility" means:

(1) a qualified facility:

(i) that is listed on the National Priorities List pursuant to the federal Comprehensive Environmental Response, Compensation, and Liability Act;

(ii) that is listed on the Permanent List of Priorities pursuant to the Minnesota Environmental Response and Liability Act;

(iii) for which a binding agreement pursuant to section 115B.40, subdivision 4, has not been entered into between the owner or operator of the qualified facility and the commissioner; and

(iv) that is not an excluded facility pursuant to section 115B.405; and

(2) property located within 750 feet from the boundary of a facility described in clause (1), including any contiguous property:

(i) that is listed on the Permanent List of Priorities pursuant to the Minnesota Environmental Response and Liability Act, as of the effective date of this section;

(ii) where mixed municipal solid waste was disposed of within the boundaries of the property, which disposal did not occur under a permit from the agency; and

(iii) for which the commissioner determines an environmental response action is necessary to protect public health or welfare or the environment at and in the vicinity of the facility described in clause (1).

~~(n)~~ (n) "Postclosure" or "postclosure care" means actions taken for the care, maintenance, and monitoring of closure actions at a mixed municipal solid waste disposal facility.

~~(o)~~ (o) "Qualified facility" means a mixed municipal solid waste disposal facility as described in the most recent agency permit, including adjacent property used for solid waste disposal that did not occur under a permit from the agency, that:

(1)(i) is or was permitted by the agency;

(ii) stopped accepting solid waste, except demolition debris, for disposal by April 9, 1994; and

(iii) stopped accepting demolition debris for disposal by June 1, 1994, except that demolition debris may be accepted until May 1, 1995, at a permitted area where disposal of demolition debris is allowed, if the area where the demolition debris is deposited is at least 50 feet from the fill boundary of the area where mixed municipal solid waste was deposited; ~~or~~

(2) is or was permitted by the agency; and

(i) stopped accepting waste by January 1, 2000, except that demolition debris, industrial waste, and municipal solid waste combustor ash may be accepted until January 1, 2001, at a permitted area where disposal of such waste is allowed, if the area where the waste is deposited is at least 50 feet from the fill boundary of the area where mixed municipal solid waste was deposited; or

(ii) stopped accepting waste by January 1, 2019, and is located in a county that meets all applicable recycling goals in section 115A.551 and that has arranged for all mixed municipal solid waste generated in the county to be delivered to and processed by a resource recovery facility located in the county for at least 20 years; or

(3) is or was permitted by the agency and stopped accepting waste for disposal by January 1, 2009, and for which the postclosure care period ended on July 26, 2013.

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

Sec. 125. Minnesota Statutes 2016, section 115B.40, subdivision 4, is amended to read:

Subd. 4. **Qualified facility not under cleanup order; duties.** (a) The owner or operator of a qualified facility that is not subject to a cleanup order shall:

(1) complete closure activities at the facility, or enter into a binding agreement with the commissioner to do so, as provided in paragraph (e), within one year from the date the owner or operator is notified by the commissioner under subdivision 3 of the closure activities that are necessary to properly close the facility in compliance with facility's permit, closure orders, or enforcement agreement with the agency, and with the solid waste rules in effect at the time the facility stopped accepting waste;

(2) undertake or continue postclosure and custodial care at the facility until the date of notice of compliance under subdivision 7;

(3) in the case of qualified facilities defined in section 115B.39, subdivision 2, paragraph ~~(h)~~ (o), clause (1), transfer to the commissioner of revenue for deposit in the remediation fund established in section 116.155 any funds required for proof of financial responsibility under section 116.07, subdivision 4h, that remain after facility closure and any postclosure care and response action undertaken by the owner or operator at the facility including, if proof of financial responsibility is provided through a letter of credit or other financial instrument or mechanism that does not accumulate money in an account, the amount that would have accumulated had the owner or operator utilized a trust fund, less any amount used for closure, postclosure care, and response action at the facility; ~~and~~

(4) in the case of qualified facilities defined in section 115B.39, subdivision 2, paragraph ~~(h)~~ (o), clause (2), transfer to the commissioner of revenue for deposit in the remediation fund established in section 116.155 an amount of cash that is equal to the sum of their approved current contingency action cost estimate and the present value of their approved estimated remaining postclosure care costs required for proof of financial responsibility under section 116.07, subdivision 4h; and

(5) in the case of qualified facilities defined in section 115B.39, subdivision 2, paragraph (o), clause (3), transfer to the commissioner of revenue for deposit in the remediation fund established in section 116.155 an amount of cash that is equal to the sum of their approved current contingency action cost estimate and any funds required for proof of financial responsibility under section 116.07, subdivision 4h, that remain after facility closure and any postclosure and custodial care and response action undertaken by the owner or operator at the facility.

(b) The owner or operator of a qualified facility that is not subject to a cleanup order shall:

(1) in the case of qualified facilities defined in section 115B.39, subdivision 2, paragraph ~~(o)~~ (o), clause (1), provide the commissioner with a copy of all applicable comprehensive general liability insurance policies and other liability policies relating to property damage, certificates, or other evidence of insurance coverage held during the life of the facility; and

(2) enter into a binding agreement with the commissioner to:

(i) in the case of qualified facilities defined in section 115B.39, subdivision 2, paragraph ~~(o)~~ (o), clause (1), take any actions necessary to preserve the owner or operator's rights to payment or defense under insurance policies included in clause (1); cooperate with the commissioner in asserting claims under the policies; and, within 60 days of a request by the commissioner, but no earlier than July 1, 1996, assign only those rights under the policies related to environmental response costs;

(ii) cooperate with the commissioner or other persons acting at the direction of the commissioner in taking additional environmental response actions necessary to address releases or threatened releases and to avoid any action that interferes with environmental response actions, including allowing entry to the property and to the facility's records and allowing entry and installation of equipment; and

(iii) refrain from developing or altering the use of property described in any permit for the facility except after consultation with the commissioner and in conformance with any conditions established by the commissioner for that property, including use restrictions, to protect public health and welfare and the environment.

(c) The owner or operator of a qualified facility defined in section 115B.39, subdivision 2, paragraph ~~(o)~~ (o), clause (1), that is a political subdivision may use a portion of any funds established for response at the facility, which are available directly or through a financial instrument or other financial arrangement, for closure or postclosure care at the facility if funds available for closure or postclosure care are inadequate and shall assign the rights to any remainder to the commissioner.

(d) The agreement required in paragraph (b), clause (2), must be in writing and must apply to and be binding upon the successors and assigns of the owner. The owner shall record the agreement, or a memorandum approved by the commissioner that summarizes the agreement, with the county recorder or registrar of titles of the county where the property is located.

(e) A binding agreement entered into under paragraph (a), clause (1), may include a provision that the owner or operator will reimburse the commissioner for the costs of closing the facility to the standard required in that clause.

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

Sec. 126. **[115B.406] PRIORITY QUALIFIED FACILITIES.**

Subdivision 1. **Legislative findings.** The legislature recognizes the need to protect the public health and welfare and the environment at priority qualified facilities. To implement a timely and effective cleanup and prevent multiparty litigation, the legislature finds it is in the public interest to direct the commissioner of the Pollution Control Agency to take environmental response actions that the commissioner deems reasonable and necessary to protect the public health or welfare or the environment at priority qualified facilities and to acquire real property interests at priority qualified facilities to ensure the completion and long-term effectiveness of environmental response actions.

Subd. 2. **Notifying owner or operator of priority qualified facility.** Within 30 days after the effective date of this section, or within 30 days after section 115B.39, subdivision 2, paragraph (m), applies to a facility, whichever is later, the commissioner must notify the owner or operator of a qualified facility that the facility is a priority qualified facility under section 115B.39, subdivision 2, paragraph (m). Within 60 days after being notified under this subdivision, the owner or operator of a priority qualified facility must enter into a binding agreement with the commissioner according to section 115B.40, subdivision 4, paragraph (b).

Subd. 3. **State response.** If the owner or operator of a priority qualified facility fails to enter into a binding agreement according to subdivision 2:

(1) the commissioner must assume all obligations for environmental response actions under the federal Superfund Act and any federal or state cleanup orders and undertake further action under section 115B.40, subdivision 1, at or related to the priority qualified facility that the commissioner deems reasonable and necessary;

(2) the commissioner must not seek recovery against responsible persons who are not the owner or operator of a priority qualified facility of any costs incurred by the commissioner for environmental response action at or related to the facility, except as provided under section 115B.40, subdivision 7, paragraph (b), clause (2), item (i) or (ii); and

(3) the commissioner and the attorney general must communicate with the United States Environmental Protection Agency regarding the manner and procedure for the state's assumption of federal obligations at the priority qualified facility.

Subd. 4. **Civil penalty.** An owner or operator of a priority qualified facility is subject to a civil penalty in an amount to be determined by the court of not more than \$20,000 per day for each day that the owner or operator fails to comply with subdivision 2. The penalty ceases to accrue when the owner or operator enters into a binding agreement with the commissioner according to section 115B.40, subdivision 4, paragraph (b), and a payment agreement for environmental response costs incurred by the commissioner at or related to the priority qualified facility. The civil penalty may be recovered by an action brought by the attorney general in the name of the state in connection with an action to recover expenses of the agency under subdivision 7 or by a separate action in the District Court of Ramsey County. All penalties recovered under this subdivision must be deposited in the remediation fund.

Subd. 5. **Disqualification; permits.** If an owner or operator of a priority qualified facility that is not a local government unit fails to comply with subdivision 2, the owner or operator is ineligible to obtain or renew a state or local permit or license to engage in a business that manages solid waste.

Failure of an owner or operator of a priority qualified facility that is not a local government unit to comply with subdivision 2 is prima facie evidence of the lack of fitness of the owner or operator to conduct any solid waste business and is grounds for revocation of any solid waste permit or license held by the owner or operator.

Subd. 6. **Duty to provide information.** Any person that the commissioner determines has information regarding the priority qualified facility or the owner or operator of the priority qualified facility must furnish to the commissioner any information that person may have or may reasonably obtain that is relevant to the priority qualified facility or the owner or operator of the priority qualified facility. The commissioner upon presentation of credentials may examine and copy any books, papers, records, memoranda, or data of a person that has a duty to provide information to the commissioner and may enter upon any property, public or private, to take any action authorized by this section, including obtaining information from a person that has a duty to provide the information.

Subd. 7. **Recovering expenses.** Any reasonable and necessary expenses incurred by the commissioner pursuant to this section, including all environmental response costs and administrative and legal expenses, may be recovered in a civil action brought by the attorney general against the owner or operator of a priority qualified facility. The commissioner's certification of expenses is prima facie evidence that the expenses are reasonable and necessary. Any expenses incurred pursuant to this section that are recovered by the attorney general, including any award of attorney fees, must be deposited in the remediation fund.

Subd. 8. **Claims prohibited.** The owner or operator of a priority qualified facility is barred from bringing any claim based on contract, tort, or statute or using any remedy available under any other provision of state law, including common law, for personal injury, disease, economic loss, environmental response costs incurred by the owner or operator, environmental response costs incurred by the state, or legal and administrative expenses arising out of a release or threat of release of any hazardous substance, pollutant, contaminant, or decomposition gases related to the priority qualified facility.

Subd. 9. **Environmental response costs; liens.** All environmental response costs, including administrative and legal expenses, incurred by the commissioner at a priority qualified facility constitute a lien in favor of the state upon any real property located in the state, other than homestead property, owned by the owner or operator of the priority qualified facility who is subject to the requirements of section 115B.40, subdivision 4 or 5. A lien under this subdivision attaches when the environmental response costs are first incurred. Notwithstanding section 514.672, a lien under this subdivision continues until the lien is satisfied or six years after completion of construction of the final environmental response action, not including operation and maintenance. Notice, filing, and release of the lien are governed by sections 514.671 to 514.676, except where those requirements specifically are related to only cleanup action expenses as defined in section 514.671. Relative priority of a lien under this subdivision is governed by section 514.672, except that a lien attached to property that was included in any permit for the priority qualified facility takes precedence over all other liens regardless of when the other liens were or are perfected. Amounts received to satisfy all or a part of a lien must be deposited in the remediation fund.

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

Sec. 127. **[115B.407] ACQUISITION AND DISPOSITION OF REAL PROPERTY AT PRIORITY QUALIFIED FACILITIES.**

(a) The commissioner may acquire interests in real property by donation or eminent domain at all or a portion of a priority qualified facility. Condemnation under this section includes acquisition of fee title or an easement. After acquiring an interest in real property under this section, the commissioner must take environmental response actions at the priority qualified facility according to sections 115B.39 to 115B.414 after the legislature makes an appropriation for that purpose.

(b) The commissioner may dispose of real property acquired under this section according to section 115B.17, subdivision 16.

(c) Chapter 117 governs condemnation proceedings by the commissioner under this section. The exceptions under section 117.189 apply to the use of eminent domain authority under this section.

(d) The state is not liable under this chapter solely as a result of acquiring an interest in real property under this section.

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

Sec. 128. **[115B.408] DEPOSIT OF PROCEEDS.**

All amounts paid to the state under sections 115B.406 and 115B.407 must be deposited in the state treasury and credited to the remediation fund.

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

Sec. 129. Minnesota Statutes 2016, section 115C.021, subdivision 1, is amended to read:

Subdivision 1. **General rule.** Except as provided in subdivisions 2 to ~~4~~5, a person is responsible for a release from a tank if the person is an owner or operator of the tank at any time during or after the release.

Sec. 130. Minnesota Statutes 2016, section 115C.021, is amended by adding a subdivision to read:

Subd. 5. **Heating fuel oil vendor.** A heating fuel oil vendor is not a responsible person for a heating fuel oil release at a residential location if the release was caused solely by the failure of a tank owned by the homeowner.

Sec. 131. Minnesota Statutes 2016, section 116.03, subdivision 2b, is amended to read:

Subd. 2b. **Permitting efficiency.** (a) It is the goal of the state that environmental and resource management permits be issued or denied within 90 days for Tier 1 permits or 150 days for Tier 2 permits following submission of a permit application. The commissioner of the Pollution Control Agency shall establish management systems designed to achieve the goal. For the purposes of this section, "Tier 1 permits" are permits that do not require individualized actions or public comment periods, and "Tier 2 permits" are permits that require individualized actions or public comment periods.

(b) The commissioner shall prepare an annual permitting efficiency report that includes statistics on meeting the goal in paragraph (a) and the criteria for ~~Tier 1 and~~ Tier 2 by permit categories. The report is due August 1 each year. For permit applications that have not met the goal, the report must state the reasons for not meeting the goal. In stating the reasons for not meeting the goal, the commissioner shall separately identify delays caused by the responsiveness of the proposer, lack of staff, scientific or technical disagreements, or the level of public engagement. The report must specify the number of days from initial submission of the application to the day of determination that the application is complete. The report must aggregate the data for the year and assess whether program or system changes are necessary to achieve the goal. The report must be posted on the agency's Web site and submitted to the governor and the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over environment policy and finance.

(c) The commissioner shall allow electronic submission of environmental review and permit documents to the agency.

(d) ~~Beginning July 1, 2011,~~ Within 30 business days of application for a permit subject to paragraph (a), the commissioner of the Pollution Control Agency shall notify the ~~project proposer~~ permit applicant, in writing, whether the application is complete or incomplete. If the commissioner determines that an application is incomplete, the notice to the applicant must enumerate all deficiencies, citing specific provisions of the applicable rules and statutes, and advise the applicant on how the deficiencies can be remedied. If the commissioner determines that the application is complete, the notice must confirm the application's Tier 1 or Tier 2 permit status. If the commissioner believes that a complete application for a Tier 2 construction permit cannot be issued within the 150-day goal, the commissioner must provide notice to the applicant with the commissioner's notice that the application is complete and, upon request of the applicant, provide the permit applicant with a schedule estimating when the agency will begin drafting the permit and issue the public notice of the draft permit. This paragraph does not apply to an application for a permit that is subject to a grant or loan agreement under chapter 446A.

(e) For purposes of this subdivision, "permit professional" means an individual not employed by the Pollution Control Agency who:

(1) has a professional license issued by the state of Minnesota in the subject area of the permit;

(2) has at least ten years of experience in the subject area of the permit; and

(3) abides by the duty of candor applicable to employees of the Pollution Control Agency under agency rules and complies with all applicable requirements under chapter 326.

(f) Upon the agency's request, an applicant relying on a permit professional must participate in a meeting with the agency before submitting an application:

(1) at least two weeks prior to the preapplication meeting, the applicant must submit at least the following:

(i) project description, including, but not limited to, scope of work, primary emissions points, discharge outfalls, and water intake points;

- (ii) location of the project, including county, municipality, and location on the site;
 - (iii) business schedule for project completion; and
 - (iv) other information requested by the agency at least four weeks prior to the scheduled meeting; and
- (2) during the preapplication meeting, the agency shall provide for the applicant at least the following:
- (i) an overview of the permit review program;
 - (ii) a determination of which specific application or applications will be necessary to complete the project;
 - (iii) a statement notifying the applicant if the specific permit being sought requires a mandatory public hearing or comment period;
 - (iv) a review of the timetable established in the permit review program for the specific permit being sought; and
 - (v) a determination of what information must be included in the application, including a description of any required modeling or testing.
- (g) The applicant may select a permit professional to undertake the preparation of the permit application and draft permit.
- (h) If a preapplication meeting was held, the agency shall, within seven business days of receipt of an application, notify the applicant and submitting permit professional that the application is complete or is denied, specifying the deficiencies of the application.
- (i) Upon receipt of notice that the application is complete, the permit professional shall submit to the agency a timetable for submitting a draft permit. The permit professional shall submit a draft permit on or before the date provided in the timetable. Within 60 days after the close of the public comment period, the commissioner shall notify the applicant whether the permit can be issued.
- (j) Nothing in this section shall be construed to modify:
- (1) any requirement of law that is necessary to retain federal delegation to or assumption by the state; or
 - (2) the authority to implement a federal law or program.
- (k) The permit application and draft permit shall identify or include as an appendix all studies and other sources of information used to substantiate the analysis contained in the permit application and draft permit. The commissioner shall request additional studies, if needed, and the ~~project proposer~~ permit applicant shall submit all additional studies and information necessary for the commissioner to perform the commissioner's responsibility to review, modify, and determine the completeness of the application and approve the draft permit.

Sec. 132. Minnesota Statutes 2016, section 116.03, is amended by adding a subdivision to read:

Subd. 7. **Draft permits; public notice.** When public notice of a draft individual Tier 2 permit is required, the commissioner must provide to the applicant a draft permit for review by the applicant within 30 days after determining the proposal conforms to all federal and state laws and rules, unless the permit applicant and the commissioner mutually agree to a different date. The commissioner must consider all comments submitted by the applicant before issuing the permit.

Sec. 133. Minnesota Statutes 2016, section 116.07, subdivision 4d, is amended to read:

Subd. 4d. **Permit fees.** (a) The agency may collect permit fees in amounts not greater than those necessary to cover the reasonable costs of developing, reviewing, and acting upon applications for agency permits and implementing and enforcing the conditions of the permits pursuant to agency rules. Permit fees shall not include the costs of litigation. The fee schedule must reflect reasonable and routine direct and indirect costs associated with permitting, implementation, and enforcement. The agency may impose an additional enforcement fee to be collected for a period of up to two years to cover the reasonable costs of implementing and enforcing the conditions of a permit under the rules of the agency. Any money collected under this paragraph shall be deposited in the environmental fund.

(b) Notwithstanding paragraph (a), the agency shall collect an annual fee from the owner or operator of all stationary sources, emission facilities, emissions units, air contaminant treatment facilities, treatment facilities, potential air contaminant storage facilities, or storage facilities subject to a notification, permit, or license requirement under this chapter, subchapters I and V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq., or rules adopted thereunder. The annual fee shall be used to pay for all direct and indirect reasonable costs, including legal costs, required to develop and administer the notification, permit, or license program requirements of this chapter, subchapters I and V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq., or rules adopted thereunder. Those costs include the reasonable costs of reviewing and acting upon an application for a permit; implementing and enforcing statutes, rules, and the terms and conditions of a permit; emissions, ambient, and deposition monitoring; preparing generally applicable regulations; responding to federal guidance; modeling, analyses, and demonstrations; preparing inventories and tracking emissions; and providing information to the public about these activities.

(c) The agency shall set fees that:

(1) will result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than \$25 per ton of each volatile organic compound; pollutant regulated under United States Code, title 42, section 7411 or 7412 (section 111 or 112 of the federal Clean Air Act); and each pollutant, except carbon monoxide, for which a national primary ambient air quality standard has been promulgated;

(2) may result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than \$25 per ton of each pollutant not listed in clause (1) that is regulated under this chapter or air quality rules adopted under this chapter; and

(3) shall collect, in the aggregate, from the sources listed in paragraph (b), the amount needed to match grant funds received by the state under United States Code, title 42, section 7405 (section 105 of the federal Clean Air Act).

The agency must not include in the calculation of the aggregate amount to be collected under clauses (1) and (2) any amount in excess of 4,000 tons per year of each air pollutant from a source. The increase in air permit fees to match federal grant funds shall be a surcharge on existing fees. The commissioner may not collect the surcharge after the grant funds become unavailable. In addition, the commissioner shall use nonfee funds to the extent practical to match the grant funds so that the fee surcharge is minimized.

(d) To cover the reasonable costs described in paragraph (b), the agency shall provide in the rules promulgated under paragraph (c) for an increase in the fee collected in each year by the percentage, if any, by which the Consumer Price Index for the most recent calendar year ending before the beginning of the year the fee is collected exceeds the Consumer Price Index for the calendar year 1989. For purposes of this paragraph the Consumer Price Index for any calendar year is the average of the Consumer Price Index for all-urban consumers published by the United States Department of Labor, as of the close of the 12-month period ending on August 31 of each calendar year. The revision of the Consumer Price Index that is most consistent with the Consumer Price Index for calendar year 1989 shall be used.

(e) Any money collected under paragraphs (b) to (d) must be deposited in the environmental fund and must be used solely for the activities listed in paragraph (b).

(f) Permit applicants who wish to construct, reconstruct, or modify a ~~facility~~ project may offer to reimburse the agency for the costs of staff time or consultant services needed to expedite the preapplication process and permit development process through the final decision on the permit, including the analysis of environmental review documents. The reimbursement shall be in addition to permit application fees imposed by law. When the agency determines that it needs additional resources to develop the permit application in an expedited manner, and that expediting the development is consistent with permitting program priorities, the agency may accept the reimbursement. The commissioner must give the applicant an estimate of costs to be incurred by the commissioner. The estimate must include a brief description of the tasks to be performed, a schedule for completing the tasks, and the estimated cost for each task. The applicant and the commissioner must enter into a written agreement detailing the estimated costs for the expedited permit decision-making process to be incurred by the agency. The agreement must also identify staff anticipated to be assigned to the project. The commissioner must not issue a permit until the applicant has paid all fees in full. The commissioner must refund any unobligated balance of fees paid. Reimbursements accepted by the agency are appropriated to the agency for the purpose of developing the permit or analyzing environmental review documents. Reimbursement by a permit applicant shall precede and not be contingent upon issuance of a permit; shall not affect the agency's decision on whether to issue or deny a permit, what conditions are included in a permit, or the application of state and federal statutes and rules governing permit determinations; and shall not affect final decisions regarding environmental review.

(g) The fees under this subdivision are exempt from section 16A.1285.

Sec. 134. Minnesota Statutes 2016, section 116.0714, is amended to read:

116.0714 NEW OPEN AIR SWINE BASINS.

The commissioner of the Pollution Control Agency or a county board shall not approve any permits for the construction of new open air swine basins, except that existing facilities may use one basin of less than 1,000,000 gallons as part of a permitted waste treatment program for resolving pollution problems or to allow conversion of an existing basin of less than 1,000,000 gallons to a different animal type, provided all standards are met. This section expires June 30, ~~2017~~ 2022.

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

Sec. 135. Minnesota Statutes 2016, section 116C.03, subdivision 2, is amended to read:

Subd. 2. **Membership.** The members of the board are the commissioner of administration, the commissioner of commerce, the commissioner of the Pollution Control Agency, the commissioner of natural resources, the commissioner of agriculture, the commissioner of health, the commissioner of employment and economic development, the commissioner of transportation, and the chair of the Board of Water and Soil Resources, and a representative of the governor's office designated by the governor. The governor shall appoint ~~five~~ four members from the general public to the board, one from each congressional district, subject to the advice and consent of the senate. At least ~~two of the five~~ four public members must have knowledge of and be conversant in ~~water management issues in the state~~ environmental review or permitting. The governor must appoint the chair of the board. Notwithstanding the provisions of section 15.06, subdivision 6, members of the board may not delegate their powers and responsibilities as board members to any other person. Members appointed under this subdivision must not be registered lobbyists or legislators.

Sec. 136. Minnesota Statutes 2016, section 116C.04, subdivision 2, is amended to read:

Subd. 2. **Jurisdiction.** (a) The board shall determine which environmental problems of interdepartmental concern to state government shall be considered by the board. The board shall initiate interdepartmental investigations into those matters that it determines are in need of study. Topics for investigation may include but need not be limited to ~~future population and settlement patterns,~~ air and water resources and quality, solid waste management, transportation and utility corridors, ~~economically productive open space,~~ energy policy and need, ~~growth and development,~~ and land use and planning.

(b) The board shall review programs of state agencies that significantly affect the environment and coordinate those it determines are interdepartmental in nature, and insure agency compliance with state environmental policy.

(c) The board may review environmental rules and criteria for granting and denying permits by state agencies and may resolve conflicts involving state agencies with regard to programs, rules, permits and procedures significantly affecting the environment, provided that such resolution of conflicts is consistent with state environmental policy.

~~(d) State agencies shall submit to the board all proposed legislation of major significance relating to the environment and the board shall submit a report to the governor and the legislature with comments on such major environmental proposals of state agencies.~~

Sec. 137. Minnesota Statutes 2016, section 116D.04, subdivision 2a, is amended to read:

Subd. 2a. **When prepared.** (a) Where there is potential for significant environmental effects resulting from any major governmental action, the action shall be preceded by a detailed environmental impact statement prepared by the responsible governmental unit. The environmental impact statement shall be an analytical rather than an encyclopedic document which describes the proposed action in detail, analyzes its significant environmental impacts, discusses appropriate alternatives to the proposed action and their impacts, and explores methods by which adverse environmental impacts of an action could be mitigated. The environmental impact statement shall also analyze those economic, employment, and sociological effects that cannot be avoided should the action be implemented. To ensure its use in the decision-making process, the environmental impact statement shall be prepared as early as practical in the formulation of an action.

(~~a~~) (b) The board shall by rule establish categories of actions for which environmental impact statements and for which environmental assessment worksheets shall be prepared as well as categories of actions for which no environmental review is required under this section. A mandatory environmental assessment worksheet ~~shall~~ is not ~~be~~ required for the expansion of an ethanol plant, as defined in section 41A.09, subdivision 2a, paragraph (b), or the conversion of an ethanol plant to a biobutanol facility or the expansion of a biobutanol facility as defined in section 41A.15, subdivision 2d, based on the capacity of the expanded or converted facility to produce alcohol fuel, but must be required if the ethanol plant or biobutanol facility meets or exceeds thresholds of other categories of actions for which environmental assessment worksheets must be prepared. The responsible governmental unit for an ethanol plant or biobutanol facility project for which an environmental assessment worksheet is prepared ~~shall be~~ is the state agency with the greatest responsibility for supervising or approving the project as a whole.

(c) A mandatory environmental impact statement ~~shall~~ is not ~~be~~ required for a facility or plant located outside the seven-county metropolitan area that produces less than 125,000,000 gallons of ethanol, biobutanol, or cellulosic biofuel annually, or produces less than 400,000 tons of chemicals annually, if the facility or plant is: an ethanol plant, as defined in section 41A.09, subdivision 2a, paragraph (b); a biobutanol facility, as defined in section 41A.15, subdivision 2d; or a cellulosic biofuel facility. A facility or plant that only uses a cellulosic feedstock to produce chemical products for use by another facility as a feedstock ~~shall~~ is not ~~be~~ considered a fuel conversion facility as used in rules adopted under this chapter.

(~~b~~) (d) The responsible governmental unit shall promptly publish notice of the completion of an environmental assessment worksheet by publishing the notice in at least one newspaper of general circulation in the geographic area where the project is proposed, by posting the notice on a Web site that has been designated as the official publication site for publication of proceedings, public notices, and summaries of a political subdivision in which the project is proposed, or in any other manner determined by the board and shall provide copies of the environmental assessment worksheet to the board and its member agencies. Comments on the need for an environmental impact statement may be submitted to the responsible governmental unit during a 30-day period following publication of the notice that an environmental assessment worksheet has been completed. The responsible governmental unit's decision on the need for an environmental impact statement shall be based on the environmental assessment worksheet and the comments received during the comment period, and shall be made within 15 days after the close of the comment period. The board's chair may extend the 15-day period by not more than 15 additional days upon the request of the responsible governmental unit.

~~(e)~~ (e) An environmental assessment worksheet shall also be prepared for a proposed action whenever material evidence accompanying a petition by not less than 100 individuals who reside or own property in the state, submitted before the proposed project has received final approval by the appropriate governmental units, demonstrates that, because of the nature or location of a proposed action, there may be potential for significant environmental effects. Petitions requesting the preparation of an environmental assessment worksheet shall be submitted to the board. The chair of the board shall determine the appropriate responsible governmental unit and forward the petition to it. A decision on the need for an environmental assessment worksheet shall be made by the responsible governmental unit within 15 days after the petition is received by the responsible governmental unit. The board's chair may extend the 15-day period by not more than 15 additional days upon request of the responsible governmental unit.

~~(f)~~ (f) Except in an environmentally sensitive location where Minnesota Rules, part 4410.4300, subpart 29, item B, applies, the proposed action is exempt from environmental review under this chapter and rules of the board, if:

(1) the proposed action is:

(i) an animal feedlot facility with a capacity of less than 1,000 animal units; or

(ii) an expansion of an existing animal feedlot facility with a total cumulative capacity of less than 1,000 animal units;

(2) the application for the animal feedlot facility includes a written commitment by the proposer to design, construct, and operate the facility in full compliance with Pollution Control Agency feedlot rules; and

(3) the county board holds a public meeting for citizen input at least ten business days ~~prior to~~ before the Pollution Control Agency or county issuing a feedlot permit for the animal feedlot facility unless another public meeting for citizen input has been held with regard to the feedlot facility to be permitted. The exemption in this paragraph is in addition to other exemptions provided under other law and rules of the board.

~~(g)~~ (g) The board may, ~~prior to~~ before final approval of a proposed project, require preparation of an environmental assessment worksheet by a responsible governmental unit selected by the board for any action where environmental review under this section has not been specifically provided for by rule or otherwise initiated.

~~(h)~~ (h) An early and open process shall be utilized to limit the scope of the environmental impact statement to a discussion of those impacts, ~~which that~~, because of the nature or location of the project, have the potential for significant environmental effects. The same process shall be utilized to determine the form, content, and level of detail of the statement as well as the alternatives ~~which that~~ are appropriate for consideration in the statement. In addition, the permits ~~which that~~ will be required for the proposed action shall be identified during the scoping process. Further, the process shall identify those permits for which information will be developed concurrently with the environmental impact statement. The board shall provide in its rules for the expeditious completion of the scoping process. The determinations reached in the process shall be incorporated into the order requiring the preparation of an environmental impact statement.

~~(e)~~ (i) The responsible governmental unit shall, to the extent practicable, avoid duplication and ensure coordination between state and federal environmental review and between environmental review and environmental permitting. Whenever practical, information needed by a governmental unit for making final decisions on permits or other actions required for a proposed project shall be developed in conjunction with the preparation of an environmental impact statement. When an environmental impact statement is prepared for a project requiring multiple permits for which two or more agencies' decision processes include either mandatory or discretionary hearings before a hearing officer ~~prior to~~ before the agencies' decision on the permit, the agencies may, notwithstanding any law or rule to the contrary, conduct the hearings in a single consolidated hearing process if requested by the proposer. All agencies having jurisdiction over a permit that is included in the consolidated hearing shall participate. The responsible governmental unit shall establish appropriate procedures for the consolidated hearing process, including procedures to ensure that the consolidated hearing process is consistent with the applicable requirements for each permit regarding the rights and duties of parties to the hearing, and shall utilize the earliest applicable hearing procedure to initiate the hearing. All agencies having jurisdiction over a permit identified in the draft environmental assessment worksheet scoping document must begin reviewing any permit application upon publication of the notice of preparation of the environmental impact statement.

~~(h)~~ (j) An environmental impact statement shall be prepared and its adequacy determined within 280 days after notice of its preparation unless the time is extended by consent of the parties or by the governor for good cause. The responsible governmental unit shall determine the adequacy of an environmental impact statement, unless within 60 days after notice is published that an environmental impact statement will be prepared, the board chooses to determine the adequacy of an environmental impact statement. If an environmental impact statement is found to be inadequate, the responsible governmental unit shall have 60 days to prepare an adequate environmental impact statement.

~~(i)~~ (k) The proposer of a specific action may include in the information submitted to the responsible governmental unit a preliminary draft environmental impact statement under this section on that action for review, modification, and determination of completeness and adequacy by the responsible governmental unit. A preliminary draft environmental impact statement prepared by the project proposer and submitted to the responsible governmental unit shall identify or include as an appendix all studies and other sources of information used to substantiate the analysis contained in the preliminary draft environmental impact statement. The responsible governmental unit shall require additional studies, if needed, and obtain from the project proposer all additional studies and information necessary for the responsible governmental unit to perform its responsibility to review, modify, and determine the completeness and adequacy of the environmental impact statement.

Sec. 138. Minnesota Statutes 2016, section 116D.04, subdivision 5b, is amended to read:

Subd. 5b. **Review of environmental assessment worksheets and environmental impact statements.** By December 1, ~~2012~~ 2018, and every ~~five~~ three years thereafter, the Environmental Quality Board, Pollution Control Agency, Department of Natural Resources, and Department of Transportation, after consultation with political subdivisions, shall submit to the governor and the chairs of the house of representatives and senate committees having jurisdiction over environment and natural resources a list of mandatory environmental assessment worksheet and mandatory environmental impact statement categories for which the agency or a political subdivision is

designated as the responsible government unit, and for each worksheet or statement category, a document including:

- (1) intended historical purposes of the category;
- (2) whether projects that fall within the category are also subject to local, state, or federal permits; and
- (3) an analysis of and recommendations for whether the mandatory category should be modified, eliminated, or unchanged based on its intended outcomes and relationship to existing permits or other federal, state, or local laws or ordinances.

Sec. 139. Minnesota Statutes 2016, section 116D.04, subdivision 10, is amended to read:

Subd. 10. **Review.** A person aggrieved by a final decision on the need for an environmental assessment worksheet, the need for an environmental impact statement, or the adequacy of an environmental impact statement is entitled to judicial review of the decision under sections 14.63 to 14.68. A petition for a writ of certiorari by an aggrieved person for judicial review under sections 14.63 to 14.68 must be filed with the Court of Appeals and served on the responsible governmental unit not more than 30 days after the ~~party receives the final decision and order of the~~ responsible governmental unit provides notice of the decision in the EQB Monitor. Proceedings for review under this section must be instituted by serving a petition for a writ of certiorari personally or by certified mail upon the responsible governmental unit and by promptly filing the proof of service in the Office of the Clerk of the Appellate Courts and the matter will proceed in the manner provided by the Rules of Civil Appellate Procedure. A copy of the petition must be provided to the attorney general at the time of service. Copies of the writ must be served, personally or by certified mail, upon the responsible governmental unit and the project proposer. The filing of the writ of certiorari does not stay the enforcement of any other governmental action, provided that the responsible governmental unit may stay enforcement or the Court of Appeals may order a stay upon terms it deems proper. A bond may be required under section 562.02 unless at the time of hearing on the application for the bond the petitioner-relator has shown that the claim is likely to succeed on the merits. The board may initiate judicial review of decisions referred to herein and the board or a project proposer may intervene as of right in any proceeding brought under this subdivision.

Sec. 140. Minnesota Statutes 2016, section 116D.045, subdivision 1, is amended to read:

Subdivision 1. **Assessment.** The board ~~shall~~ must by rule adopt procedures to:

- (1) assess the proposer of a specific action for the responsible governmental unit's reasonable costs of preparing, reviewing, and distributing the environmental impact statement. The costs ~~shall~~ must be determined by the responsible governmental unit ~~pursuant~~ according to the rules ~~promulgated~~ adopted by the board; and
- (2) authorize a responsible governmental unit to allow a proposer of a specific action to prepare a draft environmental impact statement according to section 116D.04, subdivision 2a, paragraph (i).

Sec. 141. Minnesota Statutes 2016, section 160.06, is amended to read:

160.06 TRAIL OR PORTAGE DEDICATION.

Any trail or portage between public or navigable bodies of water or from public or navigable water to a public highway in this state ~~which that~~ has been in continued and uninterrupted use by the general public for 15 years or more as a trail or portage for the purposes of travel, ~~shall be~~ is deemed to have been dedicated to the public as a trail or portage. This section ~~shall apply~~ applies only to forest trails on established ~~state water trails~~ canoe routes and the public ~~shall have~~ has the right to use the same for ~~the purposes of~~ travel to the same extent as public highways. The width of all trails and portages dedicated by user ~~shall be~~ is eight feet on each side of the centerline of the trail or portage.

Sec. 142. Minnesota Statutes 2016, section 168.1295, subdivision 1, is amended to read:

Subdivision 1. **General requirements and procedures.** (a) The commissioner shall issue state parks and trails plates to an applicant who:

(1) is a registered owner of a passenger automobile, recreational vehicle, one ton pickup truck, or motorcycle;

(2) pays a fee of \$10 to cover the costs of handling and manufacturing the plates;

(3) pays the registration tax required under section 168.013;

(4) pays the fees required under this chapter;

(5) contributes a minimum of ~~\$50~~ \$60 annually to the state parks and trails donation account established in section 85.056; and

(6) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

(b) The state parks and trails plate application must indicate that the contribution specified under paragraph (a), clause (5), is a minimum contribution to receive the plate and that the applicant may make an additional contribution to the account.

(c) State parks and trails plates may be personalized according to section 168.12, subdivision 2a.

Sec. 143. Minnesota Statutes 2016, section 282.018, subdivision 1, is amended to read:

Subdivision 1. **Land on or adjacent to public waters.** (a) All land which is the property of the state as a result of forfeiture to the state for nonpayment of taxes, regardless of whether the land is held in trust for taxing districts, and which borders on or is adjacent to meandered lakes and other public waters and watercourses, and the live timber growing or being thereon, is hereby withdrawn from sale except as hereinafter provided. The authority having jurisdiction over the timber on any ~~such of these~~ lands may sell the timber as otherwise provided by law for cutting and removal under ~~such the~~ conditions as the authority may prescribe in accordance with approved, sustained yield forestry practices. The authority having jurisdiction over the timber shall reserve ~~such the~~ timber and impose ~~such the~~ conditions as the authority deems necessary for the protection of watersheds, wildlife habitat, shorelines, and scenic features. Within the area in Cook, Lake, and St. Louis counties

described in the Act of Congress approved July 10, 1930 (46 Stat. 1020), the timber on tax-forfeited lands shall be subject to like restrictions as are now imposed by that act on federal lands.

(b) Of all tax-forfeited land bordering on or adjacent to meandered lakes and other public waters and watercourses and so withdrawn from sale, a strip two rods in width, the ordinary high-water mark being the waterside boundary thereof, and the land side boundary thereof being a line drawn parallel to the ordinary high-water mark and two rods distant landward therefrom, hereby is reserved for public travel thereon, and whatever the conformation of the shore line or conditions require, the authority having jurisdiction over ~~such~~ these lands shall reserve a wider strip for ~~such~~ these purposes.

(c) Any tract or parcel of land which has 150 feet or less of waterfront may be sold by the authority having jurisdiction over the land, in the manner otherwise provided by law for the sale of ~~such~~ the lands, if the authority determines that it is in the public interest to do so. Any tract or parcel of land within a plat of record bordering on or adjacent to meandered lakes and other public waters and watercourses may be sold by the authority having jurisdiction over the land, in the manner otherwise provided by law for the sale of the lands, if the authority determines that it is in the public interest to do so. If the authority having jurisdiction over the land is not the commissioner of natural resources, the land may not be offered for sale without the prior approval of the commissioner of natural resources.

(d) Where the authority having jurisdiction over lands withdrawn from sale under this section is not the commissioner of natural resources, the authority may submit proposals for disposition of the lands to the commissioner. The commissioner of natural resources shall evaluate the lands and their public benefits and make recommendations on the proposed dispositions to the committees of the legislature with jurisdiction over natural resources. The commissioner shall include any recommendations of the commissioner for disposition of lands withdrawn from sale under this section over which the commissioner has jurisdiction. The commissioner's recommendations may include a public sale, sale to a private party, acquisition by the Department of Natural Resources for public purposes, or a cooperative management agreement with, or transfer to, another unit of government.

Sec. 144. Minnesota Statutes 2016, section 282.04, subdivision 1, is amended to read:

Subdivision 1. **Timber sales; land leases and uses.** (a) The county auditor, with terms and conditions set by the county board, may sell timber upon any tract that may be approved by the natural resources commissioner. The sale of timber shall be made for cash at not less than the appraised value determined by the county board to the highest bidder after not less than one week's published notice in an official paper within the county. Any timber offered at the public sale and not sold may thereafter be sold at private sale by the county auditor at not less than the appraised value thereof, until the time as the county board may withdraw the timber from sale. The appraised value of the timber and the forestry practices to be followed in the cutting of said timber shall be approved by the commissioner of natural resources.

(b) Payment of the full sale price of all timber sold on tax-forfeited lands shall be made in cash at the time of the timber sale, except in the case of oral or sealed bid auction sales, the down payment shall be no less than 15 percent of the appraised value, and the balance shall be paid prior to entry. In the case of auction sales that are partitioned and sold as a single sale with predetermined cutting blocks, the down payment shall be no less than 15 percent of the appraised price of the entire timber

sale which may be held until the satisfactory completion of the sale or applied in whole or in part to the final cutting block. The value of each separate block must be paid in full before any cutting may begin in that block. With the permission of the county contract administrator the purchaser may enter unpaid blocks and cut necessary timber incidental to developing logging roads as may be needed to log other blocks provided that no timber may be removed from an unpaid block until separately scaled and paid for. If payment is provided as specified in this paragraph as security under paragraph (a) and no cutting has taken place on the contract, the county auditor may credit the security provided, less any down payment required for an auction sale under this paragraph, to any other contract issued to the contract holder by the county under this chapter to which the contract holder requests in writing that it be credited, provided the request and transfer is made within the same calendar year as the security was received.

(c) The county board may sell any timber, including biomass, as appraised or scaled. Any parcels of land from which timber is to be sold by scale of cut products shall be so designated in the published notice of sale under paragraph (a), in which case the notice shall contain a description of the parcels, a statement of the estimated quantity of each species of timber, and the appraised price of each species of timber for 1,000 feet, per cord or per piece, as the case may be. In those cases any bids offered over and above the appraised prices shall be by percentage, the percent bid to be added to the appraised price of each of the different species of timber advertised on the land. The purchaser of timber from the parcels shall pay in cash at the time of sale at the rate bid for all of the timber shown in the notice of sale as estimated to be standing on the land, and in addition shall pay at the same rate for any additional amounts which the final scale shows to have been cut or was available for cutting on the land at the time of sale under the terms of the sale. Where the final scale of cut products shows that less timber was cut or was available for cutting under terms of the sale than was originally paid for, the excess payment shall be refunded from the forfeited tax sale fund upon the claim of the purchaser, to be audited and allowed by the county board as in case of other claims against the county. No timber, except hardwood pulpwood, may be removed from the parcels of land or other designated landings until scaled by a person or persons designated by the county board and approved by the commissioner of natural resources. Landings other than the parcel of land from which timber is cut may be designated for scaling by the county board by written agreement with the purchaser of the timber. The county board may, by written agreement with the purchaser and with a consumer designated by the purchaser when the timber is sold by the county auditor, and with the approval of the commissioner of natural resources, accept the consumer's scale of cut products delivered at the consumer's landing. No timber shall be removed until fully paid for in cash. Small amounts of timber not exceeding ~~\$3,000~~ 500 cords in appraised ~~valuation~~ volume may be sold for not less than the full appraised value at private sale to individual persons without first publishing notice of sale or calling for bids, provided that in case of a sale involving a total appraised value of more than \$200 the sale shall be made subject to final settlement on the basis of a scale of cut products in the manner above provided and not more than two of the sales, directly or indirectly to any individual shall be in effect at one time.

(d) As directed by the county board, the county auditor may lease tax-forfeited land to individuals, corporations or organized subdivisions of the state at public or private sale, and at the prices and under the terms as the county board may prescribe, for use as cottage and camp sites and for agricultural purposes and for the purpose of taking and removing of hay, stumps, sand, gravel, clay, rock, marl, and black dirt from the land, and for garden sites and other temporary uses provided that no leases shall be for a period to exceed ten years; provided, further that any leases involving

a consideration of more than \$12,000 per year, except to an organized subdivision of the state shall first be offered at public sale in the manner provided herein for sale of timber. Upon the sale of any leased land, it shall remain subject to the lease for not to exceed one year from the beginning of the term of the lease. Any rent paid by the lessee for the portion of the term cut off by the cancellation shall be refunded from the forfeited tax sale fund upon the claim of the lessee, to be audited and allowed by the county board as in case of other claims against the county.

(e) As directed by the county board, the county auditor may lease tax-forfeited land to individuals, corporations, or organized subdivisions of the state at public or private sale, at the prices and under the terms as the county board may prescribe, for the purpose of taking and removing for use for road construction and other purposes tax-forfeited stockpiled iron-bearing material. The county auditor must determine that the material is needed and suitable for use in the construction or maintenance of a road, tailings basin, settling basin, dike, dam, bank fill, or other works on public or private property, and that the use would be in the best interests of the public. No lease shall exceed ten years. The use of a stockpile for these purposes must first be approved by the commissioner of natural resources. The request shall be deemed approved unless the requesting county is notified to the contrary by the commissioner of natural resources within six months after receipt of a request for approval for use of a stockpile. Once use of a stockpile has been approved, the county may continue to lease it for these purposes until approval is withdrawn by the commissioner of natural resources.

(f) The county auditor, with the approval of the county board is authorized to grant permits, licenses, and leases to tax-forfeited lands for the depositing of stripping, lean ores, tailings, or waste products from mines or ore milling plants, or to use for facilities needed to recover iron-bearing oxides from tailings basins or stockpiles, or for a buffer area needed for a mining operation, upon the conditions and for the consideration and for the period of time, not exceeding 25 years, as the county board may determine. The permits, licenses, or leases are subject to approval by the commissioner of natural resources.

(g) Any person who removes any timber from tax-forfeited land before said timber has been scaled and fully paid for as provided in this subdivision is guilty of a misdemeanor.

(h) The county auditor may, with the approval of the county board, and without first offering at public sale, grant leases, for a term not exceeding 25 years, for the removal of peat and for the production or removal of farm-grown closed-loop biomass as defined in section 216B.2424, subdivision 1, or short-rotation woody crops from tax-forfeited lands upon the terms and conditions as the county board may prescribe. Any lease for the removal of peat, farm-grown closed-loop biomass, or short-rotation woody crops from tax-forfeited lands must first be reviewed and approved by the commissioner of natural resources if the lease covers 320 or more acres. No lease for the removal of peat, farm-grown closed-loop biomass, or short-rotation woody crops shall be made by the county auditor pursuant to this section without first holding a public hearing on the auditor's intention to lease. One printed notice in a legal newspaper in the county at least ten days before the hearing, and posted notice in the courthouse at least 20 days before the hearing shall be given of the hearing.

(i) Notwithstanding any provision of paragraph (c) to the contrary, the St. Louis County auditor may, at the discretion of the county board, sell timber to the party who bids the highest price for all the several kinds of timber, as provided for sales by the commissioner of natural resources under

section 90.14. Bids offered over and above the appraised price need not be applied proportionately to the appraised price of each of the different species of timber.

(j) In lieu of any payment or deposit required in paragraph (b), as directed by the county board and under terms set by the county board, the county auditor may accept an irrevocable bank letter of credit in the amount equal to the amount otherwise determined in paragraph (b). If an irrevocable bank letter of credit is provided under this paragraph, at the written request of the purchaser, the county may periodically allow the bank letter of credit to be reduced by an amount proportionate to the value of timber that has been harvested and for which the county has received payment. The remaining amount of the bank letter of credit after a reduction under this paragraph must not be less than 20 percent of the value of the timber purchased. If an irrevocable bank letter of credit or cash deposit is provided for the down payment required in paragraph (b), and no cutting of timber has taken place on the contract for which a letter of credit has been provided, the county may allow the transfer of the letter of credit to any other contract issued to the contract holder by the county under this chapter to which the contract holder requests in writing that it be credited.

Sec. 145. Minnesota Statutes 2016, section 296A.18, subdivision 6a, is amended to read:

Subd. 6a. **Computation of nonhighway use amounts.** The nonhighway use amounts determined in subdivisions 2 to 6 must be transferred from the highway user tax distribution fund to the accounts as provided for in sections 84.794, 84.803, 84.83, 84.927, and 86B.706. These amounts, together with interest and penalties for delinquency in payment, paid or collected pursuant to the provisions of this chapter, must be computed for each six-month period ending June 30 and December 31 and must be transferred on November 1 and ~~June~~ April 1 following each six-month period.

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

Sec. 146. **[477A.21] RIPARIAN PROTECTION AID.**

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

(1) "buffer protection map" has the meaning given under section 103F.48, subdivision 1; and

(2) "public watercourses" means public waters and public drainage systems subject to riparian protection requirements under section 103F.48.

Subd. 2. Certifications to commissioner. (a) The Board of Water and Soil Resources must certify to the commissioner of revenue, on or before July 1 each year, which counties and watershed districts have affirmed their jurisdiction under section 103F.48 and the proportion of centerline miles of public watercourses, and miles of public drainage system ditches on the buffer protection map, within each county and each watershed district within the county with affirmed jurisdiction.

(b) On or before July 1 each year, the commissioner of natural resources shall certify to the commissioner of revenue the statewide and countywide number of centerline miles of public watercourses and miles of public drainage system ditches on the buffer protection map.

Subd. 3. Distribution. (a) A county that is certified under subdivision 2, or that portion of a county containing a watershed district certified under subdivision 2, is eligible to receive aid under

this section to enforce and implement the riparian protection and water quality practices under section 103F.48. Each county's preliminary aid amount is equal to the proportion calculated under paragraph (b) multiplied by the appropriation received each year by the commissioner for purposes of payments under this section.

(b) The commissioner must compute each county's proportion. A county's proportion is equal to the ratio of the sum in clause (1) to the sum in clause (2):

(1) the sum of the total number of acres in the county classified as class 2a under section 273.13, subdivision 23, the countywide number of centerline miles of public watercourses on the buffer protection map, and the countywide number of miles of public drainage system ditches on the buffer protection map; and

(2) the sum of the statewide total number of acres classified as class 2a under section 273.13, subdivision 23, the statewide total number of centerline miles of public watercourses on the buffer protection map, and the statewide total number of public drainage system miles on the buffer protection map.

(c) Aid to a county must not be greater than \$200,000 or less than \$50,000. If the sum of the preliminary aids payable to counties under paragraph (a) is greater or less than the appropriation received by the commissioner, the commissioner of revenue must calculate the percentage of adjustment necessary so that the total of the aid under paragraph (a) equals the total amount received by the commissioner, subject to the minimum and maximum amounts specified in this paragraph. The minimum and maximum amounts under this paragraph must be adjusted by the ratio of the actual amount appropriated to \$10,000,000.

(d) If only a portion of a county is certified as eligible to receive aid under subdivision 2, the aid otherwise payable to that county under this section must be multiplied by a fraction, the numerator of which is the buffer protection map miles of the certified watershed districts contained within the county and the denominator of which is the total buffer protection map miles of the county.

(e) Any aid that would otherwise be paid to a county or portion of a county that is not certified under subdivision 2 shall be paid to the Board of Water and Soil Resources for enforcing and implementing the riparian protection and water quality practices under section 103F.48.

Subd. 4. **Payments.** The commissioner of revenue must compute the amount of riparian protection aid payable to each eligible county and to the Board of Water and Soil Resources under this section. On or before August 1 each year, the commissioner must certify the amount to be paid to each county and the Board of Water and Soil Resources in the following year, except that the payments for 2017 must be certified by July 15, 2017. The commissioner must pay riparian protection aid to counties and to the Board of Water and Soil Resources in the same manner and at the same time as aid payments under section 477A.015.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to aids payable in 2017 and thereafter.

Sec. 147. Laws 2000, chapter 486, section 4, as amended by Laws 2001, chapter 182, section 2, is amended to read:

Sec. 4. [BOATHOUSE LEASES; SOUDAN UNDERGROUND MINE STATE PARK.]

(a) In 1965, United States Steel Corporation conveyed land to the state of Minnesota that was included in the Soudan underground mine state park, with certain lands at Stuntz Bay subject to leases outstanding for employee boathouse sites.

(b) Notwithstanding Minnesota Statutes, sections 85.011, 85.012, subdivision 1, and 86A.05, subdivision 2, upon the expiration of a boathouse lease described under paragraph (a), the commissioner of natural resources shall offer a new lease to the party in possession at the time of lease expiration, or, if there has been a miscellaneous lease issued by the Department of Natural Resources due to expiration of a lease described under paragraph (a), upon its expiration to the lessee. The new lease shall be issued under the terms and conditions of Minnesota Statutes, section 92.50, ~~with the following limitations~~ except as follows:

(1) the term of the lease shall be for the lifetime of the party being issued a renewed lease and, if transferred, for the lifetime of the party to whom the lease is transferred;

(2) the new lease shall provide that the lease may be transferred only once and the transfer must be to a person within the third degree of kindred or first cousin according to civil law; ~~and~~

(3) the commissioner shall limit the number of lessees per lease to no more than two persons who have attained legal age; and

(4) the lease amount must not exceed 50 percent of the average market rate, based on comparable private lease rates, as determined once every five years per lease.

At the time of the new lease, the commissioner may offer, and after agreement with the leaseholder, lease equivalent alternative sites to the leaseholder.

(c) The commissioner shall not cancel a boathouse lease described under paragraphs (a) and (b) except for noncompliance with the lease agreement.

~~(d) By January 15, 2001, the commissioner of natural resources shall report to the senate and house environment and natural resources policy and finance committees on boathouse leases in state parks. The report shall include information on:~~

~~(1) the number of boathouse leases;~~

~~(2) the number of leases that have forfeited;~~

~~(3) the expiration dates of the leases;~~

~~(4) the historical significance of the boathouses;~~

~~(5) recommendations on the inclusion of the land described in paragraph (d) within the park boundary; and~~

~~(6) any other relevant information on the leases.~~

(d) The commissioner must issue a written receipt to the lessee for each lease payment.

(e) The commissioner of natural resources shall contact U.S.X. Corporation and local units of government regarding the inclusion of the following lands within Soudan underground mine state park:

(1) all lands located South of Vermillion Lake shoreline in Section 13, Township 62 North, Range 15 West;

(2) all lands located South of Vermillion Lake shoreline in the S1/2-SE1/4 of Section 14, Township 62 North, Range 15 West;

(3) NE1/4-SE1/4 and E1/2-NE1/4 of Section 22, Township 62 North, Range 15 West;

(4) all lands located South of Vermillion Lake shoreline in Section 23, Township 62 North, Range 15 West;

(5) all of Section 24, Township 62 North, Range 15 West;

(6) all lands North of trunk highway No. 169 located in Section 25, Township 62 North, Range 15 West;

(7) all lands North of trunk highway No. 169 located in Section 26, Township 62 North, Range 15 West;

(8) NE1/4-SE1/4 and SE1/4-NE1/4 of Section 27, Township 62 North, Range 15 West; and

(9) NW1/4 of Section 19, Township 62 North, Range 14 West.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to monthly lease payments made on or after that date.

Sec. 148. Laws 2013, chapter 114, article 4, section 105, is amended to read:

Sec. 105. **RULES; SILICA SAND.**

(a) The commissioner of the Pollution Control Agency ~~shall~~ may adopt rules pertaining to the control of particulate emissions from silica sand projects. The rulemaking is exempt from Minnesota Statutes, section 14.125.

(b) The commissioner of natural resources shall adopt rules pertaining to the reclamation of silica sand mines. The rulemaking is exempt from Minnesota Statutes, section 14.125.

(c) By January 1, 2014, the Department of Health shall adopt an air quality health-based value for silica sand.

(d) The Environmental Quality Board ~~shall~~ may amend its rules for environmental review, adopted under Minnesota Statutes, chapter 116D, for silica sand mining and processing to take into account the increased activity in the state and concerns over the size of specific operations. The Environmental Quality Board shall consider whether the requirements of Minnesota Statutes, section 116C.991, should remain part of the environmental review requirements for silica sand and whether

the requirements should be different for different geographic areas of the state. The rulemaking is exempt from Minnesota Statutes, section 14.125.

Sec. 149. Laws 2015, First Special Session chapter 4, article 4, section 136, is amended to read:

Sec. 136. **WILD RICE WATER QUALITY STANDARDS.**

(a) Until the commissioner of the Pollution Control Agency amends rules refining the wild rice water quality standard in Minnesota Rules, part 7050.0224, subpart 2, to consider all independent research and publicly funded research and to include criteria for identifying waters and a list of waters subject to the standard, implementation of the wild rice water quality standard in Minnesota Rules, part 7050.0224, subpart 2, shall be limited to the following, unless the permittee requests additional conditions:

(1) when issuing, modifying, or renewing national pollutant discharge elimination system (NPDES) or state disposal system (SDS) permits, the agency shall endeavor to protect wild rice, and in doing so shall be limited by the following conditions:

(i) the agency shall not require permittees to expend money for design or implementation of sulfate treatment technologies or other forms of sulfate mitigation; and

(ii) the agency may require sulfate minimization plans in permits; and

(2) the agency shall not list waters containing natural beds of wild rice as impaired for sulfate under section 303(d) of the federal Clean Water Act, United States Code, title 33, section 1313, until the rulemaking described in this paragraph takes effect.

(b) Upon the rule described in paragraph (a) taking effect, the agency may reopen permits issued or reissued after the effective date of this section as needed to include numeric permit limits based on the wild rice water quality standard.

(c) The commissioner shall complete the rulemaking described in paragraph (a) by January 15, ~~2018~~ 2019.

Sec. 150. Laws 2015, First Special Session chapter 4, article 4, section 146, is amended to read:

Sec. 146. **INITIAL IMPLEMENTATION; WAIVERS.**

A soil and water conservation district must grant a conditional compliance waiver under Minnesota Statutes, section 103F.48, to landowners or authorized agents who have applied for and maintained eligibility for financial or technical assistance within one year of the dates listed in Minnesota Statutes, section 103F.48, subdivision 3, paragraph (e), according to Minnesota Statutes, section 103F.48. A conditional compliance waiver also must be granted to landowners who are subject to a drainage proceeding commenced under Minnesota Statutes, sections 103E.011, subdivision 5; 103E.021, subdivision 6; and 103E.715. The conditional compliance waiver is valid until financial or technical assistance is available for buffer or alternative practices installation, but not later than November 1, 2018. A landowner or authorized agent that has filed a parcel-specific riparian protection compliance plan with the soil and water conservation district by November 1, 2017, shall be granted a conditional compliance waiver until July 1, 2018.

Sec. 151. Laws 2016, chapter 189, article 3, section 26, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective May 1, ~~2017~~ 2018.

EFFECTIVE DATE. This section is effective retroactively from April 30, 2017.

Sec. 152. Laws 2016, chapter 189, article 3, section 46, is amended to read:

Sec. 46. **PRESCRIBED BURN REQUIREMENTS; REPORT.**

The commissioner of natural resources, in cooperation with prescribed burning professionals, nongovernmental organizations, and local and federal governments, must develop criteria for certifying an entity to conduct a prescribed burn under ~~a general~~ an open burning permit. The certification requirements must include training, equipment, and experience requirements and include an apprentice program to allow entities without experience to become certified. The commissioner must establish provisions for decertifying entities. The commissioner must not require additional certification or requirements for burns conducted as part of normal agricultural practices not currently subject to prescribed burn specifications. The commissioner must submit a report with recommendations and any legislative changes needed to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources by January 15, 2017.

Sec. 153. **DEMOLITION DEBRIS LANDFILL PERMITTING.**

A solid waste permit issued by the Pollution Control Agency to an existing class I demolition debris landfill facility that is operating under the Pollution Control Agency Demolition Landfill Guidance, issued August 2005, is extended pursuant to Minnesota Rules, part 7001.0160, for a period of five years, unless a new permit is issued for the facility by the Pollution Control Agency after the effective date of this section.

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

Sec. 154. **ENVIRONMENTAL QUALITY BOARD MEMBERSHIP TRANSITION.**

(a) Until the governor has appointed members of the Environmental Quality Board from each congressional district as required under this act, this section governs membership of the board.

(b) The citizen members of the board as of July 1, 2017, shall continue to serve until the expiration of their terms.

(c) No later than October 1, 2017, the governor shall appoint board members from the First, Second, Seventh, and Eighth Congressional Districts for terms to begin January 2, 2018.

(d) No later than October 1, 2018, the governor shall appoint a board member from the Third Congressional District for a term to begin January 8, 2019.

(e) No later than October 1, 2019, the governor shall appoint a board member from the Fourth Congressional District for a term to begin January 7, 2020.

(f) No later than October 1, 2020, the governor shall appoint a board member from the Fifth Congressional District for a term to begin January 5, 2021.

(g) No later than October 1, 2021, the governor shall appoint a commissioner from the Sixth Congressional District for a term to begin January 4, 2022.

Sec. 155. **SAND DUNES STATE FOREST MANAGEMENT.**

Subdivision 1. **Forest management.** When managing the Sand Dunes State Forest, the commissioner of natural resources must:

(1) not convert additional land to oak savanna or convert oak savanna to nonforest land unless it is done as a result of a contract entered into before the effective date of this section;

(2) require all prairie seeds planted to be from native species of a local ecotype to Sherburne or Benton County; and

(3) comply with the Minnesota Forest Resources Council's guidelines for aesthetics in residential areas.

Subd. 2. **Prescribed burns; notification.** At least 40 days before conducting a prescribed burn, the commissioner must:

(1) publish a notice in a newspaper of general circulation in the area;

(2) notify the county and township in writing; and

(3) notify residents within a quarter mile of the prescribed burn in writing.

Subd. 3. **School trust lands.** Nothing in this section restricts the ability of the commissioner or the school trust lands director from managing school trust lands within the Sand Dunes State Forest for long-term economic return.

Subd. 4. **Township road.** If the commissioner of natural resources finds that any portion of 233rd Avenue within the Sand Dunes State Forest is not owned by the township, the commissioner must convey an easement over and across state-owned lands administered by the commissioner to the township under Minnesota Statutes, section 84.63, for the width of 233rd Avenue.

Subd. 5. **Sunset.** This section expires two years from the day following final enactment.

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

Sec. 156. **HILL-ANNEX MINE STATE PARK MANAGEMENT AND OPERATION PLAN.**

(a) The commissioner of natural resources must work with the commissioner of the Iron Range Resources and Rehabilitation Board and representatives from the city of Calumet, Itasca County, and the Western Mesabi Mine Planning Board to create an alternate operating model for local management and operation of Hill-Annex Mine State Park until mining resumes on the property. The commissioner of natural resources must submit a management and operation plan to the chairs

and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources by January 15, 2018.

(b) In fiscal year 2018 and fiscal year 2019, the level of service and hours of operation at Hill-Annex Mine State Park must be maintained at fiscal year 2016 levels.

Sec. 157. **BASE BUDGET REPORT.**

(a) The commissioners of natural resources and the Pollution Control Agency must each submit a report that contains the details of their base budgets, by fiscal year, including:

(1) appropriation riders for the previous biennium and the year the rider was first used;

(2) anticipated appropriation riders for the fiscal years 2020-2021 biennium;

(3) statutory appropriations; and

(4) an explanation on the use of funds for each appropriation not covered by a rider.

(b) The reports must be submitted to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources by October 15, 2018.

Sec. 158. **RULEMAKING; MINNOW LICENSES.**

The commissioner of natural resources shall amend Minnesota Rules, part 6254.0100, subpart 2, to conform with Minnesota Statutes, section 97C.501, subdivision 1. The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply, except as provided under Minnesota Statutes, section 14.388.

Sec. 159. **CANCELLATION OF PERMITS.**

Water-use permits issued before July 1, 2017, for water use exempted under Minnesota Statutes, section 103G.271, subdivision 1, paragraph (b), clause (3), are canceled effective July 1, 2017.

Sec. 160. **RULEMAKING; EFFLUENT LIMITATION COMPLIANCE.**

(a) The commissioner of the Pollution Control Agency shall amend Minnesota Rules, part 7001.0150, subpart 2, item A, by inserting the following:

"For a municipality that constructs a publicly owned treatment works facility to comply with a new or modified effluent limitation, compliance with any new or modified effluent limitation adopted after construction begins that would require additional capital investment is required no sooner than 16 years after the date of initiation of operation of the facility."

(b) The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply, except as provided under Minnesota Statutes, section 14.388.

Sec. 161. **DISPOSITION OF PROCEEDS; ST. LOUIS COUNTY ENVIRONMENTAL TRUST FUND.**

Notwithstanding Minnesota Statutes, chapter 282, and any other law relating to the disposition of proceeds from the sale of tax-forfeited land, the St. Louis County Board must deposit any money received from the sale of tax-forfeited land purchased by the Fond du Lac Band of Lake Superior Chippewa with money appropriated under Laws 2014, chapter 256, article 1, section 2, subdivision 3, paragraph (a), into an environmental trust fund established by the county. The principal from the sale of the land may not be expended. The county may spend interest earned on the principal only for purposes related to improving natural resources.

EFFECTIVE DATE; LOCAL APPROVAL. This section is effective the day after the St. Louis County Board and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 162. **MINNOW IMPORTATION RISK REPORT.**

By January 15, 2018, the commissioner of natural resources must report to the chairs of the legislative committees with jurisdiction over natural resources regarding potential risks of importing golden shiner minnows into Minnesota. The commissioner of natural resources must coordinate with the University of Minnesota and may use a third party to produce the report. The report must:

(1) review the Arkansas bait certification program to determine specific risks and potential mitigation measures of allowing the importation of golden shiner minnows by a person that holds a Minnesota wholesale minnow dealers license issued under Minnesota Statutes, section 97C.501, subdivision 2; and

(2) include recommendations on testing protocols or procedures needed to protect Minnesota's waters from invasive species and fish disease introduction.

Sec. 163. **ACTION TO OBTAIN ACCESS PROHIBITED; CLEARWATER COUNTY.**

Before July 1, 2018, the commissioner of natural resources must not initiate a civil action to obtain access to Island Lake FMHA Wildlife Management Area in Clearwater County.

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

Sec. 164. **RULES LIMITING USE OF LEAD SHOT PROHIBITED.**

Until July 1, 2019, the commissioner of natural resources shall not adopt rules further restricting the use of lead shot.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to rules adopted on or after that date.

Sec. 165. **REVISOR'S INSTRUCTION.**

In Minnesota Statutes and Minnesota Rules, the revisor of statutes shall replace all references to Minnesota Statutes, section 115B.39, subdivision 2, paragraph (l), with Minnesota Statutes, section

115B.39, subdivision 2, paragraph (o), and shall make all other necessary changes to preserve the meaning of the text and to conform with the paragraph relettering in this act.

Sec. 166. **REPEALER.**

(a) Minnesota Statutes 2016, sections 84.026, subdivision 3; 97B.031, subdivision 5; 97C.701, subdivisions 1a and 6; 97C.705; 97C.711; 116C.03, subdivision 3a; and 116C.04, subdivision 3, are repealed.

(b) Minnesota Rules, parts 6258.0100; 6258.0200; 6258.0300; 6258.0400; 6258.0500; 6258.0600; 6258.0700, subparts 1, 4, and 5; 6258.0800; and 6258.0900, are repealed."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for environment, natural resources, and tourism purposes; modifying fees; providing for disposition of certain receipts; modifying grant, contract, and lease provisions; modifying state park permit requirements; modifying water safety provisions; modifying provisions to take, possess, and transport wildlife; modifying duties and authority; modifying Minnesota Naturalist Corps provisions; modifying prescribed burn provisions; modifying timber sales provisions; providing for certain hearings, appeals, and reviews; modifying buffer requirements; modifying landfill cleanup program; modifying tax-forfeited land provisions; providing for riparian protection aid; modifying the Water Law; modifying invasive species provisions; modifying off-highway vehicle provisions; modifying permit and license requirements; modifying Petroleum Tank Release Cleanup Act; extending ban on open air swine basins; modifying environmental review; modifying Environmental Quality Board; requiring reports; requiring rulemaking; amending Minnesota Statutes 2016, sections 84.01, by adding a subdivision; 84.027, subdivisions 14a, 14b; 84.788, subdivision 2; 84.793, subdivision 1; 84.8031; 84.82, subdivisions 2, 3; 84.8205, subdivision 1; 84.922, subdivision 5; 84.925, subdivision 1; 84.9256, subdivisions 1, 2; 84.9275, subdivision 1; 84.946, subdivision 2, by adding a subdivision; 84.992, subdivisions 3, 4, 5, 6; 84D.03, subdivisions 3, 4; 84D.04, subdivision 1; 84D.05, subdivision 1; 84D.108, subdivision 2a, by adding subdivisions; 84D.11, by adding a subdivision; 85.052, subdivision 1; 85.053, subdivisions 8, 10; 85.054, by adding a subdivision; 85.055, subdivision 1; 85.22, subdivision 2a; 85.32, subdivision 1; 86B.301, subdivision 2; 86B.313, subdivision 1; 86B.701, subdivision 3; 88.01, subdivision 28; 88.523; 89.39; 90.01, subdivisions 8, 12, by adding a subdivision; 90.041, subdivision 2; 90.051; 90.101, subdivision 2; 90.14; 90.145, subdivision 2; 90.151, subdivision 1; 90.162; 90.252; 93.25, subdivision 2; 93.47, subdivision 4; 93.481, subdivision 2; 93.50; 94.343, subdivision 9; 94.344, subdivision 9; 97A.015, subdivisions 39, 43, 45, 52, 53, by adding a subdivision; 97A.045, subdivision 10; 97A.055, subdivision 2; 97A.075, subdivision 1; 97A.137, subdivision 5; 97A.201, subdivision 2, by adding a subdivision; 97A.225, subdivision 8; 97A.301, subdivision 1; 97A.338; 97A.420, subdivision 1; 97A.421, subdivision 2a; 97A.441, subdivision 1; 97A.473, subdivisions 2, 2a, 2b, 4, 5, 5a; 97A.474, subdivision 2; 97A.475, subdivisions 2, 3, 6, 7, 8, 45; 97B.031, subdivision 6; 97B.071; 97B.405; 97B.431; 97B.516; 97B.655, subdivision 1; 97C.081, subdivision 3; 97C.355, subdivisions 2, 2a; 97C.401, subdivision 2; 97C.501, subdivision 1; 97C.701, by adding a subdivision; 103F.48, subdivisions 1, 3; 103G.005, subdivisions 10b, 10h, by adding a subdivision; 103G.222, subdivisions 1, 3; 103G.223; 103G.2242, subdivisions 1, 2; 103G.2372, subdivision 1; 103G.271, subdivisions 1, 6, 6a, 7; 103G.287, subdivision 1; 103G.411; 114D.25, by adding a subdivision; 115B.39, subdivision 2; 115B.40, subdivision 4; 115C.021, subdivision 1, by adding a subdivision; 116.03, subdivision 2b, by adding a subdivision;

116.07, subdivision 4d; 116.0714; 116C.03, subdivision 2; 116C.04, subdivision 2; 116D.04, subdivisions 2a, 5b, 10; 116D.045, subdivision 1; 160.06; 168.1295, subdivision 1; 282.018, subdivision 1; 282.04, subdivision 1; 296A.18, subdivision 6a; Laws 2000, chapter 486, section 4, as amended; Laws 2013, chapter 114, article 4, section 105; Laws 2015, First Special Session chapter 4, article 4, sections 136; 146; Laws 2016, chapter 189, article 3, sections 6; 26; 46; proposing coding for new law in Minnesota Statutes, chapters 85; 93; 115; 115B; 477A; repealing Minnesota Statutes 2016, sections 84.026, subdivision 3; 97B.031, subdivision 5; 97C.701, subdivisions 1a, 6; 97C.705; 97C.711; 116C.03, subdivision 3a; 116C.04, subdivision 3; Minnesota Rules, parts 6258.0100; 6258.0200; 6258.0300; 6258.0400; 6258.0500; 6258.0600; 6258.0700, subparts 1, 4, 5; 6258.0800; 6258.0900."

We request the adoption of this report and repassage of the bill.

Senate Conferees: Bill Ingebrigtsen, Carrie Ruud, Torrey N. Westrom, Andrew Mathews, David J. Tomassoni

House Conferees: Dan Fabian, Mark Uglem, Josh Heintzeman, Chris Swedzinski, Rob Ecklund

Senator Ingebrigtsen moved that the foregoing recommendations and Conference Committee Report on S.F. No. 844 be now adopted, and that the bill be repassed as amended by the Conference Committee.

CALL OF THE SENATE

Senator Benson imposed a call of the Senate for the balance of the proceedings on S.F. No. 844. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Ingebrigtsen motion. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 844 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 42 and nays 25, as follows:

Those who voted in the affirmative were:

Abeler	Eken	Jensen	Miller	Simonson
Anderson, B.	Fischbach	Johnson	Nelson	Sparks
Anderson, P.	Frentz	Kiffmeyer	Newman	Tomassoni
Benson	Gazelka	Koran	Osmek	Utke
Carlson	Goggin	Lang	Pratt	Weber
Chamberlain	Hall	Limmer	Relph	Westrom
Dahms	Housley	Little	Rosen	
Draheim	Ingebrigtsen	Lourey	Ruud	
Eichorn	Jasinski	Mathews	Senjem	

Those who voted in the negative were:

Bakk	Clausen	Cwodzinski	Dziedzic	Franzen
Champion	Cohen	Dibble	Eaton	Hawj

Hayden
Hoffman
Isaacson

Kent
Klein
Laine

Latz
Marty
Newton

Pappas
Rest
Schoen

Torres Ray
Wiger
Wiklund

So the bill, as amended by the Conference Committee, was repassed 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 Messages From the House and Introduction and First Reading of Senate Bills.

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 943, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 943: A bill for an act relating to higher education; appropriating money for an education debt relief grant; requiring a report.

Senate File No. 943 is herewith returned to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned May 21, 2017

Madam President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 359: A bill for an act relating to human services; adding individualized home supports to home and community-based services; modifying home and community-based services setting requirements and licensing requirements; modifying planning and case management requirements under certain home and community-based services waivers; modifying child foster care background studies; amending Minnesota Statutes 2016, sections 245A.11, subdivision 2a; 245C.03, subdivision 1; 245C.04, subdivision 1; 245C.05, subdivision 2a; 245C.10, subdivision 9; 245C.17, subdivisions 5, 6; 245C.21, subdivision 1a; 245C.23, subdivision 2; 245D.02, subdivision 36, by adding a subdivision; 245D.03, subdivision 1; 245D.04, subdivision 3; 245D.071, subdivision 3; 245D.09, subdivisions 4, 5a; 245D.11, subdivision 4; 245D.24, subdivision 3; 256B.0911, subdivision 3a; 256B.092, subdivision 1a; 256B.49, subdivision 13; 256B.4913, by adding a subdivision; 256B.4914, subdivisions 3, 5, 8, 16.

Senate File No. 359 is herewith returned to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned May 19, 2017

CONCURRENCE AND REPASSAGE

Senator Utke moved that the Senate concur in the amendments by the House to S.F. No. 359 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 359: A bill for an act relating to human services; modifying certain adult foster care licensing provisions; adding individualized home supports to home and community-based services; modifying home and community-based services setting requirements and licensing requirements; modifying planning and case management requirements under certain home and community-based services waivers; modifying child foster care background studies; amending Minnesota Statutes 2016, sections 245A.11, subdivision 2a; 245C.03, subdivision 1; 245C.04, subdivision 1; 245C.05, subdivision 2a; 245C.10, subdivision 9; 245C.17, subdivisions 5, 6; 245C.21, subdivision 1a; 245C.23, subdivision 2; 245D.03, subdivision 1; 245D.04, subdivision 3; 245D.071, subdivision 3; 245D.09, subdivisions 4, 5a; 245D.11, subdivision 4; 245D.24, subdivision 3; 256B.0911, subdivision 3a; 256B.092, subdivision 1a; 256B.49, subdivision 13; 256B.4913, by adding a subdivision; 256B.4914, subdivisions 3, 5, 8, 16.

S.F. No. 359 was read the third time, as amended by the House, and placed on its repassage.

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

The roll was called, and there were yeas 65 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Dziedzic	Housley	Limmer	Rosen
Anderson, B.	Eaton	Ingebrigtsen	Little	Ruud
Anderson, P.	Eichorn	Isaacson	Lourey	Schoen
Bakk	Eken	Jasinski	Marty	Senjem
Benson	Fischbach	Jensen	Mathews	Simonson
Carlson	Franzen	Johnson	Miller	Sparks
Champion	Frentz	Kent	Nelson	Tomassoni
Clausen	Gazelka	Kiffmeyer	Newman	Torres Ray
Cohen	Goggin	Klein	Newton	Utke
Cwodzinski	Hall	Koran	Osmek	Weber
Dahms	Hawj	Laine	Pratt	Westrom
Dibble	Hayden	Lang	Relph	Wiger
Draheim	Hoffman	Latz	Rest	Wiklund

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

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Ingebrigtsen introduced--

S.F. No. 2424: A bill for an act relating to capital investment; appropriating money for redevelopment of the former Fergus Falls Regional Treatment Center; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senator Wiklund introduced--

S.F. No. 2425: A bill for an act relating to pet animals; requiring product labeling and notice for retail sales of products containing xylitol; proposing coding for new law in Minnesota Statutes, chapter 325E.

Referred to the Committee on Agriculture, Rural Development, and Housing Policy.

Senator Cwodzinski introduced--

S.F. No. 2426: A bill for an act relating to education; education finance; health; workforce development; increasing appropriations for school-linked mental health services; providing for school staff and program development; requiring an intermediate school district program evaluation; providing for additional supports for students attending alternative learning centers in intermediate districts; providing additional support for homeless students; creating professional development opportunities for staff who work with homeless students; requiring affirmative consent standards in campus sexual assault policies; establishing a sexual violence grant program; modifying certain Postsecondary Enrollment Options Act provisions; amending the graduation incentives program; establishing a youth skills training program; requiring reports; appropriating money; amending Minnesota Statutes 2016, sections 120A.20, subdivision 2; 120B.11, subdivision 2; 120B.115; 123B.92, subdivision 1; 124D.09, subdivisions 9, 12, by adding a subdivision; 124D.68, subdivision 3; 125A.76, subdivision 1; 135A.15, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 136A; 175.

Referred to the Committee on E-12 Policy.

Senators Abeler, Newton, Hoffman, Mathews, and Anderson, B. introduced--

S.F. No. 2427: A bill for an act relating to health; requiring the commissioner of health to conduct a communicable disease vaccine study; appropriating money.

Referred to the Committee on Health and Human Services Finance and Policy.

Senator Chamberlain introduced--

S.F. No. 2428: A bill for an act relating to taxation; eliminating income and business taxes and replacing the sales tax with a fair tax; amending Minnesota Statutes 2016, sections 297A.61, subdivisions 2, 7, 24; 297A.62, subdivisions 1, 1a; 297A.63, by adding a subdivision; 297A.66, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 297A; repealing Minnesota Statutes 2016, sections 290.01, subdivisions 1, 1a, 2, 3, 3a, 3b, 4, 4a, 4c, 5, 5a, 5b, 6, 7, 7a, 7b, 8, 8a, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, as amended, 20, 22, 29, 29a, 30, 31, as amended; 290.0131, as amended; 290.0132; 290.0133, as amended; 290.0134; 290.0135; 290.0136; 290.014; 290.015; 290.02; 290.03; 290.032, subdivisions 1, 2, 3; 290.04; 290.05, subdivisions 1, 2, 3, 4, 8; 290.06, subdivisions 1, 2c, 2d, 22, 23, 27, 28, 29, 33, 35, 36; 290.067, subdivisions 1, 2, 2a, 2b, 3, 4; 290.0671, subdivisions 1, as amended, 1a, 2, 4, 5, 6, 6a, 7; 290.0672; 290.0674, subdivisions 1, 2, 4, 5; 290.0675, subdivisions 1, 2, 3, 4; 290.0677; 290.0679; 290.068, subdivisions 1, 2, 3, 4, 5, 6a, 7; 290.0681; 290.0685; 290.0692; 290.07, subdivisions 1, 2, 4, 7; 290.0802; 290.081; 290.091; 290.0921, subdivisions 1, 2, 3, 3a, 4, 6, 8; 290.0922; 290.093; 290.095, subdivisions 1, 2, 3, 4, 5, 9, 11; 290.10; 290.17, subdivisions 1, 2, 3, 4, 5, 6; 290.172; 290.191, subdivisions 1, 2, 3, 5, 6, 8, 9, 10, 11, 12; 290.20; 290.21, subdivisions 1, 4; 290.22; 290.26, subdivision 6; 290.281, subdivision 1; 290.30; 290.31, subdivisions 1, 27; 290.311, subdivision 1; 290.32; 290.34, subdivisions 1, 2; 290.36; 290.371, subdivisions 1, 2, 3, 4; 290.431; 290.432; 290.48, subdivision 10; 290.491; 290.62; 290.92, subdivisions 1, 2a, 3, 4, 4a, 4b, 4c, 5, 5a, 9, 10, 12, 16, 17, 19, 20, 21, 24, 25, 26, 27, 28, 29, 30; 290.9201, subdivisions 1, 2, 6, 7, 8, 11; 290.923, subdivisions 1, 2, 3, 4, 5, 6, 8, 9, 10, 11; 290.9705, subdivisions 1, 3, 4; 290.9725; 290.9726, subdivisions 1, 2, 4; 290.9727; 290.9728; 290.9729; 290.9741; 290.9742; 290.9743; 290.9744; 297A.61, subdivisions 3, 4, 10, 12, 13, 16a, 16b, 16c, 17, 17a, 17b, 18, 25, 26, 30, 31, 32, 33, 34, 35, 36, 37, 39, 40, 41, 42, 44, 45, 46, 49; 297A.62, subdivision 3; 297A.63, subdivision 2; 297A.64; 297A.65; 297A.67, subdivisions 1, 2, 3, 4, 5, 6, 7, 7a, 8, 9, 10, 11, 12, 13, 13a, 14, 15, 16, 17, 18, 19, 20, 21, 23, 25, 26, 27, 28, 29, 30, 31, 32, 33; 297A.68, subdivisions 1, 2, 3, 3a, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 17, 19, 20, 22, 23, 24, 25, 28, 29, 30, 31, 32, 33, 34, 35a, 36, 37, 39, 40, 42, 43, 44; 297A.69, subdivisions 1, 2, 3, 4, 6, 7; 297A.70; 297A.71, subdivisions 1, 3, 6, 8, 11, 12, 13, 14, 22, 23, 34, 35, 40, 43, 44, 45, 48; 297A.75; 297D.01; 297D.02; 297D.03; 297D.04; 297D.05; 297D.06; 297D.07; 297D.08; 297D.085; 297D.09; 297D.10; 297D.11; 297D.12; 297D.13; 297F.01; 297F.02; 297F.03; 297F.031; 297F.04; 297F.05; 297F.06; 297F.07; 297F.08, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 8a, 9, 10, 12, 13; 297F.09, subdivisions 1, 2, 3, 4, 4a, 5, 7, 8, 9, 10; 297F.10; 297F.11; 297F.12; 297F.13; 297F.14; 297F.15, subdivisions 9, 10; 297F.17; 297F.18; 297F.185; 297F.19, subdivisions 1, 2, 3, 5, 6, 7, 8, 9; 297F.20; 297F.21, subdivisions 1, 2, 3; 297F.23; 297F.24; 297F.25; 297G.01; 297G.02; 297G.03; 297G.031; 297G.032; 297G.04; 297G.05; 297G.06; 297G.07; 297G.08; 297G.09, subdivisions 1, 2, 3, 4, 6, 7, 8, 9, 10; 297G.10; 297G.11; 297G.12; 297G.13; 297G.14, subdivision 9; 297G.16; 297G.17; 297G.18, subdivisions 1, 2, 3, 5, 6, 7, 8, 9, 10, 11; 297G.19; 297G.20, subdivisions 1, 2, 3, 4; 297G.22; 297H.01; 297H.02; 297H.03; 297H.04; 297H.05; 297H.06; 297H.07; 297H.08; 297H.09; 297H.10, subdivision 1; 297H.11; 297H.115; 297H.12; 297H.13, subdivisions 1, 2, 5; 297I.01; 297I.05, subdivisions 1, 2, 3, 4, 5, 7, 11, 12, as amended, 13, 14; 297I.06; 297I.10, subdivisions 1, 3, 4; 297I.11; 297I.15; 297I.20; 297I.25; 297I.30, subdivisions 1, 2, 7, 8, 9, 10; 297I.35; 297I.40; 297I.60; 297I.65; 297I.70; 297I.75; 297I.80; 297I.85; 297I.90.

Referred to the Committee on Taxes.

Senators Dibble and Dziedzic introduced--

S.F. No. 2429: A bill for an act relating to taxation; sales and use; providing an exemption for car sharing services from the motor vehicle rental tax and fee; amending Minnesota Statutes 2016, section 297A.64, subdivisions 2, 4.

Referred to the Committee on Transportation Finance and Policy.

RECESS

Senator Gazelka 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.

CALL OF THE SENATE

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

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 707, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 707 is herewith transmitted to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted May 21, 2017

CONFERENCE COMMITTEE REPORT ON H. F. No. 707

A bill for an act relating to state government; appropriating money from outdoor heritage fund, clean water fund, parks and trails fund, and arts and cultural heritage fund; providing for riparian protection aid; modifying requirements for expending money from legacy funds; modifying and extending prior appropriations; requiring reports; amending Minnesota Statutes 2016, sections 16A.127, subdivision 8; 85.53, by adding subdivisions; 97A.056, subdivision 3, by adding subdivisions; 114D.50, subdivision 4, by adding subdivisions; 129D.17, subdivision 4, by adding subdivisions; Laws 2012, chapter 264, article 1, section 2, subdivision 5, as amended; Laws 2015,

First Special Session chapter 2, article 1, section 2, subdivision 2, as amended; Laws 2016, chapter 172, article 1, section 2, subdivisions 2, 4; proposing coding for new law in Minnesota Statutes, chapter 477A; repealing Minnesota Statutes 2016, section 97A.056, subdivision 8.

May 18, 2017

The Honorable Kurt L. Daudt
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach
President of the Senate

We, the undersigned conferees for H. F. No. 707 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 707 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

OUTDOOR HERITAGE FUND

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the outdoor heritage fund for the fiscal year indicated for each purpose. The figures "2018" and "2019" used in this article mean that the appropriations listed under the figure are available for the fiscal year ending June 30, 2018, and June 30, 2019, respectively. The "first year" is fiscal year 2018. The "second year" is fiscal year 2019. The "biennium" is fiscal years 2018 and 2019, respectively. The appropriations in this article are onetime appropriations.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2018</u>	<u>2019</u>

Sec. 2. **OUTDOOR HERITAGE FUND**

Subdivision 1. <u>Total Appropriation</u>	<u>\$</u>	<u>102,605,000</u>	<u>\$</u>	<u>1,958,000</u>
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This appropriation is from the outdoor heritage fund. The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Prairies29,489,0001,373,000**(a) DNR Wildlife Management Area and Scientific and Natural Area Acquisition - Phase IX**

\$3,064,000 the first year and \$1,373,000 the second year are to the commissioner of natural resources to acquire in fee and restore lands for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8, and to acquire land in fee for scientific and natural area purposes under Minnesota Statutes, section 86A.05, subdivision 5. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(b) Accelerating the Wildlife Management Area Acquisition - Phase IX

\$5,603,000 the first year is to the commissioner of natural resources for an agreement with Pheasants Forever to acquire in fee and restore lands for wildlife management area purposes under Minnesota Statutes, section 86A.05, subdivision 8. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(c) Minnesota Prairie Recovery Project - Phase VII

\$1,901,000 the first year is to the commissioner of natural resources for an agreement with The Nature Conservancy to acquire land in fee for native prairie, wetland, and savanna and to restore and enhance grasslands, wetlands, and savanna. Subject to evaluation criteria in Minnesota Rules,

part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. No later than 180 days after The Nature Conservancy's fiscal year ends, The Nature Conservancy must submit to the Lessard-Sams Outdoor Heritage Council annual income statements and balance sheets for income and expenses from land acquired with this appropriation. A list of proposed land acquisitions must be provided as part of the required accomplishment plan and must be consistent with the priorities identified in Minnesota Prairie Conservation Plan.

(d) Northern Tallgrass Prairie National Wildlife Refuge Land Acquisition - Phase VIII

\$2,683,000 the first year is to the commissioner of natural resources for an agreement with The Nature Conservancy in cooperation with the United States Fish and Wildlife Service to acquire land in fee or permanent conservation easements and restore lands in the Northern Tallgrass Prairie Habitat Preservation Area in western Minnesota for addition to the Northern Tallgrass Prairie National Wildlife Refuge. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan, and the acquisitions must be consistent with the priorities in Minnesota Prairie Conservation Plan.

(e) Cannon River Headwaters Habitat Complex - Phase VII

\$1,436,000 the first year is to the commissioner of natural resources for an agreement with The Trust for Public Land to acquire in fee and restore lands in the Cannon

River watershed for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(f) Accelerated Native Prairie Bank Protection - Phase VI

\$2,481,000 the first year is to the commissioner of natural resources to acquire permanent conservation easements to implement the strategies in Minnesota Prairie Conservation Plan to protect and restore native prairie. Of this amount, up to \$140,000 is for establishing monitoring and enforcement funds as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of permanent conservation easements must be provided as part of the final report.

(g) Reinvest In Minnesota (RIM) Buffers for Wildlife and Water - Phase VII

\$5,333,000 the first year is to the Board of Water and Soil Resources to restore habitat and acquire permanent conservation easements under Minnesota Statutes, section 103F.515, to protect, restore, and enhance habitat by expanding the riparian-buffer program of the clean water fund for at least equal wildlife benefits from buffers on private land. Of this amount, up to \$858,000 is for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to

Minnesota Statutes, section 97A.056, subdivision 17. A list of permanent conservation easements must be provided as part of the final report.

(h) Prairie Chicken Habitat Partnership of the Southern Red River Valley - Phase III

\$1,908,000 the first year is to the commissioner of natural resources for an agreement with Pheasants Forever in cooperation with the Minnesota Prairie Chicken Society to acquire land in fee and restore and enhance lands in the southern Red River valley for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8, or to be designated and managed as waterfowl-production areas in Minnesota in cooperation with the United States Fish and Wildlife Service. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquiring lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(i) Accelerated Prairie Restoration and Enhancement on DNR Lands - Phase IX

\$3,950,000 the first year is to the commissioner of natural resources to accelerate restoration and enhancement of prairies, grasslands, and savannas on wildlife management areas, scientific and natural areas, native prairie bank land, bluff prairies on state forest land in southeastern Minnesota, and United States Fish and Wildlife Service waterfowl-production area and refuge lands. A list of proposed land restorations and enhancements must be provided as part of the required accomplishment plan.

(j) Anoka Sandplain Habitat Restoration and Enhancement - Phase V

\$1,130,000 the first year is to the commissioner of natural resources for agreements to acquire permanent conservation easements and to restore and enhance wildlife habitat on public lands in Anoka, Benton, Isanti, Morrison, and Stearns Counties as follows: \$41,000 is to the Anoka Conservation District, \$231,000 is to the Isanti County Soil and Water Conservation District, \$345,000 is to Great River Greening, \$163,000 is to the Stearns County Soil and Water Conservation District, and \$350,000 is to Minnesota Land Trust. Up to \$40,000 to Minnesota Land Trust is for establishing monitoring and enforcement funds as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of proposed permanent conservation easements, restorations, and enhancements must be provided as part of the required accomplishment plan.

Subd. 3. Forests

16,824,000

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(a) Carnelian Creek Conservation Corridor

\$2,458,000 the first year is to the commissioner of natural resources for an agreement with Minnesota Land Trust to acquire permanent conservation easements in Washington County. Of this amount, up to \$30,000 is for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of proposed permanent conservation easements must be provided as part of the required accomplishment plan.

(b) Laurentian Forest - St. Louis County Habitat Project

\$2,400,000 the first year is to the commissioner of natural resources for agreements with the Minnesota Deer Hunters Association in cooperation with The Conservation Fund and St. Louis County to acquire land in fee to be transferred to St.

Louis County for wildlife habitat purposes. The amount is for agreements as follows: \$2,292,000 to the Minnesota Deer Hunter Association and \$108,000 to The Conservation Fund. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(c) Southeast Minnesota Protection and Restoration - Phase V

\$2,375,000 the first year is to the commissioner of natural resources to acquire land in fee for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8; to acquire land in fee for scientific and natural areas under Minnesota Statutes, section 86A.05, subdivision 5; to acquire land in fee for state forest purposes under Minnesota Statutes, section 86A.05, subdivision 7; to acquire permanent conservation easements; and to restore and enhance prairie, grassland, forest, and savanna. The amount is for agreements as follows: \$1,000,000 to The Nature Conservancy, \$675,000 to The Trust for Public Land, and \$700,000 to Minnesota Land Trust. Up to \$80,000 to Minnesota Land Trust is for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. No later than 180 days after the The Nature Conservancy's fiscal year ends, The Nature Conservancy must submit to the Lessard-Sams Outdoor Heritage Council annual income statements and balance sheets for income and expenses from land acquired in fee with this appropriation and not transferred to the state or a local governmental unit. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(d) Minnesota Forests for the Future - Phase V

\$2,291,000 the first year is to the commissioner of natural resources to acquire

easements for forest, wetland, and shoreline habitat through working forest permanent conservation easements under the Minnesota forests for the future program pursuant to Minnesota Statutes, section 84.66. A conservation easement acquired with money appropriated under this paragraph must comply with Minnesota Statutes, section 97A.056, subdivision 13. The accomplishment plan must include an easement monitoring and enforcement plan. Of this amount, up to \$72,000 is for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of permanent conservation easements must be provided as part of the final report.

(e) State Forest Acquisitions - Phase IV

\$1,000,000 the first year is to the commissioner of natural resources to acquire lands in fee for wildlife habitat purposes in the Richard J. Dorer Memorial Hardwood State Forest under Minnesota Statutes, section 86A.05, subdivision 7. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(f) Critical Shoreland Protection Program - Phase IV

\$1,700,000 the first year is to the commissioner of natural resources for an agreement with Minnesota Land Trust to acquire permanent conservation easements along rivers and lakes in the northern forest region. Of this amount, up to \$120,000 is for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of proposed permanent conservation easements must be provided as part of the required accomplishment plan.

(g) Bushmen Lake

\$4,600,000 the first year is to the commissioner of natural resources for an agreement with The Conservation Fund in cooperation with the United States Forest Service to acquire lands in fee adjacent to Bushmen Lake in St. Louis County to be managed for wildlife habitat purposes. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

Subd. 4. Wetlands

28,869,000

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(a) Accelerating Waterfowl-Production Area Acquisition - Phase IX

\$5,500,000 the first year is to the commissioner of natural resources for an agreement with Pheasants Forever to acquire land in fee and restore and enhance wetlands and grasslands to be designated and managed as waterfowl-production areas in Minnesota in cooperation with the United States Fish and Wildlife Service. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(b) Shallow Lakes and Wetland Protection Program - Phase VI

\$5,750,000 the first year is to the commissioner of natural resources for an agreement with Ducks Unlimited to acquire land in fee and restore prairie lands, wetlands, and land-buffering shallow lakes for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8. A list of proposed acquisitions must be provided as part of the required accomplishment plan.

(c) RIM Wetlands Partnership - Phase VIII

\$10,398,000 the first year is to the Board of Water and Soil Resources to acquire permanent conservation easements and to restore wetlands and native grassland habitat under Minnesota Statutes, section 103F.515. Of this amount, up to \$306,000 is for

establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of permanent conservation easements must be provided as part of the final report.

(d) Wild-Rice Shoreland Protection Program - Phase

V

\$750,000 the first year is to the Board of Water and Soil Resources to acquire permanent conservation easements on wild-rice lake shoreland habitat for native wild-rice bed protection. Of this amount, up to \$59,000 is for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of permanent conservation easements must be provided as part of the final report by the Board of Water and Soil Resources.

(e) Accelerated Shallow Lakes and Wetlands Enhancement - Phase IX

\$1,755,000 the first year is to the commissioner of natural resources to enhance and restore shallow lakes and wetland habitat statewide. A list of proposed land restorations and enhancements must be provided as part of the required accomplishment plan.

(f) Living Shallow Lakes and Wetland Initiative - Phase VI

\$4,716,000 the first year is to the commissioner of natural resources for an agreement with Ducks Unlimited to restore and enhance shallow lakes and wetlands on public lands and wetlands under permanent conservation easement for wildlife management purposes. A list of proposed shallow-lake enhancements and wetland restorations must be provided as part of the required accomplishment plan.

Subd. 5. Habitats

26,544,000

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(a) Mississippi Headwaters Habitat Corridor Partnership - Phase III

\$1,617,000 the first year is to the commissioner of natural resources to acquire lands in fee and restore wildlife habitat in the Mississippi headwaters and for agreements as follows: \$60,000 to the Mississippi Headwaters Board and \$1,557,000 to The Trust for Public Land. \$779,000 the first year is to the Board of Water and Soil Resources to acquire lands in permanent conservation easements and to restore wildlife habitat. Up to \$59,000 to the Board of Water and Soil Resources is for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of proposed acquisitions must be included as part of the required accomplishment plan.

(b) Fisheries Habitat Protection on Strategic North-Central Minnesota Lakes - Phase III

\$1,716,000 the first year is to the commissioner of natural resources to acquire land in permanent conservation easements to sustain healthy fish habitat on coldwater lakes in Aitkin, Cass, Crow Wing, and Hubbard Counties for agreements as follows: \$113,000 to the Leech Lake Area Watershed Foundation and \$1,603,000 to Minnesota Land Trust. Up to \$120,000 to Minnesota Land Trust is for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of permanent conservation easements must be provided as part of the required accomplishment plan.

(c) Goose Prairie

\$600,000 the first year is to the commissioner of natural resources for an agreement with the Wild Rice Watershed District, in

cooperation with the Department of Natural Resources, to enhance aquatic and upland habitat in and adjacent to the Goose Prairie Marsh Wildlife Management Area in Clay County. A list of proposed land enhancements must be provided as part of the required accomplishment plan.

(d) Minnesota Trout Unlimited Coldwater Fish Habitat Enhancement and Restoration - Phase IX

\$2,403,000 the first year is to the commissioner of natural resources for an agreement with Minnesota Trout Unlimited to restore or enhance habitat for trout and other species in and along coldwater rivers, lakes, and streams in Minnesota. A list of proposed restorations and enhancements must be provided as part of the required accomplishment plan.

(e) DNR Stream Habitat - Phase II

\$2,166,000 the first year is to the commissioner of natural resources to restore and enhance habitat in degraded streams and critical aquatic-species habitat and to facilitate fish passage. A list of proposed land restorations and enhancements must be provided as part of the required accomplishment plan.

(f) St. Louis River Restoration Initiative - Phase IV

\$3,392,000 the first year is to the commissioner of natural resources to restore aquatic habitats in the St. Louis River estuary. Of this appropriation, up to \$226,000 is for an agreement with Minnesota Land Trust. A list of proposed restorations must be provided as part of the required accomplishment plan.

(g) Shell Rock River Watershed Habitat Restoration Program - Phase VI

\$1,779,000 the first year is to the commissioner of natural resources for an agreement with the Shell Rock River Watershed District to acquire land in fee and

restore and enhance aquatic habitat in the Shell Rock River watershed. A list of proposed acquisitions, restorations, and enhancements must be provided as part of the required accomplishment plan.

(h) Lake Wakanda Enhancement Project

\$921,000 the first year is to the commissioner of natural resources for an agreement with Kandiyohi County to enhance aquatic habitat in and adjacent to Lake Wakanda in Kandiyohi County. A list of proposed land enhancements must be provided as part of the required accomplishment plan.

(i) Wolverton Creek Habitat Restoration

\$1,877,000 the first year is to the commissioner of natural resources for an agreement with the Buffalo-Red River Watershed District to acquire permanent conservation easements and restore and enhance aquatic and upland habitat associated with Wolverton Creek in the Buffalo-Red River watershed. A list of proposed acquisitions, restorations, and enhancements must be provided as part of the required accomplishment plan.

(j) Conservation Partners Legacy Grant Program: Statewide and Metro Habitat - Phase IX

\$9,294,000 the first year is to the commissioner of natural resources for a program to provide competitive matching grants of up to \$400,000 to local, regional, state, and national organizations for enhancing, restoring, or protecting forests, wetlands, prairies, or habitat for fish, game, or wildlife in Minnesota. Of this amount, up to \$2,660,000 is for grants in the seven-county metropolitan area and cities with a population of 50,000 or greater. Grants must not be made for activities required to fulfill the duties of owners of lands subject to conservation easements. Grants must not be for projects that have a total project cost exceeding \$575,000. Of the total

appropriation, \$634,000 may be spent for personnel costs and other direct and necessary administrative costs. Grantees may acquire land or interests in land. Easements must be permanent. Grants may not be used to establish easement stewardship accounts. Land acquired in fee must be open to hunting and fishing during the open season unless otherwise provided by law. The program must require a match of at least ten percent from nonstate sources for all grants. The match may be cash or in-kind resources. For grant applications of \$25,000 or less, the commissioner must provide a separate, simplified application process. Subject to Minnesota Statutes, the commissioner must, when evaluating projects of equal value, give priority to organizations that have a history of receiving or a charter to receive private contributions for local conservation or habitat projects. If acquiring land in fee or a conservation easement, priority must be given to projects associated with or within one mile of existing wildlife management areas under Minnesota Statutes, section 86A.05, subdivision 8; scientific and natural areas under Minnesota Statutes, sections 84.033 and 86A.05, subdivision 5; or aquatic management areas under Minnesota Statutes, sections 86A.05, subdivision 14, and 97C.02. All restoration or enhancement projects must be on land permanently protected by a permanent covenant ensuring perpetual maintenance and protection of restored and enhanced habitat, by a conservation easement, or by public ownership, or must be in public waters as defined in Minnesota Statutes, section 103G.005, subdivision 15. Priority must be given to restoration and enhancement projects on public lands. Minnesota Statutes, section 97A.056, subdivision 13, applies to grants awarded under this paragraph. This appropriation is available until June 30, 2021. No less than five percent of the amount of each grant must be held back from reimbursement until the grant recipient has completed a grant

accomplishment report by the deadline and in the form prescribed by and satisfactory to the Lessard-Sams Outdoor Heritage Council. The commissioner must provide notice of the grant program in the game and fish law summary prepared under Minnesota Statutes, section 97A.051, subdivision 2.

Subd. 6. Administration

879,000

585,000

(a) Contract Management

\$150,000 the first year is to the commissioner of natural resources for contract management duties assigned in this section. The commissioner must provide an accomplishment plan in the form specified by the Lessard-Sams Outdoor Heritage Council for expending this appropriation. The accomplishment plan must include a copy of the grant contract template and reimbursement manual. No money may be expended before the Lessard-Sams Outdoor Heritage Council approves the accomplishment plan.

(b) Legislative Coordinating Commission

\$571,000 the first year and \$578,000 the second year is to the Legislative Coordinating Commission for Lessard-Sams Outdoor Heritage Council administrative expenses and for compensating and reimbursing expenses of council members. This appropriation is available until June 30, 2019. Minnesota Statutes, section 16A.281, applies to this appropriation.

(c) Technical Evaluation Panel

\$150,000 the first year is to the commissioner of natural resources for a technical evaluation panel to conduct up to 20 restoration and enhancement evaluations under Minnesota Statutes, section 97A.056, subdivision 10.

(d) Legacy Web site

\$8,000 the first year and \$7,000 the second year are to the Legislative Coordinating

Commission for the Web site required in Minnesota Statutes, section 3.303, subdivision 10.

Subd. 7. Appropriation Availability

Money appropriated in this section may not be spent on activities unless they are directly related to and necessary for a specific appropriation and are specified in the accomplishment plan approved by the Lessard-Sams Outdoor Heritage Council. Money appropriated in this section must not be spent on institutional overhead charges that are not directly related to and necessary for a specific appropriation. Unless otherwise provided, the amounts in this section are available until June 30, 2020. For acquiring real property, the amounts in this section are available until June 30, 2021, if a binding agreement with a landowner or purchase agreement is entered into by June 30, 2020, and closed no later than June 30, 2021. Appropriations for restoration or enhancement are available until June 30, 2022, or five years after acquisition, whichever is later, so that initial restoration or enhancement work can be completed. If a project receives at least 15 percent of its funding from federal funds, the appropriation period may be extended to equal the availability of federal funding to a maximum of six years, provided the federal funding was confirmed and included in the first draft accomplishment plan. Money appropriated for fee title acquisition of land may be used to restore, enhance, and provide for public use of the land acquired with the appropriation. Public use facilities must have no more than a minimal impact on habitat in acquired lands.

Subd. 8. Payment Conditions and Capital Equipment Expenditures

All agreements referred to in this section must be administered on a reimbursement basis unless otherwise provided in this

section. Notwithstanding Minnesota Statutes, section 16A.41, expenditures directly related to each appropriation's purpose made on or after July 1, 2017, or the date of accomplishment plan approval, whichever is later, are eligible for reimbursement unless otherwise provided in this section. For the purposes of administering appropriations and legislatively authorized agreements paid out of the outdoor heritage fund, an expense must be considered reimbursable by the administering agency when the recipient presents the agency with an invoice or binding agreement with the landowner and the recipient attests that the goods have been received or the landowner agreement is binding. Periodic reimbursement must be made upon receiving documentation that the items articulated in the accomplishment plan approved by the Lessard-Sams Outdoor Heritage Council have been achieved, including partial achievements as evidenced by progress reports approved by the Lessard-Sams Outdoor Heritage Council. Reasonable amounts may be advanced to projects to accommodate cash-flow needs, support future management of acquired lands, or match a federal share. The advances must be approved as part of the accomplishment plan. Capital equipment expenditures for specific items over \$10,000 must be itemized in and approved as part of the accomplishment plan.

Subd. 9. Mapping

Each direct recipient of money appropriated in this section, as well as each recipient of a grant awarded pursuant to this section, must provide geographic information to the Lessard-Sams Outdoor Heritage Council for mapping any lands acquired in fee with money appropriated in this section and open to public taking of fish and game. The commissioner of natural resources must include the lands acquired in fee with money appropriated in this section on maps showing public recreation opportunities. Maps must

include information on and acknowledgment of the outdoor heritage fund, including a notation of any restrictions.

Subd. 10. Fiscal Year 2019 Recommendations

The Lessard-Sams Outdoor Heritage Council must consider recommending up to \$15,000,000 for fiscal year 2019 appropriations from the outdoor heritage fund for conservation easements and restoration as provided in subdivision 4, paragraph (c).

Sec. 3. Minnesota Statutes 2016, section 97A.056, is amended by adding a subdivision to read:

Subd. 22. **Revenues.** (a) A recipient must disclose to the Lessard-Sams Outdoor Heritage Council and the commissioner all revenues that are received by the recipient before the availability of the appropriation ends and that are generated from activities on land acquired in fee title or easement, restored, or enhanced with money from the outdoor heritage fund. The revenues must be disclosed to the council and commissioner no later than 60 days after the availability of the appropriation ends.

(b) For all revenues disclosed under paragraph (a), a recipient must:

(1) use the revenues to protect, restore, or enhance wetlands, prairies, forests, or habitat for fish, game, or wildlife according to the appropriation purposes and the approved accomplishment plan;

(2) use the revenues for other purposes as approved in the accomplishment plan by the Lessard-Sams Outdoor Heritage Council; or

(3) transfer the revenues to the outdoor heritage fund no later than 60 days after the availability of the appropriation ends, unless otherwise approved by the council.

(c) Paragraph (b), clause (3), does not apply to the state and its departments and agencies.

Sec. 4. Minnesota Statutes 2016, section 97A.056, is amended by adding a subdivision to read:

Subd. 23. **Reserve requirement.** In any fiscal year, at least five percent of that year's projected tax receipts determined by the most recent forecast for the outdoor heritage fund must not be appropriated.

Sec. 5. Minnesota Statutes 2016, section 97A.056, is amended by adding a subdivision to read:

Subd. 24. **Previous funding notification requirement.** Any state agency or organization requesting a direct appropriation from the outdoor heritage fund must inform the Lessard-Sams Outdoor Heritage Council and the house of representatives and senate committees having jurisdiction over the outdoor heritage fund, at the time the request for funding is made, whether the request is supplanting or is a substitution for any previous funding that was not from a legacy fund and was used for the same purpose.

Sec. 6. Laws 2012, chapter 264, article 1, section 2, subdivision 5, as amended by Laws 2015, First Special Session chapter 2, article 1, section 7, is amended to read:

Subd. 5. **Habitats** -0- 28,620,000

(a) DNR Aquatic Habitat - Phase IV

\$3,480,000 in the second year is to the commissioner of natural resources to acquire interests in land in fee or permanent conservation easements for aquatic management areas under Minnesota Statutes, sections 86A.05, subdivision 14, and 97C.02, and to restore and enhance aquatic habitat. A list of proposed land acquisitions must be provided as part of the required accomplishment plan. The accomplishment plan must include an easement stewardship plan. Up to \$25,000 is for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. An annual financial report is required for any monitoring and enforcement fund established, including expenditures from the fund and a description of annual monitoring and enforcement activities.

(b) Metro Big Rivers Habitat - Phase III

\$3,680,000 in the second year is to the commissioner of natural resources for agreements to acquire interests in land in fee or permanent conservation easements and to restore and enhance natural systems associated with the Mississippi, Minnesota, and St. Croix Rivers as follows: \$1,000,000 to the Minnesota Valley National Wildlife Refuge Trust, Inc.; \$375,000 to the Friends of the Mississippi; \$375,000 to Great River Greening; \$930,000 to The Minnesota Land Trust; and \$1,000,000 to The Trust for Public Land. A list of proposed acquisitions, restorations, and enhancements must be provided as part of the required accomplishment plan. The accomplishment plan must include an easement stewardship plan. Up to \$51,000 is for establishing a

monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. An annual financial report is required for any monitoring and enforcement fund established, including expenditures from the fund and a description of annual monitoring and enforcement activities.

(c) Dakota County Riparian and Lakeshore Protection and Management - Phase III

\$480,000 in the second year is to the commissioner of natural resources for an agreement with Dakota County to acquire permanent conservation easements and restore and enhance habitats along the Mississippi, Cannon, and Vermillion Rivers. A list of proposed acquisitions, restorations, and enhancements must be provided as part of the required accomplishment plan. The accomplishment plan must include an easement stewardship plan. Up to \$20,000 is for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. An annual financial report is required for any monitoring and enforcement fund established, including expenditures from the fund and a description of annual monitoring and enforcement activities.

(d) Lower St. Louis River Habitat Restoration

\$3,670,000 in the second year is to the commissioner of natural resources to restore habitat in the lower St. Louis River estuary. A list of proposed projects must be provided as part of the required accomplishment plan.

(e) Coldwater Fish Habitat Enhancement - Phase IV

\$2,120,000 in the second year is to the commissioner of natural resources for an agreement with Minnesota Trout Unlimited to restore and enhance coldwater fish lake, river, and stream habitats in Minnesota. A

list of proposed restorations and enhancements must be provided as part of the required accomplishment plan.

(f) Grand Marais Creek Outlet Restoration

\$2,320,000 in the second year is to the commissioner of natural resources for an agreement with the Red Lake Watershed District to restore and enhance stream and related habitat in Grand Marais Creek. A list of proposed restorations and enhancements must be provided as part of the required accomplishment plan.

(g) Knife River Habitat Restoration

\$380,000 in the second year is to the commissioner of natural resources for an agreement with the Lake Superior Steelhead Association to restore trout habitat in the Upper Knife River Watershed. A list of proposed restorations must be provided as part of the required accomplishment plan. Notwithstanding rules of the commissioner of natural resources, restorations conducted pursuant to this paragraph may be accomplished by excavation.

(h) Protect Aquatic Habitat from Invasive Carp

\$7,500,000 in the second year is to the commissioner of natural resources for design construction, including acquisition, operation, and evaluation of structural deterrents for invasive carp to protect Minnesota's aquatic habitat. Use of this money requires a one-to-one match for projects on state boundary waters. A match is not required for design or feasibility studies. This appropriation is available until June 30, 2019.

(i) Outdoor Heritage Conservation Partners Grant Program - Phase IV

\$4,990,000 in the second year is to the commissioner of natural resources for a program to provide competitive, matching grants of up to \$400,000 to local, regional, state, and national organizations for

enhancing, restoring, or protecting forests, wetlands, prairies, and habitat for fish, game, or wildlife in Minnesota. Grants shall not be made for activities required to fulfill the duties of owners of lands subject to conservation easements. Grants shall not be made from appropriations in this paragraph for projects that have a total project cost exceeding \$575,000. \$366,000 of this appropriation may be spent for personnel costs and other direct and necessary administrative costs. Grantees may acquire land or interests in land. Easements must be permanent. Land acquired in fee must be open to hunting and fishing during the open season unless otherwise provided by state law. The program shall require a match of at least ten percent from nonstate sources for all grants. The match may be cash or in-kind resources. For grant applications of \$25,000 or less, the commissioner shall provide a separate, simplified application process. Subject to Minnesota Statutes, the commissioner of natural resources shall, when evaluating projects of equal value, give priority to organizations that have a history of receiving or charter to receive private contributions for local conservation or habitat projects. If acquiring land or a conservation easement, priority shall be given to projects associated with existing wildlife management areas under Minnesota Statutes, section 86A.05, subdivision 8; scientific and natural areas under Minnesota Statutes, sections 84.033 and 86A.05, subdivision 5; and aquatic management areas under Minnesota Statutes, sections 86A.05, subdivision 14, and 97C.02. All restoration or enhancement projects must be on land permanently protected by a conservation easement or public ownership or in public waters as defined in Minnesota Statutes, section 103G.005, subdivision 15. Priority shall be given to restoration and enhancement projects on public lands. Minnesota Statutes, section 97A.056, subdivision 13, applies to grants awarded under this paragraph. This

appropriation is available until June 30, 2016. No less than five percent of the amount of each grant must be held back from reimbursement until the grant recipient has completed a grant accomplishment report by the deadline and in the form prescribed by and satisfactory to the Lessard-Sams Outdoor Heritage Council. The commissioner shall provide notice of the grant program in the game and fish law summaries that are prepared under Minnesota Statutes, section 97A.051, subdivision 2.

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

Sec. 7. Laws 2015, First Special Session chapter 2, article 1, section 2, subdivision 2, as amended by Laws 2016, chapter 172, article 1, section 5, is amended to read:

Subd. 2. Prairies	40,948,000	-0-
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(a) DNR Wildlife Management Area and Scientific and Natural Area Acquisition - Phase VII

\$4,570,000 in the first year is to the commissioner of natural resources to acquire land in fee for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8, and to acquire land in fee for scientific and natural area purposes under Minnesota Statutes, section 86A.05, subdivision 5. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquisition of lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land and permanent conservation easement acquisitions must be provided as part of the required accomplishment plan.

(b) Accelerating Wildlife Management Area Acquisition - Phase VII

\$7,452,000 in the first year is to the commissioner of natural resources for an agreement with Pheasants Forever to acquire land in fee for wildlife management area purposes under Minnesota Statutes, section 86A.05, subdivision 8. Subject to evaluation

criteria in Minnesota Rules, part 6136.0900, priority must be given to acquisition of lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(c) Minnesota Prairie Recovery Project - Phase VI

\$4,032,000 in the first year is to the commissioner of natural resources for an agreement with The Nature Conservancy to acquire native prairie, wetlands, and savanna and restore and enhance grasslands, wetlands, and savanna. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquisition of lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. Annual income statements and balance sheets for income and expenses from land acquired with this appropriation must be submitted to the Lessard-Sams Outdoor Heritage Council no later than 180 days following the close of The Nature Conservancy's fiscal year. A list of proposed land acquisitions must be provided as part of the required accomplishment plan and must be consistent with the priorities identified in the Minnesota Prairie Conservation Plan.

(d) Northern Tallgrass Prairie National Wildlife Refuge Land Acquisition - Phase VI

\$3,430,000 in the first year is to the commissioner of natural resources for an agreement with The Nature Conservancy in cooperation with the United States Fish and Wildlife Service to acquire land in fee or permanent conservation easements within the Northern Tallgrass Prairie Habitat Preservation Area in western Minnesota for addition to the Northern Tallgrass Prairie National Wildlife Refuge. Subject to evaluation criteria in Minnesota Rules, part

6136.0900, priority must be given to acquisition of lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan and must be consistent with the priorities in the Minnesota Prairie Conservation Plan.

(e) Accelerated Native Prairie Bank Protection - Phase IV

\$3,740,000 in the first year is to the commissioner of natural resources to implement the Minnesota Prairie Conservation Plan through the acquisition of permanent conservation easements to protect native prairie and grasslands. Up to \$165,000 is for establishing monitoring and enforcement funds as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquisition of lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of permanent conservation easements must be provided as part of the final report.

(f) Minnesota Buffers for Wildlife and Water - Phase V

\$4,544,000 in the first year is to the Board of Water and Soil Resources to acquire permanent conservation easements to protect and enhance habitat by expanding the clean water fund riparian buffer program for at least equal wildlife benefits from buffers on private land. Up to ~~\$72,500~~ \$728,000 is for establishing a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of permanent conservation easements must be provided as part of the final report.

(g) Cannon River Headwaters Habitat Complex - Phase V

\$1,380,000 in the first year is to the commissioner of natural resources for an agreement with The Trust for Public Land to acquire and restore lands in the Cannon River watershed for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquisition of lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(h) Prairie Chicken Habitat Partnership of the Southern Red River Valley

\$1,800,000 in the first year is to the commissioner of natural resources for an agreement with Pheasants Forever in cooperation with the Minnesota Prairie Chicken Society to acquire and restore lands in the southern Red River Valley for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8, or for designation and management as waterfowl production areas in Minnesota, in cooperation with the United States Fish and Wildlife Service. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(i) Protecting and Restoring Minnesota's Important Bird Areas

\$1,730,000 in the first year is to the commissioner of natural resources for agreements to acquire conservation easements within important bird areas identified in the Minnesota Prairie Conservation Plan, to be used as follows: \$408,000 is to Audubon Minnesota and \$1,322,000 is to Minnesota Land Trust, of which up to \$100,000 is for establishing

monitoring and enforcement funds as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of permanent conservation easements must be provided as part of the final report.

(j) Wild Rice River Corridor Habitat Restoration

\$2,270,000 in the first year is to the commissioner of natural resources for an agreement with the Wild Rice Watershed District to acquire land in fee and permanent conservation easement and to restore river and related habitat in the Wild Rice River corridor. A list of proposed acquisitions and restorations must be provided as part of the required accomplishment plan.

(k) Accelerated Prairie Restoration and Enhancement on DNR Lands - Phase VII

\$4,880,000 in the first year is to the commissioner of natural resources to accelerate the restoration and enhancement of prairie communities on wildlife management areas, scientific and natural areas, state forest land, and land under native prairie bank easements. A list of proposed land restorations and enhancements must be provided as part of the required accomplishment plan.

(l) Enhanced Public Land Grasslands - Phase II

\$1,120,000 in the first year is to the commissioner of natural resources for an agreement with Pheasants Forever to enhance and restore habitat on public lands. A list of proposed land restorations and enhancements must be provided as part of the final report.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2015.

Sec. 8. Laws 2016, chapter 172, article 1, section 2, subdivision 2, is amended to read:

Subd. 2. **Prairies**

-0-

31,000,000

(a) DNR Wildlife Management Area and Scientific and Natural Area Acquisition - Phase VIII

\$3,250,000 the second year is to the commissioner of natural resources to acquire land in fee for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8, and to acquire land in fee for scientific and natural area purposes under Minnesota Statutes, section 86A.05, subdivision 5. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquisition of lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(b) Accelerating Wildlife Management Area Acquisition - Phase VIII

\$5,229,000 the second year is to the commissioner of natural resources for an agreement with Pheasants Forever to acquire in fee and restore lands for wildlife management area purposes under Minnesota Statutes, section 86A.05, subdivision 8. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquisition of lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(c) Martin County/Fox Lake Wildlife Management Area Acquisition

\$1,000,000 the second year is to the commissioner of natural resources for an agreement with Fox Lake Conservation League, Inc. to acquire land in fee and restore strategic prairie grassland, wetland, and other wildlife habitat for wildlife management area purposes under Minnesota Statutes, section 86A.05, subdivision 8. A list of proposed acquisitions must be provided as part of the required accomplishment plan.

(d) Northern Tallgrass Prairie National Wildlife Refuge Land Acquisition - Phase VII

\$2,754,000 the second year is to the commissioner of natural resources for an agreement with The Nature Conservancy in cooperation with the United States Fish and Wildlife Service to acquire land in fee or permanent conservation easements and restore lands within the Northern Tallgrass Prairie Habitat Preservation Area in western Minnesota for addition to the Northern Tallgrass Prairie National Wildlife Refuge. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquisition of lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan and must be consistent with the priorities in the Minnesota Prairie Conservation Plan.

(e) Cannon River Headwaters Habitat Complex - Phase VI

\$583,000 the second year is to the commissioner of natural resources for an agreement with The Trust for Public Land to acquire land in fee and restore lands in the Cannon River watershed for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquisition of lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(f) Accelerated Native Prairie Bank Protection - Phase V

\$2,541,000 the second year is to the commissioner of natural resources to

implement the Minnesota Prairie Conservation Plan through the acquisition of permanent conservation easements to protect and restore native prairie. Of this amount, up to \$120,000 is for establishing monitoring and enforcement funds as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquisition of lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of permanent conservation easements must be provided as part of the final report.

(g) Reinvest In Minnesota (RIM) Buffers for Wildlife and Water - Phase VI

\$6,708,000 the second year is to the Board of Water and Soil Resources to acquire permanent conservation easements and restore habitat under Minnesota Statutes, section 103F.515, to protect, restore, and enhance habitat by expanding the clean water fund riparian buffer program for at least equal wildlife benefits from buffers on private land. Of this amount, up to ~~\$130,000~~ \$1,079,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of permanent conservation easements must be provided as part of the final report.

(h) Prairie Chicken Habitat Partnership of the Southern Red River Valley - Phase II

\$2,269,000 the second year is to the commissioner of natural resources for an agreement with Pheasants Forever, in cooperation with the Minnesota Prairie Chicken Society, to acquire land in fee and restore and enhance lands in the southern Red River Valley for wildlife management purposes under Minnesota Statutes, section

86A.05, subdivision 8, or for designation and management as waterfowl production areas in Minnesota, in cooperation with the United States Fish and Wildlife Service. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquisition of lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(i) Grassland Conservation Partnership - Phase II

\$1,475,000 the second year is to the commissioner of natural resources for an agreement with The Conservation Fund, in cooperation with Minnesota Land Trust, to acquire permanent conservation easements and restore high priority grassland, prairie, and wetland habitats as follows: \$64,000 to The Conservation Fund; and \$1,411,000 to Minnesota Land Trust, of which up to \$100,000 is for establishing a monitoring and enforcement fund, as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. Subject to evaluation criteria in Minnesota Rules, part 6136.0900, priority must be given to acquisition of lands that are eligible for the native prairie bank under Minnesota Statutes, section 84.96, or lands adjacent to protected native prairie. A list of proposed acquisitions must be provided as part of the required accomplishment plan and must be consistent with the priorities in the Minnesota Prairie Conservation Plan.

(j) Accelerated Prairie Restoration and Enhancement on DNR Lands - Phase VIII

\$3,983,000 the second year is to the commissioner of natural resources to accelerate restoration and enhancement of prairies, grasslands, and savannas on wildlife management areas, scientific and natural areas, native prairie bank land, and bluff

prairies on state forest land in southeastern Minnesota. A list of proposed land restorations and enhancements must be provided as part of the required accomplishment plan.

(k) Anoka Sandplain Habitat Restoration and Enhancement - Phase IV

\$1,208,000 the second year is to the commissioner of natural resources for agreements to restore and enhance wildlife habitat on public lands in Anoka, Isanti, Morrison, Sherburne, and Todd Counties as follows: \$93,000 to Anoka Conservation District; \$25,000 to Isanti County Parks and Recreation Department; \$813,000 to Great River Greening; and \$277,000 to the National Wild Turkey Federation. A list of proposed land restorations and enhancements must be provided as part of the required accomplishment plan.

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

Sec. 9. Laws 2016, chapter 172, article 1, section 2, subdivision 4, is amended to read:

Subd. 4. Wetlands	-0-	31,055,000
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(a) Accelerating the Waterfowl Production Area Acquisition - Phase VIII

\$5,650,000 the second year is to the commissioner of natural resources for an agreement with Pheasants Forever to acquire in fee and restore and enhance wetlands and grasslands to be designated and managed as waterfowl production areas in Minnesota, in cooperation with the United States Fish and Wildlife Service. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(b) Shallow Lake and Wetland Protection Program - Phase V

\$5,801,000 the second year is to the commissioner of natural resources for an agreement with Ducks Unlimited to acquire in fee and restore prairie lands, wetlands, and

land buffering shallow lakes for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8. A list of proposed acquisitions must be provided as part of the required accomplishment plan.

(c) RIM Wetlands Partnership - Phase VII

\$13,808,000 the second year is to the Board of Water and Soil Resources to acquire lands in permanent conservation easements and to restore wetlands and native grassland habitat under Minnesota Statutes, section 103F.515. Of this amount, up to ~~\$195,000~~ \$410,000 is to establish a monitoring and enforcement fund as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of permanent conservation easements must be provided as part of the final report.

(d) Wetland Habitat Protection Program - Phase II

\$1,629,000 the second year is to the commissioner of natural resources for an agreement with Minnesota Land Trust to acquire permanent conservation easements in high-priority wetland habitat complexes in the prairie and forest/prairie transition regions. Of this amount, up to \$180,000 is to establish a monitoring and enforcement fund, as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of proposed easement acquisitions must be provided as part of the final report.

(e) Accelerated Shallow Lakes and Wetlands Enhancement - Phase VIII

\$2,167,000 the second year is to the commissioner of natural resources to enhance and restore shallow lakes and wetland habitat statewide. A list of proposed land restorations and enhancements must be provided as part of the required accomplishment plan.

(f) Marsh Lake - Phase II

\$2,000,000 the second year is to the commissioner of natural resources to modify the dam at Marsh Lake for improved habitat management and to return the historic outlet of the Pomme de Terre River to Lac Qui Parle.

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

Sec. 10. OUTDOOR HERITAGE FUND INDIRECT COSTS; REPORT.

By October 1, 2017, the commissioner of management and budget must submit to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over the outdoor heritage fund a report of the amount from the outdoor heritage fund used to reimburse the general fund for indirect costs under Minnesota Statutes, section 16A.127. The report must include:

(1) information for all years that outdoor heritage fund appropriations have been made through fiscal year 2017;

(2) the legal authority of the specific appropriations from which indirect costs were funded; and

(3) information on how statewide indirect cost allocations from the outdoor heritage fund contribute to the constitutional requirement that funds be spent only to restore, protect, and enhance wetlands, prairies, forests, and habitat for fish, game, and wildlife.

Sec. 11. REPEALER.

Minnesota Statutes 2016, section 97A.056, subdivision 8, is repealed.

ARTICLE 2

CLEAN WATER FUND

Section 1. CLEAN WATER FUND APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the clean water fund and are available for the fiscal years indicated for allowable activities under the Minnesota Constitution, article XI, section 15. The figures "2018" and "2019" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium" is fiscal years 2018 and 2019. The appropriations in this article are onetime.

APPROPRIATIONS

Available for the Year

Ending June 30

2018

2019

Sec. 2. CLEAN WATER

Subdivision 1. <u>Total Appropriation</u>	<u>\$</u>	<u>100,497,000</u>	<u>\$</u>	<u>111,373,000</u>
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The amounts that may be spent for each purpose are specified in the following sections.

Subd. 2. Availability of Appropriation

Money appropriated in this article may not be spent on activities unless they are directly related to and necessary for a specific appropriation. Money appropriated in this article must be spent in accordance with Minnesota Management and Budget's Guidance to Agencies on Legacy Fund Expenditure. Notwithstanding Minnesota Statutes, section 16A.28, and unless otherwise specified in this article, fiscal year 2018 appropriations are available until June 30, 2019, and fiscal year 2019 appropriations are available until June 30, 2020. If a project receives federal funds, the period of the appropriation is extended to equal the availability of federal funding.

Subd. 3. Disability Access

Where appropriate, grant recipients of clean water funds, in consultation with the Council on Disability and other appropriate governor-appointed disability councils, boards, committees, and commissions, should make progress toward providing greater access to programs, print publications, and digital media for people with disabilities related to the programs the recipient funds using appropriations made in this article.

Sec. 3. <u>DEPARTMENT OF AGRICULTURE</u>	<u>\$</u>	<u>8,283,000</u>	<u>\$</u>	<u>9,283,000</u>
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(a) \$350,000 the first year and \$350,000 the second year are to increase monitoring for pesticides and pesticide degradates in surface water and groundwater and to use data collected to assess pesticide use practices.

(b) \$2,085,000 the first year and \$2,086,000 the second year are for monitoring and evaluating trends in the concentration of nitrate in groundwater in areas vulnerable to groundwater degradation; promoting, developing, and evaluating regional and crop-specific nutrient best management practices; assessing best management practice adoption; education and technical support from University of Minnesota Extension; grants to support agricultural demonstration and implementation activities; and other actions to protect groundwater from degradation from nitrate. This appropriation is available until June 30, 2022.

(c) \$75,000 the first year and \$75,000 the second year are for administering clean water funds managed through the agriculture best management practices loan program. Any unencumbered balance at the end of the second year shall be added to the corpus of the loan fund.

(d) \$1,125,000 the first year and \$1,125,000 the second year are for technical assistance, research, and demonstration projects on proper implementation of best management practices and more precise information on nonpoint contributions to impaired waters and for grants to support on-farm demonstration of agricultural practices. This appropriation is available until June 30, 2022.

(e) \$663,000 the first year and \$662,000 the second year are for research to quantify and reduce agricultural contributions to impaired waters and for development and evaluation of best management practices to protect and restore water resources. This appropriation is available until June 30, 2022.

(f) \$50,000 the first year and \$50,000 the second year are for a research inventory database containing water-related research activities. Costs for information technology development or support for this research inventory database may be paid to the Office

of MN.IT Services. This appropriation is available until June 30, 2022.

(g) \$2,000,000 the first year and \$3,000,000 the second year are to implement the Minnesota agricultural water quality certification program statewide. Funds appropriated in this paragraph are available until June 30, 2021.

(h) \$110,000 the first year and \$110,000 the second year are to provide funding for a regional irrigation water quality specialist through University of Minnesota Extension.

(i) \$750,000 the first year and \$750,000 the second year are for grants to the Board of Regents of the University of Minnesota to fund the Forever Green Agriculture Initiative and to protect the state's natural resources while increasing the efficiency, profitability, and productivity of Minnesota farmers by incorporating perennial and winter-annual crops into existing agricultural practices. This appropriation is available until June 30, 2022.

(j) \$1,000,000 the first year and \$1,000,000 the second year are for pesticide testing of private wells where nitrate is detected, as part of the Township Testing Program. This appropriation is available until June 30, 2022.

(k) \$75,000 the first year and \$75,000 the second year are to evaluate market opportunities and develop markets for crops that can be profitable for farmers and beneficial for water quality and soil health.

(l) A portion of the funds in this section may be used for programs to train state and local outreach staff in the intersection between agricultural economics and agricultural conservation.

Sec. 4. **PUBLIC FACILITIES AUTHORITY** **\$** **5,307,000** **\$** **10,693,000**

(a) \$5,182,000 the first year and \$10,568,000 the second year are for the point source

implementation grants program under Minnesota Statutes, section 446A.073. This appropriation is available until June 30, 2022.

(b) \$125,000 the first year and \$125,000 the second year are for small community wastewater treatment grants and loans under Minnesota Statutes, section 446A.075. This appropriation is available until June 30, 2022.

(c) If there are any uncommitted funds at the end of each fiscal year under paragraph (a) or (b), the Public Facilities Authority may transfer the remaining funds to eligible projects under any of the programs listed in this section based on their priority rank on the Pollution Control Agency's project priority list.

Sec. 5. <u>POLLUTION CONTROL AGENCY</u>	<u>\$</u>	<u>25,790,000</u>	<u>\$</u>	<u>26,290,000</u>
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(a) \$8,275,000 the first year and \$8,275,000 the second year are for completion of needed statewide assessments of surface water quality and trends according to Minnesota Statutes, chapter 114D. Of this amount, \$125,000 the first year and \$125,000 the second year are for grants to the Red River Watershed Management Board to enhance and expand the existing water quality and watershed monitoring river watch activities in the schools in the Red River of the North. The Red River Watershed Management Board shall provide a report to the commissioner of the Pollution Control Agency and the legislative committees and divisions with jurisdiction over environment and natural resources finance and policy and the clean water fund by February 15, 2019, on the expenditure of this appropriation.

(b) \$9,409,000 the first year and \$9,638,000 the second year are to develop watershed restoration and protection strategies (WRAPS), which include total maximum daily load (TMDL) studies and TMDL implementation plans for waters listed on the

United States Environmental Protection Agency approved impaired waters list in accordance with Minnesota Statutes, chapter 114D. The agency shall complete an average of ten percent of the TMDLs each year over the biennium.

(c) \$1,181,000 the first year and \$1,182,000 the second year are for groundwater assessment, including enhancing the ambient monitoring network, modeling, and evaluating trends, including the reassessment of groundwater that was assessed ten to 15 years ago and found to be contaminated.

(d) \$750,000 the first year and \$750,000 the second year are for implementation of the St. Louis River System Area of Concern Remedial Action Plan. This appropriation must be matched at a rate of 65 percent nonstate money to 35 percent state money.

(e) \$500,000 the first year and \$500,000 the second year are for TMDL research and database development.

(f) \$900,000 the first year and \$900,000 the second year are for national pollutant discharge elimination system wastewater and storm water TMDL implementation efforts.

(g) \$3,500,000 the first year and \$3,370,000 the second year are for enhancing the county-level delivery systems for subsurface sewage treatment system (SSTS) activities necessary to implement Minnesota Statutes, sections 115.55 and 115.56, for protection of groundwater, including base grants for all counties with SSTS programs and competitive grants to counties with specific plans to significantly reduce water pollution by reducing the number of systems that are an imminent threat to public health or safety or are otherwise failing. Counties that receive base grants must report the number of sewage noncompliant properties upgraded through SSTS replacement, connection to a centralized sewer system, or other means,

including property abandonment or buy-out. Counties also must report the number of existing SSTS compliance inspections conducted in areas under county jurisdiction. These required reports are to be part of established annual reporting for SSTS programs. Counties that conduct SSTS inventories or those with an ordinance in place that requires an SSTS to be inspected as a condition of transferring property or as a condition of obtaining a local permit must be given priority for competitive grants under this paragraph. Of this amount, \$1,000,000 each year is available to counties for grants to low-income landowners to address systems that pose an imminent threat to public health or safety or fail to protect groundwater. A grant awarded under this paragraph may not exceed \$40,000 for the biennium. A county receiving a grant under this paragraph must submit a report to the agency listing the projects funded, including an account of the expenditures.

(h) \$225,000 the first year and \$225,000 the second year are for accelerated implementation of MS4 permit requirements including additional technical assistance to municipalities experiencing difficulties understanding and implementing the basic requirements of the municipal storm water program.

(i) \$800,000 the first year and \$1,200,000 the second year are for a grant program for sanitary sewer projects that are included in the draft or any updated Voyageurs National Park Clean Water Project Comprehensive Plan to restore the water quality of waters in Voyageurs National Park. Grants must be awarded to local government units for projects approved by the Voyageurs National Park Clean Water Joint Powers Board and must be matched by at least 25 percent from sources other than the clean water fund.

(j) \$200,000 the first year and \$200,000 the second year are for coordination with the

state of Wisconsin and the National Park Service on comprehensive phosphorous reduction activities in the Minnesota portion of Lake St. Croix on the St. Croix River. The commissioner must work with the St. Croix Basin Water Resources Planning Team and the St. Croix River Association to implement the water monitoring and phosphorous reduction activities.

(k) \$50,000 the first year and \$50,000 the second year are to support activities of the Clean Water Council according to Minnesota Statutes, section 114D.30, subdivision 1.

(l) Notwithstanding Minnesota Statutes, section 16A.28, the appropriations in this section are available until June 30, 2022.

Sec. 6. DEPARTMENT OF NATURAL RESOURCES

\$ 8,446,000 \$ 8,446,000

(a) \$1,950,000 the first year and \$1,950,000 the second year are for stream flow monitoring.

(b) \$1,250,000 the first year and \$1,250,000 the second year are for lake Index of Biological Integrity (IBI) assessments.

(c) \$135,000 the first year and \$135,000 the second year are for assessing mercury and other contaminants of fish, including monitoring to track the status of impaired waters over time.

(d) \$1,886,000 the first year and \$1,886,000 the second year are for developing targeted, science-based watershed restoration and protection strategies.

(e) \$1,375,000 the first year and \$1,375,000 the second year are for water supply planning, aquifer protection, and monitoring activities.

(f) \$950,000 the first year and \$950,000 the second year are for technical assistance to

support local implementation of nonpoint source restoration and protection activities.

(g) \$675,000 the first year and \$675,000 the second year are for applied research and tools, including watershed hydrologic modeling; maintaining and updating spatial data for watershed boundaries, streams, and water bodies and integrating high-resolution digital elevation data; and assessing effectiveness of forestry best management practices for water quality.

(h) \$125,000 the first year and \$125,000 the second year are for developing county geologic atlases.

(i) \$100,000 the first year and \$100,000 the second year are for maintenance and updates to buffer maps and for technical guidance on buffer map interpretation to local units of government for implementation of buffer requirements. Maps must be provided to local units of government and made available to landowners on the Department of Natural Resources' Web site.

Sec. 7. BOARD OF WATER AND SOIL RESOURCES

\$ 45,911,000 \$ 49,597,000

(a) \$4,875,000 the first year and \$4,875,000 the second year are for a pilot program to provide performance-based grants to local government units. The grants may be used to implement projects that protect, enhance, and restore surface water quality in lakes, rivers, and streams; protect groundwater from degradation; and protect drinking water sources. Projects must be identified in a comprehensive watershed plan developed under the One Watershed, One Plan or metropolitan surface water management frameworks or groundwater plans. Grant recipients must identify a nonstate match and may use other legacy funds to supplement projects funded under this paragraph.

(b) \$6,882,000 the first year and \$12,618,000 the second year are for grants to protect and restore surface water and drinking water; to keep water on the land; to protect, enhance, and restore water quality in lakes, rivers, and streams; and to protect groundwater and drinking water, including feedlot water quality and subsurface sewage treatment system projects and stream bank, stream channel, shoreline restoration, and ravine stabilization projects. The projects must use practices demonstrated to be effective, be of long-lasting public benefit, include a match, and be consistent with total maximum daily load (TMDL) implementation plans, watershed restoration and protection strategies (WRAPS), or local water management plans or their equivalents. A portion of these funds may be used to seek administrative efficiencies through shared resources by multiple local governmental units.

(c) \$3,325,000 the first year and \$4,275,000 the second year are for accelerated implementation, including local resource protection and enhancement grants and statewide program enhancements of supplements for technical assistance, citizen and community outreach, compliance, and training and certification.

(d) \$950,000 the first year and \$950,000 the second year are to provide state oversight and accountability, evaluate results, provide implementation tools, and measure the value of conservation program implementation by local governments, including submission to the legislature by March 1 each even-numbered year a biennial report prepared by the board, in consultation with the commissioners of natural resources, health, agriculture, and the Pollution Control Agency, detailing the recipients, the projects funded under this section, and the amount of pollution reduced.

(e) \$2,500,000 the first year and \$2,500,000 the second year are to provide assistance, oversight, and grants for supporting local governments in implementing and complying with riparian protection and excessive soil loss requirements.

(f) \$3,875,000 the first year and \$5,875,000 the second year are to restore or preserve permanent conservation on riparian buffers adjacent to lakes, rivers, streams, and tributaries, to keep water on the land in order to decrease sediment, pollutant, and nutrient transport; reduce hydrologic impacts to surface waters; and increase infiltration for groundwater recharge. This appropriation may be used for restoration of riparian buffers permanently protected by easements purchased with this appropriation or contracts to achieve permanent protection for riparian buffers or stream bank restorations when the riparian buffers have been restored. Up to \$1,920,000 is for deposit in a monitoring and enforcement account.

(g) \$1,750,000 the first year and \$1,750,000 the second year are for permanent conservation easements on wellhead protection areas under Minnesota Statutes, section 103F.515, subdivision 2, paragraph (d), or for grants to local units of government for fee title acquisition to permanently protect groundwater supply sources on wellhead protection areas or for otherwise ensuring long-term protection of groundwater supply sources as described under alternative management tools in the Department of Agriculture's Nitrogen Fertilizer Management Plan, including low nitrogen cropping systems or implementing nitrogen fertilizer best management practices. Priority must be placed on land that is located where the vulnerability of the drinking water supply is designated as high or very high by the commissioner of health, where drinking water protection plans have identified specific activities that will achieve long-term

protection, and on lands with expiring Conservation Reserve Program contracts. Up to \$105,000 is for deposit in a monitoring and enforcement account.

(h) \$84,000 the first year and \$84,000 the second year are for a technical evaluation panel to conduct ten restoration evaluations under Minnesota Statutes, section 114D.50, subdivision 6.

(i) \$1,995,000 the first year and \$1,995,000 the second year are for assistance, oversight, and grants to local governments to transition local water management plans to a watershed approach as provided for in Minnesota Statutes, chapters 103B, 103C, 103D, and 114D.

(j) \$750,000 the first year and \$750,000 the second year are for technical assistance and grants for the conservation drainage program in consultation with the Drainage Work Group, coordinated under Minnesota Statutes, section 103B.101, subdivision 13, that includes projects to improve multipurpose water management under Minnesota Statutes, section 103E.015.

(k) \$1,500,000 the first year and \$1,500,000 the second year are to purchase and restore permanent conservation sites via easements or contracts to treat and store water on the land for water quality improvement purposes and related technical assistance. This work may be done in cooperation with the United States Department of Agriculture with a first priority use to accomplish a conservation reserve enhancement program, or equivalent, in the state. Up to \$2,880,000 is for deposit in a monitoring and enforcement account.

(l) \$1,000,000 the first year and \$1,000,000 the second year are to purchase permanent conservation easements to protect lands adjacent to public waters with good water quality but threatened with degradation. Up

to \$60,000 is for deposit in a monitoring and enforcement account.

(m) \$425,000 the first year and \$425,000 the second year are for a program to systematically collect data and produce county, watershed, and statewide estimates of soil erosion caused by water and wind along with tracking adoption of conservation measures, including cover crops, to address erosion.

(n) \$11,000,000 the first year and \$11,000,000 the second year are for payments to soil and water conservation districts for the purposes of Minnesota Statutes, sections 103C.321 and 103C.331. From this appropriation, each soil and water conservation district shall receive an increase in its base funding of \$100,000 per year. Money remaining after the base increase is available for matching grants to soil and water conservation districts based on county allocations to soil and water conservation districts. The board and other agencies may reduce the amount of grants to a county by an amount equal to any reduction in the county's allocation to a soil and water conservation district from the county's previous year allocation when the board determines that the reduction was disproportionate.

(o) \$5,000,000 the first year is for soil and water conservation districts for cost-sharing contracts with landowners or authorized agents to implement riparian buffers or alternative practices on public waters or public ditches consistent with Minnesota Statutes, section 103F.48. Of this amount, up to \$2,500,000 may be targeted outside the 54-county Conservation Reserve Enhancement Area.

(p) The board shall contract for delivery of services with Conservation Corps Minnesota for restoration, maintenance, and other activities under this section for up to

\$500,000 the first year and up to \$500,000 the second year.

(q) The board may shift grant or cost-share funds in this section and may adjust the technical and administrative assistance portion of the funds to leverage federal or other nonstate funds or to address oversight responsibilities or high-priority needs identified in local water management plans.

(r) The board shall require grantees to specify the outcomes that will be achieved by the grants prior to any grant awards.

(s) The appropriations in this section are available until June 30, 2022. Returned grant funds shall be regranted consistent with the purposes of this section.

Sec. 8. **DEPARTMENT OF HEALTH**

\$ 4,787,000 \$ 5,107,000

(a) \$1,100,000 the first year and \$1,100,000 the second year are for addressing public health concerns related to contaminants found in Minnesota drinking water for which no health-based drinking water standards exist, including accelerating the development of health risk limits and improving the capacity of the department's laboratory to analyze unregulated contaminants.

(b) \$2,587,000 the first year and \$2,907,000 the second year are for protection of drinking water sources.

(c) \$250,000 the first year and \$250,000 the second year are for cost-share assistance to public and private well owners for up to 50 percent of the cost of sealing unused wells.

(d) \$200,000 the first year and \$200,000 the second year are to develop and deliver groundwater restoration and protection strategies for use on a watershed scale for use in local water planning efforts and to provide resources to local governments for drinking water source protection activities.

(e) \$400,000 the first year and \$400,000 the second year are for studying the occurrence and magnitude of contaminants in private wells and developing guidance and outreach to reduce risks to private-well owners.

(f) \$100,000 the first year and \$100,000 the second year are for evaluating and addressing the risks from viruses in water supplies.

(g) \$150,000 the first year and \$150,000 the second year are to develop public health policies and an action plan to address threats to safe drinking water and to conduct an analysis to determine the scope of the lead problem in Minnesota's water and the cost to eliminate lead exposure in drinking water.

(h) Unless otherwise specified, the appropriations in this section are available until June 30, 2021.

Sec. 9. METROPOLITAN COUNCIL

\$ 950,000 \$ 950,000

\$950,000 the first year and \$950,000 the second year are to implement projects that address emerging drinking-water supply threats, provide cost-effective regional solutions, leverage interjurisdictional coordination, support local implementation of water supply reliability projects, and prevent degradation of groundwater resources in the metropolitan area. These projects will provide to communities:

(1) potential solutions to leverage regional water use through use of surface water, storm water, wastewater, and groundwater;

(2) an analysis of infrastructure requirements for different alternatives;

(3) development of planning level cost estimates, including capital cost and operation cost;

(4) identification of funding mechanisms and an equitable cost-sharing structure for

regionally beneficial water supply development projects; and

(5) development of subregional groundwater models.

Sec. 10. **UNIVERSITY OF MINNESOTA** **\$** **1,008,000** **\$** **1,007,000**

(a) \$125,000 the first year and \$125,000 the second year are for developing county geologic atlases. This appropriation is available until June 30, 2022.

(b) \$750,000 the first year and \$750,000 the second year are for a performance evaluation and technology transfer program for storm water best management practices to enhance data and information management of storm water best management practices; evaluate best management performance and effectiveness to support meeting total maximum daily loads; develop standards and incorporate state-of-the-art guidance using minimal impact design standards as the model; and implement a knowledge and technology transfer system across local government, industry, and regulatory sectors. This appropriation is available until June 30, 2020.

(c) \$133,000 the first year and \$132,000 the second year are to provide guidance documents and tools evaluating the clean water fund's return on investment to measure impacts on water quality and human well-being as well as assist in future funding decisions.

Sec. 11. **LEGISLATURE** **\$** **15,000**

\$15,000 the first year is for the Legislative Coordinating Commission for the Web site required in Minnesota Statutes, section 3.303, subdivision 10.

Sec. 12. Minnesota Statutes 2016, section 114D.50, subdivision 4, is amended to read:

Subd. 4. **Expenditures; accountability.** (a) A project receiving funding from the clean water fund must meet or exceed the constitutional requirements to protect, enhance, and restore water quality in lakes, rivers, and streams and to protect groundwater and drinking water from degradation. Priority may be given to projects that meet more than one of these requirements. A project receiving funding from the clean water fund shall include measurable outcomes, as defined in section 3.303, subdivision 10, and a plan for measuring and evaluating the results. A project must be consistent with current science and incorporate state-of-the-art technology.

(b) Money from the clean water fund shall be expended to balance the benefits across all regions and residents of the state.

(c) A state agency or other recipient of a direct appropriation from the clean water fund must compile and submit all information for proposed and funded projects or programs, including the proposed measurable outcomes and all other items required under section 3.303, subdivision 10, to the Legislative Coordinating Commission as soon as practicable or by January 15 of the applicable fiscal year, whichever comes first. The Legislative Coordinating Commission must post submitted information on the Web site required under section 3.303, subdivision 10, as soon as it becomes available. Information classified as not public under section 13D.05, subdivision 3, paragraph (d), is not required to be placed on the Web site.

(d) Grants funded by the clean water fund must be implemented according to section 16B.98 and must account for all expenditures. Proposals must specify a process for any regranting envisioned. Priority for grant proposals must be given to proposals involving grants that will be competitively awarded.

(e) Money from the clean water fund may only be spent on projects that benefit Minnesota waters.

(f) When practicable, a direct recipient of an appropriation from the clean water fund shall prominently display on the recipient's Web site home page the legacy logo required under Laws 2009, chapter 172, article 5, section 10, as amended by Laws 2010, chapter 361, article 3, section 5, accompanied by the phrase "Click here for more information." When a person clicks on the legacy logo image, the Web site must direct the person to a Web page that includes both the contact information that a person may use to obtain additional information, as well as a link to the Legislative Coordinating Commission Web site required under section 3.303, subdivision 10.

(g) Future eligibility for money from the clean water fund is contingent upon a state agency or other recipient satisfying all applicable requirements in this section, as well as any additional requirements contained in applicable session law. If the Office of the Legislative Auditor, in the course of an audit or investigation, publicly reports that a recipient of money from the clean water fund has not complied with the laws, rules, or regulations in this section or other laws applicable to the recipient, the recipient must be listed in an annual report to the legislative committees with jurisdiction over the legacy funds. The list must be publicly available. The legislative auditor shall remove a recipient from the list upon determination that the recipient is in compliance. A recipient on the list is not eligible for future funding from the clean water fund until the recipient demonstrates compliance to the legislative auditor.

(h) Money from the clean water fund may be used to leverage federal funds through execution of formal project partnership agreements with federal agencies consistent with respective federal agency partnership agreement requirements.

(i) Any state agency or organization requesting a direct appropriation from the clean water fund must inform the Clean Water Council and the house of representatives and senate committees having jurisdiction over the clean water fund, at the time the request for funding is made, whether the request is supplanting or is a substitution for any previous funding that was not from a legacy fund and was used for the same purpose.

Sec. 13. Minnesota Statutes 2016, section 114D.50, is amended by adding a subdivision to read:

Subd. 7. **Reserve requirement.** In any fiscal year, at least five percent of that year's projected tax receipts determined by the most recent forecast for the clean water fund must not be appropriated.

Sec. 14. **CLEAN WATER FUND INDIRECT COSTS; REPORT.**

By October 1, 2017, the commissioner of management and budget must submit to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over the clean water fund a report of the amount from the clean water fund used to reimburse the general fund for indirect costs under Minnesota Statutes, section 16A.127. The report must include:

(1) information for all years that clean water fund appropriations have been made through fiscal year 2017;

(2) the legal authority of the specific appropriations from which indirect costs were funded; and

(3) information on how statewide indirect cost allocations from the clean water fund contribute to the constitutional requirement that funds be spent only to protect, enhance, and restore water quality in lakes, rivers, and streams and to protect groundwater from degradation.

ARTICLE 3

PARKS AND TRAILS FUND

Section 1. **PARKS AND TRAILS FUND APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the parks and trails fund and are available for the fiscal years indicated for each purpose. The figures "2018" and "2019" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium" is fiscal years 2018 and 2019. All appropriations in this article are onetime.

APPROPRIATIONS
Available for the Year
Ending June 30

20182019**Sec. 2. PARKS AND TRAILS**

Subdivision 1. <u>Total Appropriation</u>	\$	<u>41,989,000</u>	\$	<u>47,775,000</u>
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The amounts that may be spent for each purpose are specified in the following sections.

Subd. 2. Availability of Appropriation

Money appropriated in this article may not be spent on activities unless they are directly related to and necessary for a specific appropriation. Money appropriated in this article must be spent in accordance with Minnesota Management and Budget's Guidance to Agencies on Legacy Fund Expenditure. Notwithstanding Minnesota Statutes, section 16A.28, and unless otherwise specified in this article, fiscal year 2018 appropriations are available until June 30, 2020, and fiscal year 2019 appropriations are available until June 30, 2021. If a project receives federal funds, the time period of the appropriation is extended to equal the availability of federal funding.

Subd. 3. Disability Access

Where appropriate, grant recipients of parks and trails funds, in consultation with the Council on Disability and other appropriate governor-appointed disability councils, boards, committees, and commissions, should make progress toward providing greater access to programs, print publications, and digital media for people with disabilities related to the programs the recipient funds using appropriations made in this article.

Sec. 3. DEPARTMENT OF NATURAL RESOURCES

	\$	<u>25,398,000</u>	\$	<u>28,884,000</u>
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(a) \$16,584,000 the first year and \$18,891,000 the second year are for state parks, recreation areas, and trails to:

- (1) connect people to the outdoors;
- (2) acquire land and create opportunities;
- (3) maintain existing holdings; and
- (4) improve cooperation by coordinating with partners to implement the 25-year long-range parks and trails legacy plan.

(b) \$8,293,000 the first year and \$9,445,000 the second year are for grants for parks and trails of regional significance outside the seven-county metropolitan area under Minnesota Statutes, section 85.535. The grants awarded under this paragraph shall be based on the lists of recommended projects submitted to the legislative committees under Minnesota Statutes, section 85.536, subdivision 10, from the Greater Minnesota Regional Parks and Trails Commission established under Minnesota Statutes, section 85.536. Grants funded under this paragraph must support parks and trails of regional or statewide significance that meet the applicable definitions and criteria for regional parks and trails contained in the Greater Minnesota Regional Parks and Trails Strategic Plan adopted by the Greater Minnesota Regional Parks and Trails Commission on April 22, 2015. Grant recipients identified under this paragraph must submit a grant application to the commissioner of natural resources. Up to 2.5 percent of the appropriation may be used by the commissioner for the actual cost of issuing and monitoring the grants for the commission. Of the amount appropriated, \$424,000 the first year and \$399,000 the second year are for the Greater Minnesota Regional Parks and Trails Commission to carry out its duties under Minnesota Statutes, section 85.536, including the continued development of a statewide system plan for regional parks and trails outside the seven-county metropolitan area.

(c) By January 15, 2018, the Greater Minnesota Regional Parks and Trails Commission shall submit a list of projects that contains the commission's recommendations for funding from the parks and trails fund for fiscal year 2019 to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over the environment and natural resources and the parks and trails fund.

(d) By January 15, 2018, the Greater Minnesota Regional Parks and Trails Commission shall submit a report that contains the commission's criteria for funding from the parks and trails fund, including the criteria used to determine if a park or trail is of regional significance, to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over the environment and natural resources and the parks and trails fund.

(e) \$521,000 the first year and \$548,000 the second year are for coordination and projects between the department, the Metropolitan Council, and the Greater Minnesota Regional Parks and Trails Commission; enhanced Web-based information for park and trail users; and support of activities of the Parks and Trails Legacy Advisory Committee.

(f) The commissioner shall contract for services with Conservation Corps Minnesota for restoration, maintenance, and other activities under this section for at least \$1,000,000 the first year and \$1,000,000 the second year.

(g) The implementing agencies receiving appropriations under this section shall give consideration to contracting with Conservation Corps Minnesota for restoration, maintenance, and other activities.

Sec. 4. <u>METROPOLITAN COUNCIL</u>	<u>\$</u>	<u>16,584,000</u>	<u>\$</u>	<u>18,891,000</u>
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(a) \$16,584,000 the first year and \$18,891,000 the second year are for distribution according to Minnesota Statutes, section 85.53, subdivision 3.

(b) Money appropriated under this section and distributed to implementing agencies must be used only to fund the list of projects approved by the elected representatives of each of the metropolitan parks implementing agencies. Projects funded by the money appropriated under this section must be substantially consistent with the project descriptions and dollar amounts approved by each elected body. Any funds remaining after completion of the listed projects may be spent by the implementing agencies on projects to support parks and trails.

(c) Grant agreements entered into by the Metropolitan Council and recipients of money appropriated under this section must ensure that the funds are used to supplement and not substitute for traditional sources of funding.

(d) The implementing agencies receiving appropriations under this section shall give consideration to contracting with Conservation Corps Minnesota for restoration, maintenance, and other activities.

Sec. 5. <u>LEGISLATURE</u>	<u>\$</u>	<u>7,000</u>		
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\$7,000 the first year is for the Legislative Coordinating Commission for the Web site required in Minnesota Statutes, section 3.303, subdivision 10.

Sec. 6. Minnesota Statutes 2016, section 85.53, is amended by adding a subdivision to read:

Subd. 6. **Reserve requirement.** In any fiscal year, at least five percent of that year's projected tax receipts determined by the most recent forecast for the parks and trails fund must not be appropriated.

Sec. 7. SAUK RIVER REGIONAL PARK GRANT EXTENSION.

The appropriation in Laws 2013, chapter 137, article 3, section 3, paragraph (c), clause (9), from the parks and trails fund for trail enhancement, land acquisition, and other improvements at Sauk River Regional Park is available until June 30, 2022.

EFFECTIVE DATE. This section is effective retroactively from June 30, 2016.

Sec. 8. HYLAND-BUSH-ANDERSON LAKES PARK RESERVE GRANT EXTENSION.

The appropriations for fiscal years 2014 and 2015 in Laws 2013, chapter 137, article 3, section 4, paragraph (c), from the parks and trails fund for grants to the city of Bloomington to reconstruct parking lots at the Hyland-Bush-Anderson Lakes Park Reserve are available until June 30, 2018.

EFFECTIVE DATE. This section is effective retroactively from June 30, 2016.

Sec. 9. ANOKA COUNTY AND DAKOTA COUNTY REALLOCATIONS.

Notwithstanding Laws 2013, chapter 137, article 3, section 4, paragraph (o), and Laws 2015, First Special Session chapter 2, article 3, section 4, paragraph (b):

(1) Anoka County may allocate \$438,000 of its share of the distribution for fiscal year 2017 funds under Minnesota Statutes, section 85.53, subdivision 3, to Bunker Hills Regional Park in accordance with the most recent priority rankings that Anoka County has submitted to the Metropolitan Council; and

(2) Dakota County may allocate \$180,000 of its share of the distribution under Minnesota Statutes, section 85.53, subdivision 3, designated for the Vermillion River Regional Greenway to the phase 2 improvement to Whitetail Woods Regional Park in Dakota County.

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

Sec. 10. PARKS AND TRAILS FUND INDIRECT COSTS; REPORT.

By October 1, 2017, the commissioner of management and budget must submit to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over the parks and trails fund a report of the amount from the parks and trails fund used to reimburse the general fund for indirect costs under Minnesota Statutes, section 16A.127. The report must include:

(1) information for all years that parks and trails fund appropriations have been made through fiscal year 2017;

(2) the legal authority of the specific appropriations from which indirect costs were funded; and

(3) information on how statewide indirect cost allocations from the parks and trails fund contribute to the constitutional requirement that funds be spent only to support parks and trails of regional or statewide significance.

ARTICLE 4**ARTS AND CULTURAL HERITAGE FUND****Section 1. ARTS AND CULTURAL HERITAGE FUND APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the entities and for the purposes specified in this article. The appropriations are from the arts and cultural heritage fund and are available for the fiscal years indicated for allowable activities under the Minnesota Constitution, article XI, section 15. The figures "2018" and "2019" used in this article mean that the appropriations listed under the figure are available for the fiscal year ending June 30, 2018, and June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium" is fiscal years 2018 and 2019. All appropriations in this article are onetime.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2018</u>	<u>2019</u>

Sec. 2. ARTS AND CULTURAL HERITAGE

<u>Subdivision 1. Total Appropriation</u>	<u>\$</u>	<u>57,328,000</u>	<u>\$</u>	<u>66,036,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Availability of Appropriation

Money appropriated in this article may not be spent on activities unless they are directly related to and necessary for a specific appropriation. Money appropriated in this article must not be spent on institutional overhead charges that are not directly related to and necessary for a specific appropriation. Money appropriated in this article must be spent in accordance with the Minnesota Management and Budget's Guidance to Agencies on Legacy Fund Expenditures. Notwithstanding Minnesota Statutes, section 16A.28, and unless otherwise specified in this article, fiscal year 2018 appropriations are available until June 30, 2019, and fiscal year 2019 appropriations are available until June 30, 2020. If a project receives federal funds, the period of the appropriation is

extended to equal the availability of federal funding.

Subd. 3. Minnesota State Arts Board

26,370,000

31,736,000

(a) These amounts are appropriated to the Minnesota State Arts Board for arts, arts education, arts preservation, and arts access. Grant agreements entered into by the Minnesota State Arts Board and other recipients of appropriations in this subdivision must ensure that these funds are used to supplement and not substitute for traditional sources of funding. Each grant program established in this appropriation must be separately administered from other state appropriations for program planning and outcome measurements, but may take into consideration other state resources awarded in the selection of applicants and grant award size.

(b) Arts and Arts Access Initiatives

\$20,700,000 the first year and \$25,589,000 the second year are to support Minnesota artists and arts organizations in creating, producing, and presenting high-quality arts activities; to preserve, maintain, and interpret art forms and works of art so that they are accessible to Minnesota audiences; to overcome barriers to accessing high-quality arts activities; and to instill the arts into the community and public life in this state.

(c) Arts Education

\$4,115,000 the first year and \$4,610,000 the second year are for high-quality, age-appropriate arts education for Minnesotans of all ages to develop knowledge, skills, and understanding of the arts.

(d) Arts and Cultural Heritage

\$1,430,000 the first year and \$1,537,000 the second year are for events and activities that represent, preserve, and maintain the diverse cultural arts traditions, including folk and

traditional artists and art organizations, represented in this state.

(e) Grants

\$50,000 the first year is for a grant or contract to an organization for designing, consulting, creating, and administering a statewide arts software application to be used on electronic and mobile electronic devices to locate and access artists, arts organizations, and art education programs throughout Minnesota. The grantee must work in consultation with the Minnesota State Arts Board, regional arts councils, private and nonprofit arts organizations, and the regional library system to develop criteria for content to import to the software application and must make the application free to download. A portion of the funding may be used to pay the ongoing costs associated with developing content and updating the software or with contracting to develop and update the software and expand electronic content in fiscal years 2018 and 2019.

\$75,000 the first year is for a grant to the city of Savage to design and construct a statue of Dan Patch to be placed in the city of Savage. Grant recipients must provide a funding match of at least 25 percent of the total eligible project costs.

(f) Up to 4.5 percent of the funds appropriated in paragraphs (b) to (d) may be used by the board for administering grant programs, delivering technical services, providing fiscal oversight for the statewide system, and ensuring accountability.

(g) Up to 30 percent of the remaining total appropriation to each of the categories listed in paragraphs (b) to (d) is for grants to the regional arts councils. Notwithstanding any other provision of law, regional arts council grants or other arts council grants for touring programs, projects, or exhibits must ensure the programs, projects, or exhibits are able

to tour in their own region as well as all other regions of the state.

(h) Any unencumbered balance remaining under this subdivision the first year does not cancel but is available the second year.

Subd. 4. Minnesota Historical Society

11,815,000

16,305,000

(a) These amounts are appropriated to the governing board of the Minnesota Historical Society to preserve and enhance access to Minnesota's history and its cultural and historical resources. Grant agreements entered into by the Minnesota Historical Society and other recipients of appropriations in this subdivision must ensure that these funds are used to supplement and not substitute for traditional sources of funding. Funds directly appropriated to the Minnesota Historical Society must be used to supplement and not substitute for traditional sources of funding. Notwithstanding Minnesota Statutes, section 16A.28, for historic preservation projects that improve historic structures, the amounts are available until June 30, 2021. The Minnesota Historical Society or grant recipients of the Minnesota Historical Society using arts and cultural heritage funds under this subdivision must give consideration to Conservation Corps Minnesota and Northern Bedrock Historic Preservation Corps, or an organization carrying out similar work, for projects with the potential to need historic preservation services.

(b) Historical Grants and Programs

(1) Statewide Historic and Cultural Grants

\$4,500,000 the first year and \$6,500,000 the second year are for history programs and projects operated or conducted by or through local, county, regional, or other historical or cultural organizations or for activities to preserve significant historic and cultural resources. Funds are to be distributed through a competitive grant process. The Minnesota

Historical Society must administer these funds using established grant mechanisms, with assistance from the advisory committee created under Laws 2009, chapter 172, article 4, section 2, subdivision 4, paragraph (b), item (ii).

(2) Statewide History Programs

\$4,055,000 the first year and \$6,945,000 the second year are for programs and purposes related to the historical and cultural heritage of the state of Minnesota conducted by the Minnesota Historical Society.

(3) History Partnerships

\$2,000,000 each year is for partnerships involving multiple organizations, which may include the Minnesota Historical Society, to preserve and enhance access to Minnesota's history and cultural heritage in all regions of the state.

(4) Statewide Survey of Historical and Archaeological Sites

\$400,000 the first year and \$400,000 the second year are for a contract or contracts to be awarded on a competitive basis to conduct statewide surveys of Minnesota's sites of historical, archaeological, and cultural significance. Results of the surveys must be published in a searchable form and available to the public free of cost. The Minnesota Historical Society, the Office of the State Archaeologist, and the Indian Affairs Council must each appoint a representative to an oversight board to select contractors and direct the conduct of the surveys. The oversight board must consult with the Departments of Transportation and Natural Resources.

(5) Digital Library

\$300,000 the first year and \$300,000 the second year are for a digital library project to preserve, digitize, and share Minnesota images, documents, and historical materials.

The Minnesota Historical Society must cooperate with the Minitex interlibrary loan system and must jointly share this appropriation for these purposes.

(6) Grants

\$80,000 each year is for a grant to the board of directors of the Carver County Historical Society to restore the historic Andrew Peterson farm in Waconia.

\$80,000 each year is for a grant to the city of Woodbury to work in collaboration with the Woodbury Barn Heritage Commission to restore the Miller Barn and historical programming at the Miller Barn in Woodbury.

\$100,000 the first year is to restore the stained glass in the historic Fort Snelling Memorial Chapel in collaboration with the Department of Natural Resources. The historical society may work in collaboration with the Fort Snelling Memorial Chapel Foundation.

\$250,000 the first year is for a grant to the Fairmont Opera House to restore and renovate the historic Fairmont Opera House.

\$50,000 the first year is for a grant to the Litchfield Opera House to restore and renovate the historic Litchfield Opera House.

Any unencumbered balance remaining under this subdivision the first year does not cancel but is available the second year.

Subd. 5. Department of Education

2,500,000

2,500,000

These amounts are appropriated to the commissioner of education for grants to the 12 Minnesota regional library systems to provide educational opportunities in the arts, history, literary arts, and cultural heritage of Minnesota. These funds must be allocated using the formulas in Minnesota Statutes, section 134.355, subdivisions 3, 4, and 5,

with the remaining 25 percent to be distributed to all qualifying systems in an amount proportionate to the number of qualifying system entities in each system. For purposes of this subdivision, "qualifying system entity" means a public library, a regional library system, a regional library system headquarters, a county, or an outreach service program. These funds may be used to sponsor programs provided by regional libraries or to provide grants to local arts and cultural heritage programs for programs in partnership with regional libraries. These funds must be distributed in ten equal payments per year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2019, as grants or contracts in this subdivision are available until June 30, 2021.

Subd. 6. Department of Administration

10,937,000

9,600,000

(a) These amounts are appropriated to the commissioner of administration for grants to the named organizations for the purposes specified in this subdivision. The commissioner of administration may use a portion of this appropriation for costs that are directly related to and necessary to the administration of grants in this subdivision.

(b) Grant agreements entered into by the commissioner and recipients of appropriations under this subdivision must ensure that money appropriated in this subdivision is used to supplement and not substitute for traditional sources of funding.

(c) Minnesota Public Radio

\$1,500,000 the first year and \$1,700,000 the second year are for Minnesota Public Radio to create programming and expand news service on Minnesota's cultural heritage and history.

(d) Association of Minnesota Public Educational Radio Stations

\$1,500,000 the first year and \$1,700,000 the second year are to the Association of Minnesota Public Educational Radio Stations for production and acquisition grants in accordance with Minnesota Statutes, section 129D.19.

(e) Public Television

\$4,150,000 the first year and \$3,900,000 the second year are to the Minnesota Public Television Association for production and acquisition grants according to Minnesota Statutes, section 129D.18. Of this amount, \$650,000 the first year is for a grant to Twin Cities Public Television to produce the Vietnam: Minnesota Remembers project. Any production costs associated with this project incurred on or after February 1, 2017, are eligible for reimbursement under this section as long as these funds are available under subdivision 2.

(f) Wilderness Inquiry

\$250,000 each year is to Wilderness Inquiry to preserve Minnesota's outdoor history, culture, and heritage by connecting Minnesota youth to natural resources.

(g) Como Park Zoo

\$1,350,000 the first year and \$1,350,000 the second year are for a grant to the Como Park Zoo and Conservatory for program development that features education programs and habitat enhancement, special exhibits, music appreciation programs, and historical garden access and preservation.

(h) Science Museum of Minnesota

\$600,000 each year is to the Science Museum of Minnesota for arts, arts education, and arts access and to preserve Minnesota's history and cultural heritage, including student and teacher outreach, statewide educational initiatives, and community-based exhibits that preserve Minnesota's history and cultural heritage.

(i) Green Giant Museum

\$300,000 the first year is to the city of Blue Earth to predesign, design, construct, furnish, and equip the Green Giant Museum to preserve the culture and history of Minnesota.

(j) Lake Superior Zoo

\$75,000 each year is to the Lake Superior Zoo to develop educational exhibits and programs.

(k) Minnesota State Band

\$50,000 the first year is to the Minnesota State Band to promote and increase public performances across Minnesota.

(l) Rice County Veterans Memorial

\$30,000 the first year is to Rice County to complete the Rice County Veterans Memorial in Faribault.

(m) Waseca County Veterans Memorial

\$50,000 the first year is to Waseca County to complete the Waseca County Veterans Memorial.

(n) Minnesota Square Park Pavilion

\$200,000 the first year is to the city of St. Peter to reconstruct the Minnesota Square Park pavilion in St. Peter.

(o) Office of State Archaeologist

\$107,000 the first year is for the Office of the State Archaeologist non-Indian remains analysis and reburial project.

(p) Medal of Honor Commemorative Memorial

\$250,000 the first year is to complete design and construction of a memorial in the Capitol area to honor all Minnesota Medal of Honor recipients. This appropriation is not available until the commissioner determines that at least \$250,000 is committed to the project

from nonstate sources, and there are sufficient resources to complete the project, as required in Minnesota Statutes, section 16A.502, and Laws 2016, chapter 189, article 13, section 64.

(q) Camp Legionville

\$222,000 the first year is for a grant to Camp Legionville for programs for youth, veterans, and the public related to Minnesota's cultural, historical, and recreational activities.

(r) Big Marine Lake Veterans Rest Camp

\$278,000 the first year is for a grant to the Big Marine Lake Veterans Rest Camp to develop and build a welcome center that supports the mission, programs, and safety of the Veterans Rest Camp to provide Minnesota's cultural, historical, and recreational activities to veterans, their families, and their guests.

(s) Midwest Outdoors Unlimited

\$25,000 each year is for a grant to Midwest Outdoors Unlimited to preserve Minnesota's outdoor history, culture, and heritage by connecting individuals and youth with disabilities to natural resources.

Subd. 7. Minnesota Zoo

1,550,000

1,950,000

These amounts are appropriated to the Minnesota Zoological Board for programs and development of the Minnesota Zoological Garden and to provide access and education related to programs on the cultural heritage of Minnesota.

Subd. 8. Minnesota Humanities Center

2,677,000

2,475,000

(a) These amounts are appropriated to the Board of Directors of the Minnesota Humanities Center for the purposes specified in this subdivision. The Minnesota Humanities Center may use up to 4.5 percent of the following grants to cover the cost of administering, planning, evaluating, and reporting these grants. The Minnesota

Humanities Center must develop a written plan to issue the grants in this subdivision and must submit the plan for review and approval by the Department of Administration. The written plan must require the Minnesota Humanities Center to create and adhere to grant policies that are similar to those established according to Minnesota Statutes, section 16B.97, subdivision 4, paragraph (a), clause (1).

No grants awarded in this subdivision may be used for travel outside the state of Minnesota. The grant agreement must specify the repercussions for failing to comply with the grant agreement.

(b) Programs and Purposes

\$1,125,000 each year is for programs and purposes of the Minnesota Humanities Center. Of this amount, \$125,000 each year may be used for the Why Treaties Matter exhibit and \$100,000 each year may be used for the veterans' voices program. Of this amount, \$55,000 the first year is for a grant to the Governor's Council on Developmental Disabilities to enhance and enlarge the historical digital archives collection "With An Eye to the Past" for oral history interviews and document collection, production, consultation, transcription, closed captioning, Web site administration, and evaluation.

The Minnesota Humanities Center may consider museums and organizations celebrating the identities of Minnesotans and the Lake Superior Center Authority for grants from these funds.

(c) Cultural Athletic Courts

\$75,000 the first year is for a grant to the city of St. Paul or Ramsey County to develop and install activity facilities in parks for Tawkaw courts that are reflective of the current demographics in Ramsey County. This grant

is available if the recipient provides at least a 25 percent match for funding.

(d) Children's Museum Grants

\$1,030,000 the first year and \$950,000 the second year are for arts and cultural heritage grants to children's museums for arts and cultural exhibits and related educational outreach programs.

Of this amount, \$500,000 each year is for the Minnesota Children's Museum for interactive exhibits and outreach programs on arts and cultural heritage, including the Minnesota Children's Museum in Rochester; \$150,000 each year is for the Duluth Children's Museum; \$150,000 each year is for the Grand Rapids Children's Museum; \$150,000 each year is for the Southern Minnesota Children's Museum for the Mni Wiconi and other arts and cultural exhibits; and \$80,000 the first year is for the Wheel and Cog Children's Museum of Hutchinson for interactive exhibits and outreach programs on arts and cultural heritage.

(e) Civics Programs

\$200,000 each year is for grants to the Minnesota Civic Education Coalition: Minnesota Civic Youth, the Learning Law and Democracy Foundation, and YMCA Youth in Government to conduct civics education programs for the civic and cultural development of Minnesota youth. Civics education is the study of constitutional principles and the democratic foundation of our national, state, and local institutions and the study of political processes and structures of government, grounded in the understanding of constitutional government under the rule of law.

(f) Rondo Commemorative Plaza

\$47,000 the first year is for a grant to Rondo Avenue, Inc. for the Rondo Commemorative

Plaza to celebrate the historic Rondo neighborhood.

(g) Somali Community and Museum Grants

\$200,000 each year is for a grant to one or more community organizations that provide Somali-based collaborative programs for arts and cultural heritage. The Somali Museum of Minnesota may apply for a grant under this paragraph. The funding must be used for programs to provide arts and humanities education and workshops, mentor programs, classes, exhibits, presentations, community engagement events, and outreach about the Somali community and heritage in Minnesota.

Subd. 9. Indian Affairs Council

1,320,000

1,320,000

(a) \$845,000 each year is for the Indian Affairs Council to provide grants to preserve Dakota and Ojibwe Indian language and to foster education programs and immersion programs in Dakota and Ojibwe language.

(b) \$125,000 each year is to the Indian Affairs Council for a grant to the Niiganne Ojibwe Immersion School.

(c) \$250,000 each year is to the Indian Affairs Council for a grant to the Wicoie Nandagikendan Urban Immersion Project and potentially Baby's Space and other partners at the Neighborhood Early Learning Center. Wicoie Nandagikendan Urban Immersion Project shall work in coordination with the Indian Affairs Council to develop capacity and implement a language immersion program with Baby's Space and other partners.

(d) Graves Protection

\$100,000 each year is for the Indian Affairs Council to carry out responsibilities under Minnesota Statutes, section 307.08, to comply with Public Law 101-601, the Native American Graves Protection and Repatriation Act.

Subd. 10. Department of Agriculture150,000150,000

These amounts are appropriated to the commissioner of agriculture for grants to county agricultural societies to enhance arts access and education and to preserve and promote Minnesota's history and cultural heritage as embodied in its county fairs. The grants are in addition to the aid distribution to county agricultural societies under Minnesota Statutes, section 38.02. The commissioner of agriculture shall develop grant-making criteria and guidance for expending funds under this subdivision to provide funding for projects and events that provide access to the arts or the state's agricultural, historical, and cultural heritage. The commissioner shall seek input from all interested parties.

Subd. 11. Legislative Coordinating Commission9,000-0-

This amount is for the Legislative Coordinating Commission to maintain the Web site required under Minnesota Statutes, section 3.303, subdivision 10.

Sec. 3. Minnesota Statutes 2016, section 129D.17, subdivision 4, is amended to read:

Subd. 4. **Minnesota State Arts Board allocation.** At least 47 percent of the ~~money deposited in the~~ total appropriations from the arts and cultural heritage fund in a fiscal biennium must be for grants and services awarded through the Minnesota State Arts Board, or regional arts councils subject to appropriation.

Sec. 4. Minnesota Statutes 2016, section 129D.17, is amended by adding a subdivision to read:

Subd. 5. **Reserve requirement.** In any fiscal year, at least five percent of that year's projected tax receipts determined by the most recent forecast for the arts and cultural heritage fund must not be appropriated.

Sec. 5. ARTS AND CULTURAL HERITAGE FUND INDIRECT COSTS; REPORT.

By October 1, 2017, the commissioner of management and budget must submit to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over the arts and cultural heritage fund a report of the amount from the arts and cultural heritage fund used to reimburse the general fund for indirect costs under Minnesota Statutes, section 16A.127. The report must include:

(1) information for all years that arts and cultural heritage fund appropriations have been made through fiscal year 2017;

(2) the legal authority of the specific appropriations from which indirect costs were funded; and

(3) information on how statewide indirect cost allocations from the arts and cultural heritage fund contribute to the constitutional requirement that funds be spent only for arts, arts education, and arts access and to preserve Minnesota's history and cultural heritage."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money from outdoor heritage, clean water, parks and trails, and arts and cultural heritage funds; modifying requirements for expending money from legacy funds; modifying and extending prior appropriations; requiring reports; amending Minnesota Statutes 2016, sections 85.53, by adding a subdivision; 97A.056, by adding subdivisions; 114D.50, subdivision 4, by adding a subdivision; 129D.17, subdivision 4, by adding a subdivision; Laws 2012, chapter 264, article 1, section 2, subdivision 5, as amended; Laws 2015, First Special Session chapter 2, article 1, section 2, subdivision 2, as amended; Laws 2016, chapter 172, article 1, section 2, subdivisions 2, 4; repealing Minnesota Statutes 2016, section 97A.056, subdivision 8."

We request the adoption of this report and repassage of the bill.

House Conferees: Bob Gunther, Dan Fabian, Paul Torkelson, Leon Lillie

Senate Conferees: Carrie Ruud, Bill Ingebrigtsen, David H. Senjem, Andrew Lang, Richard Cohen

Senator Ruud moved that the foregoing recommendations and Conference Committee Report on H.F. No. 707 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 707 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 64 and nays 3, as follows:

Those who voted in the affirmative were:

Abeler	Dziedzic	Ingebrigtsen	Little	Ruud
Anderson, B.	Eichorn	Isaacson	Lourey	Schoen
Anderson, P.	Eken	Jasinski	Mathews	Senjem
Bakk	Fischbach	Jensen	Miller	Simonson
Benson	Franzen	Johnson	Nelson	Sparks
Carlson	Frentz	Kent	Newman	Tomassoni
Chamberlain	Gazelka	Kiffmeyer	Newton	Torres Ray
Champion	Goggin	Klein	Osmek	Utke
Clausen	Hall	Koran	Pappas	Weber
Cohen	Hawj	Laine	Pratt	Westrom
Cwodzinski	Hayden	Lang	Relph	Wiger
Dahms	Hoffman	Latz	Rest	Wiklund
Draheim	Housley	Limmer	Rosen	

Those who voted in the negative were:

Dibble

Eaton

Marty

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Madam President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 514: A bill for an act relating to elections; modifying provisions related to elections and election administration; establishing a voting equipment grant; establishing uniform election dates, polling place hours, and polling places; requiring counties to administer school district elections; requiring additional voter data to be public; modifying voter status challenge provisions; establishing a provisional ballot system; appropriating money; amending Minnesota Statutes 2016, sections 3.088, subdivision 1; 13.15, subdivision 4; 13.607, by adding a subdivision; 13.6905, subdivision 33; 13.841, subdivision 3; 13.851, subdivision 10; 103B.545, subdivision 2; 123A.46, subdivision 12; 123A.48, subdivisions 14, 15; 123B.09, subdivision 5b; 123B.63, subdivision 3; 126C.17, subdivision 11; 126C.69, subdivision 11; 128D.05, subdivision 2; 200.02, subdivision 4, by adding subdivisions; 201.022, subdivision 1; 201.061, subdivisions 3, 4, 6; 201.091, subdivision 4; 201.121, subdivision 3; 201.225, subdivisions 1, 2, 6; 201.27, subdivision 2; 203B.01, subdivision 2; 203B.04, subdivision 1; 203B.05, subdivision 2; 203B.081, subdivision 1; 203B.085; 203B.11, subdivision 1; 203B.121, subdivisions 1, 2; 203B.15; 204B.09, subdivision 3; 204B.13, subdivision 1; 204B.16, subdivisions 1, 1a; 204B.181, subdivision 2; 204B.21, subdivision 2, by adding a subdivision; 204B.25, subdivision 4; 204B.29; 204B.32; 204B.40; 204B.46; 204C.08, subdivision 4; 204C.10; 204C.12, subdivisions 1, 2, 3; 204C.14, subdivision 1; 204C.20, subdivision 4; 204C.25; 204C.26, subdivision 3; 204C.27; 204C.28, subdivision 3; 204C.29, subdivision 1; 204C.32, subdivision 2; 204C.33, subdivision 3; 204C.36, subdivisions 1, 2, 3, 5; 204D.09, subdivision 1; 204D.19, by adding a subdivision; 205.065, subdivision 5; 205.07, subdivisions 1, 3; 205.10, subdivision 4, by adding a subdivision; 205.175; 205A.03, subdivisions 3, 4; 205A.04, subdivision 3; 205A.05, subdivisions 1, 2, 3, by adding a subdivision; 205A.055, subdivision 2; 205A.06, subdivisions 1, 1a, 2, 5; 205A.07, subdivisions 1, 2, 3, 3a, 3b; 205A.08, subdivision 5; 205A.10, subdivisions 1, 2, 3, 5; 205A.11, subdivision 2a; 206.805, subdivision 1; 208.04, subdivision 1; 209.021, subdivision 3; 211B.11, subdivision 1; 216B.46; 241.065, subdivision 2; 365A.06, subdivision 2; 367.33, subdivision 1; 375.101, subdivision 1; 375B.07, subdivision 2; 375B.10; 383B.031, subdivision 1; 383E.24, subdivision 7; 410.10, subdivision 1; 447.32, subdivision 2; 475.59; proposing coding for new law in Minnesota Statutes, chapters 201; 204C; repealing Minnesota Statutes 2016, sections 201.096; 201.15; 201.155; 201.157; 201.158; 204B.16, subdivision 3; 205.10, subdivision 3; 205A.09; 205A.11, subdivisions 2, 3; 205A.12, subdivision 5a.

Senate File No. 514 is herewith returned to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned May 21, 2017

CONCURRENCE AND REPASSAGE

Senator Kiffmeyer moved that the Senate concur in the amendments by the House to S.F. No. 514 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 514 was read the third time, as amended by the House, and placed on its repassage.

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

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

Those who voted in the affirmative were:

Abeler	Eaton	Isaacson	Lourey	Ruud
Anderson, B.	Eichorn	Jasinski	Marty	Schoen
Anderson, P.	Eken	Jensen	Mathews	Senjem
Benson	Fischbach	Johnson	Miller	Simonson
Carlson	Franzen	Kent	Nelson	Sparks
Champion	Frentz	Kiffmeyer	Newman	Tomassoni
Clausen	Goggin	Klein	Newton	Torres Ray
Cohen	Hall	Koran	Osmek	Utke
Cwodzinski	Hawj	Laine	Pappas	Weber
Dahms	Hayden	Lang	Pratt	Westrom
Dibble	Hoffman	Latz	Relph	Wiger
Draheim	Housley	Limmer	Rest	Wicklund
Dziedzic	Ingebrigtsen	Little	Rosen	

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

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 26, Senator Limmer, designee of the Chair of the Committee on Rules and Administration, designated S.F. No. 545 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 545: A bill for an act relating to retirement; benefit and contribution changes for Minnesota statewide and major local public employee retirement plans; increasing contribution rates; reducing certain postretirement adjustment increase rates; modifying investment return assumptions; extending amortization target dates; reducing deferred annuities augmentation; requiring a study on postretirement adjustments; making administrative changes to the Minnesota State Retirement System, Teachers Retirement Association, Public Employees Retirement Association, and St. Paul Teachers Retirement Fund Association; clarifying refund repayment procedures; modifying executive director credentials; clarifying service requirements; revising appeal procedures; modifying service credit purchase procedures; establishing new procedures for disability applications due to private disability insurance requirements; clarifying disability benefit payment provisions; modifying annual benefit limitations for federal tax code compliance; authorizing use of IRS correction procedures; clarifying benefit offsets for certain refund payments; clarifying police and fire plan coverage for certain Hennepin Healthcare System supervisors; modifying various economic actuarial assumptions; authorizing the transfer of assets and members from the voluntary statewide volunteer firefighter retirement plan to a volunteer firefighter relief association; adopting recommendations of the Volunteer Firefighter Relief Association Working Group; increasing relief

association lump-sum service pension maximums; lowering certain vesting requirements for Eden Prairie Volunteer Firefighters Relief Association; modifying the Brook Park volunteer firefighters service pension level; permitting alternative allocation of fire state aid for city of Austin; establishing a fire state aid work group; modifying various Department of Human Services and Department of Corrections employment classifications eligible for correctional retirement coverage; modifying the calculation of annuities under the Minnesota State Retirement System unclassified program; revising augmentation interest rates for certain terminated privatized employees; adopting definition of the Hometown Heroes Act related to public safety officer death benefits; allowing service credit purchase and Rule of 90 eligibility for certain Minnesota Department of Transportation employees; authorizing MnSCU employees to elect retroactive and prospective TRA coverage; authorizing MnSCU employee to transfer past service from IRAP to PERA; increasing maximum employer contribution to a supplemental laborers pension fund; authorizing certain additional sources of retirement plan funding; making technical and conforming changes; appropriating money; amending Minnesota Statutes 2016, sections 3A.02, subdivision 4; 3A.03, subdivisions 2, 3; 16A.14, subdivision 2a; 352.01, subdivisions 2a, 13a; 352.017, subdivision 2; 352.03, subdivisions 5, 6; 352.04, subdivisions 2, 3, 8, 9; 352.113, subdivisions 2, 4, 14; 352.116, subdivision 1a; 352.22, subdivisions 2, 3, by adding subdivisions; 352.23; 352.27; 352.91, subdivisions 3f, 3g, by adding a subdivision; 352.92, subdivisions 1, 2, by adding a subdivision; 352.955, subdivision 3; 352B.013, subdivision 2; 352B.02, subdivisions 1a, 1c; 352B.08, by adding a subdivision; 352B.085; 352B.086; 352B.11, subdivision 4; 352D.02, subdivisions 1, 3; 352D.04, subdivision 2; 352D.05, subdivision 4; 352D.06, subdivision 1; 352D.085, subdivision 1; 352D.11, subdivision 2; 352D.12; 352F.04, subdivisions 1, 2, by adding a subdivision; 353.01, subdivisions 2b, 10, 16, 43, 47; 353.012; 353.0162; 353.03, subdivision 3; 353.27, subdivisions 3c, 7a, 12, 12a, 12b; 353.28, subdivision 5; 353.29, subdivisions 4, 7; 353.30, subdivisions 3c, 5; 353.32, subdivisions 1, 4; 353.34, subdivisions 2, 3; 353.35, subdivision 1; 353.37, subdivision 1; 353.64, subdivision 10; 353.65, subdivisions 2, 3, by adding a subdivision; 353F.02, subdivision 5a; 353F.025, subdivision 2; 353F.04, subdivision 2; 353F.05; 353F.057; 353F.06; 353F.07; 353G.01, subdivision 9, by adding a subdivision; 353G.02, subdivision 6; 353G.03, subdivision 3; 353G.08, subdivision 3; 353G.11, subdivision 1; 354.05, subdivision 2, by adding a subdivision; 354.06, subdivisions 2, 2a; 354.095; 354.436, subdivision 3; 354.44, subdivisions 3, 9; 354.45, by adding a subdivision; 354.46, subdivision 6; 354.48, subdivision 1; 354.50, subdivision 2; 354.51, subdivision 5; 354.512; 354.52, subdivisions 4, 4d; 354.53, subdivision 5; 354.55, subdivision 11; 354.66, subdivision 2; 354.72, subdivision 1; 354A.011, subdivisions 3a, 29; 354A.093, subdivisions 4, 6; 354A.095; 354A.096; 354A.12, subdivisions 1, 1a, 2a, 3a, 3c, 7; 354A.29, subdivision 7; 354A.31, subdivisions 3, 7; 354A.34; 354A.35, subdivision 2; 354A.37, subdivisions 2, 3; 354A.38; 356.195, subdivision 2; 356.215, subdivisions 8, 9, 11; 356.24, subdivision 1; 356.30, subdivision 1; 356.32, subdivision 2; 356.415, subdivisions 1, 1a, 1b, 1c, 1d, 1e, 1f, by adding a subdivision; 356.44; 356.47, subdivisions 1, 3; 356.50, subdivision 2; 356.551, subdivision 2; 356.635, subdivision 10, by adding subdivisions; 356.96, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 356A.06, subdivision 7; 423A.02, subdivisions 3, 5; 424A.001, subdivisions 2, 3, 10, by adding a subdivision; 424A.002, subdivision 1; 424A.01, subdivisions 1, 5, 6, by adding subdivisions; 424A.015, subdivision 1, by adding a subdivision; 424A.016, subdivision 2; 424A.02, subdivisions 1, 3, 3a, 7; 424A.04, subdivision 1; 424A.07; 424A.091, subdivision 3; 424A.094, subdivision 3; 424A.10, subdivision 1; 424B.20, subdivision 4; 490.121, subdivisions 4, 25, 26; 490.1211; 490.124, subdivision 12; proposing coding for new law in Minnesota Statutes, chapters 353F; 353G; 356; 424A; repealing Minnesota Statutes 2016, sections 3A.12; 352.04, subdivision 11; 352.045; 352.72; 352B.30; 353.0161; 353.27, subdivision 3b; 353.34, subdivision 6; 353.71;

354.42, subdivisions 4a, 4b, 4c, 4d; 354.60; 354A.12, subdivision 2c; 354A.29, subdivisions 8, 9; 354A.39; 356.611, subdivisions 3, 3a, 4, 5; 356.96, subdivisions 14, 15; 424A.02, subdivision 13.

Senator Rosen moved to amend S.F. No. 545 as follows:

Page 8, lines 19 to 20, delete "BENEFIT AND CONTRIBUTION"

Page 8, delete section 1

Page 9, delete section 2

Page 10, delete section 3

Page 12, before line 1, insert:

"Section 1. **PERA BOARD OF TRUSTEES; REFORM PROPOSAL REQUIREMENT.**

The board of trustees of the Public Employees Retirement Association shall present to the Legislative Commission on Pensions and Retirement, no later than January 15, 2018, a package of benefit and sustainability reforms for the general employees retirement plan consisting of reforms that are similar to the changes made to the other statewide retirement plans during the 2017 legislative session and any other related reforms that improve the projected funded ratio of the plan. The package of reforms must be accompanied by the opinion of the plan's approved actuary under section 356.215, subdivision 1, paragraph (c), that implementation of the reforms is projected to result in the general employees retirement plan attaining a ratio of market value of assets to actuarial accrued liabilities equal to or greater than 90 percent by the end of the amortization period under section 356.215, subdivision 11, in effect as of July 1, 2017. For purposes of determining the initial funding ratio, the beginning asset value as of July 1, 2017, shall be the market value of assets expected to occur if the assumed investment return for fiscal year 2017 is met. Subsequent funding ratios should be based on the actuarial accrued liability determined as of July 1, 2017, and subsequent projected assets and liabilities based on approved 2017 valuation assumptions. The package of reforms shall be presented for consideration by the Legislative Commission on Pensions and Retirement and passage by the legislature during the 2018 legislative session."

Page 12, line 2, after "353.71," insert "subdivision 1,"

Page 28, line 8, before "Teachers" insert "Public Employees Retirement Association and the"

Page 28, lines 11 to 12, delete "and the Public Employees Retirement Association"

Page 28, line 14, before "Teachers" insert "Public Employees Retirement Association"

Page 28, line 18, before "Teachers" insert "Public Employees Retirement Association"

Page 28, line 19, before "354.55" insert "353.74 or"

Page 33, lines 27 to 28, delete the new language

Page 34, line 1, reinstate everything after "January 1"

Page 34, line 2 reinstate "retirement plan,"

Page 34, line 5, delete "and"

Page 34, line 6, reinstate everything after "~~January 1~~"

Page 34, line 7, reinstate "retirement plan,"

Page 34, lines 12 to 28, reinstate the stricken language

Page 34, line 29, reinstate everything before "~~subdivision~~" and after "~~1,~~" insert "paragraph (a), clauses (3) and (4),"

Page 34, lines 30 to 33, reinstate the stricken language

Page 35, lines 1 to 3, reinstate the stricken language and delete the new language

Page 35, delete lines 7 to 24

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Rosen moved to amend S.F. No. 545 as follows:

Page 222, line 29, delete "\$5,699,000" and insert "\$5,698,000" and delete "\$10,575,000" and insert "\$11,115,000"

Page 223, line 5, delete "\$10,575,000" and insert "\$11,115,000"

Page 224, after line 2, insert:

"Sec. 4. APPROPRIATIONS; JUDICIAL BRANCH.

(a) \$73,000 in fiscal year 2018 and \$146,000 in fiscal year 2019 are appropriated from the general fund to the Supreme Court for increased employer pension contributions to the Minnesota State Retirement System general employees plan. The amount appropriated in fiscal year 2019 is added to the agency budget base for fiscal years 2020 and later.

(b) \$15,000 in fiscal year 2018 and \$30,000 in fiscal year 2019 are appropriated from the general fund to the Court of Appeals for increased employer pension contributions to the Minnesota State Retirement System general employees plan. The amount appropriated in fiscal year 2019 is added to the agency budget base for fiscal years 2020 and later.

(c) \$344,000 in fiscal year 2018 and \$687,000 in fiscal year 2019 are appropriated from the general fund to the district courts for increased employer pension contributions to the Minnesota State Retirement System general employees plan. The amount appropriated in fiscal year 2019 is added to the agency budget base for fiscal years 2020 and later.

(d) \$139,000 in fiscal year 2018 and \$279,000 in fiscal year 2019 are appropriated from the general fund to the Board of Public Defense for increased employer pension contributions to the Minnesota State Retirement System general employees plan. The amount appropriated in fiscal year 2019 is added to the agency budget base for fiscal years 2020 and later.

(e) \$31,000 in fiscal year 2018 and \$62,000 in fiscal year 2019 are appropriated from the general fund to the Guardian ad Litem Board for increased employer pension contributions to the Minnesota State Retirement System general employees plan. The amount appropriated in fiscal year 2019 is added to the agency budget base for fiscal years 2020 and later.

(f) \$1,000 in fiscal year 2019 is appropriated from the general fund to the Board of Judicial Standards for increased employer pension contributions to the Minnesota State Retirement System general employees plan. The amount appropriated in fiscal year 2019 is added to the agency budget base for fiscal years 2020 and later."

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Schoen moved to amend S.F. No. 545 as follows:

Page 12, line 5, after "ASSOCIATION" insert "BENEFIT AND CONTRIBUTION CHANGES"

Page 12, after line 14, insert:

"Sec. 2. Minnesota Statutes 2016, section 354.44, subdivision 6, is amended to read:

Subd. 6. Computation of formula program retirement annuity. (a) The formula retirement annuity must be computed in accordance with the applicable provisions of the formulas stated in paragraph (b) or (d) on the basis of each member's average salary under section 354.05, subdivision 13a, for the period of the member's formula service credit.

(b) This paragraph, in conjunction with paragraph (c), applies to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled for service rendered before July 1, 2006:

Period	Coordinated Member	Basic Member
Each year of service during first ten	1.2 percent per year	2.2 percent per year
Each year of service thereafter	1.7 percent per year	2.7 percent per year

For service rendered on or after July 1, 2006, by a member other than a member who was a member of the former Duluth Teachers Retirement Fund Association between January 1, 2006, and June 30, 2015, and for service rendered on or after July 1, 2013, by a member who was a member

of the former Duluth Teachers Retirement Fund Association between January 1, 2013, and June 30, 2015, the average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of service credit, determines the amount the annuity to which the member qualifying therefor is entitled:

Period	Coordinated Member	Basic Member
Each year of service during first ten	1.4 percent per year	2.2 percent per year
Each year of service after ten years of service	1.9 percent per year	2.7 percent per year

(c)(i) This paragraph applies only to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in conjunction with this paragraph than when calculated under paragraph (d), in conjunction with paragraph (e).

(ii) Where any member retires prior to normal retirement age under a formula annuity, the member shall be paid a retirement annuity in an amount equal to the normal annuity provided in paragraph (b) reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement except that for any member who has 30 or more years of allowable service credit, the reduction shall be applied only for each month that the member is under age 62.

(iii) Any member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in paragraph (b), without any reduction by reason of early retirement.

(d) This paragraph applies to a member who has become at least 55 years old and first became a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount when calculated under this paragraph and in conjunction with paragraph (e), is higher than it is when calculated under paragraph (b), in conjunction with paragraph (c).

(i) For a basic member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by 2.7 percent for each year of service for a basic member determines the amount of the retirement annuity to which the basic member is entitled. The annuity of a basic member who was a member of the former Minneapolis Teachers Retirement Fund Association as of June 30, 2006, must be determined according to the annuity formula under the articles of incorporation of the former Minneapolis Teachers Retirement Fund Association in effect as of that date.

(ii) For a coordinated member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by 1.7 percent for each year of service rendered before July 1, 2006, and by 1.9 percent for each year of service rendered on or after July 1, 2006, for a member other than a member who was a member of the former Duluth Teachers Retirement Fund Association between January 1, 2006, and June 30, 2015, and by 1.9 percent for each year of service rendered on or after July 1, 2013, for a member of the former Duluth Teachers Retirement Fund Association between January 1, 2013, and June 30, 2015, determines the amount of the retirement annuity to which the coordinated member is entitled.

(e) This paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b), in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity provided in paragraph (d) reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006. Except in regards to section 354.46, this paragraph remains in effect until June 30, 2015.

(f) ~~After~~ Until June 30, 2020 2018, this paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b) in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age is entitled to receive the normal annuity provided in paragraph (d).

(i) For a person who is at least age 62 or older and has at least 30 years of service, the annuity must be reduced by an early reduction factor of six percent per year of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee became an employee after June 30, 2006.

(ii) For a person who is not at least age 62 or older and does not have at least 30 years of service, the annuity would be reduced by an early reduction factor of four percent per year for ages 55 through 59 and seven percent per year of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee became an employee after June 30, 2006.

(g) For members who retire on or after July 1, 2018, this paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b) in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age is entitled to receive the normal annuity provided in paragraph (d) reduced as described in clause (1) or (2), as applicable.

(1) For a person who is at least age 62 or older and has at least 30 years of service, the annuity must be reduced by an early reduction factor of six percent per year of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity

begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee became an employee after June 30, 2006.

(2) For a person who is not at least age 62 and does not have at least 30 years of service, the annuity must be reduced by an early reduction factor for each year that the member's age of retirement precedes normal retirement age. The early reduction factors are four percent of the annuity amount per year for ages 55 through 59 and seven percent of the annuity amount per year for ages 60 through normal retirement age. The resulting annuity must be further adjusted to take into account augmentation as if the employee deferred receipt of the annuity until normal retirement age and the annuity were augmented at the applicable annual rate compounded annually, from the day the annuity begins to accrue until normal retirement age. The applicable annual rate is the rate in effect for the month that includes the employee's effective date of retirement and shall be considered as fixed for the employee for the period until the employee reaches normal retirement age. The applicable annual rate begins with the rates in effect before July 1, 2018, of three percent if the employee became an employee before July 1, 2006, or 2.5 percent if the employee became an employee after June 30, 2006, and decreases each month beginning July 2018 in equal monthly increments over the five-year period that begins July 1, 2018, and ends June 30, 2023, to zero percent effective for July 2023 and thereafter.

After June 30, 2023, the reduced annuity commencing before normal retirement age under this clause shall not take into account any augmentation.

(h) After June 30, 2015, and before July 1, ~~2020~~ 2018, for a person who would have a reduced retirement annuity under either paragraph (e) or (f) if they were applicable, the employee is entitled to receive a reduced annuity which must be calculated using a blended reduction factor augmented monthly by 1/60 of the difference between the reduction required under paragraph (e) and the reduction required under paragraph (f).

(~~h~~) (i) No retirement annuity is payable to a former employee with a salary that exceeds 95 percent of the governor's salary unless and until the salary figures used in computing the highest five successive years average salary under paragraph (a) have been audited by the Teachers Retirement Association and determined by the executive director to comply with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

EFFECTIVE DATE. If an appropriation is made to the Teachers Retirement Association in the 2017 legislative session for the employer contribution increase in this act, this section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 2016, section 354.49, subdivision 2, is amended to read:

Subd. 2. **Calculation.** (a) Except as provided in section 354.44, subdivision 1, any person who ceases to be a member by reason of termination of teaching service, is entitled to receive a refund in an amount equal to the accumulated deductions credited to the account plus interest compounded annually using the following interest rates:

- (1) before July 1, 1957, no interest accrues;
- (2) July 1, 1957, to June 30, 2011, six percent; ~~and~~

(3) ~~after June 30~~ July 1, 2011, to June 30, 2017, four percent; and

(4) after June 30, 2017, three percent.

For the purpose of this subdivision, interest must be computed on fiscal year end balances to the first day of the month in which the refund is issued.

(b) If the person has received permanent disability payments under section 354.48, the refund amount must be reduced by the amount of those payments.

EFFECTIVE DATE. If an appropriation is made to the Teachers Retirement Association in the 2017 legislative session for the employer contribution increase in this act, this section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2016, section 354.55, subdivision 11, is amended to read:

Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section 354.44, subdivision 6, who ceases to render teaching service, may leave the person's accumulated deductions in the fund for the purpose of receiving a deferred annuity at retirement.

(b) The amount of the deferred retirement annuity is determined by section 354.44, subdivision 6, and must be augmented as provided in this subdivision. ~~The required reserves for the annuity which had accrued when the member ceased to render teaching service must be augmented, as further specified in this subdivision,~~ by the applicable interest rate compounded annually from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement.

(c) No augmentation is ~~not~~ creditable if the deferral period is less than three months or if deferral commenced before July 1, 1971.

(d) For persons who became covered employees before July 1, 2006, ~~with a deferral period commencing after June 30, 1971,~~ the annuity must be augmented as follows:

(1) five percent ~~interest compounded annually~~ until January 1, 1981;

(2) three percent ~~interest compounded annually~~ from January 1, 1981, until January 1 of the year following the year in which the deferred annuitant attains age 55 or until June 30, 2012, whichever is earlier;

(3) five percent ~~interest compounded annually~~ from the date established in clause (2) ~~to the effective date of retirement or until June 30, 2012, whichever is earlier; and~~

(4) two percent ~~interest compounded annually after June 30, 2012~~ from July 1, 2012, until June 30, 2018; and

(5) after June 30, 2018, the deferred annuity must not be augmented.

(e) For persons who become covered employees after June 30, 2006, the ~~interest rate used to augment the deferred annuity is~~ must be augmented as follows:

~~(1) 2.5 percent interest compounded annually until June 30, 2012, or until the effective date of retirement, whichever is earlier, and;~~

~~(2) two percent interest compounded annually after June 30~~ from July 1, 2012, until June 30, 2018; and

(3) after June 30, 2018, the deferred annuity must not be augmented.

~~(f) If a person has more than one period of uninterrupted service, a separate average salary determined under section 354.44, subdivision 6, must be used for each period and the required reserves related to each period must be augmented as specified in this subdivision. The sum of the augmented required reserves is the present value of the annuity. For the purposes of this subdivision, "period of uninterrupted service" means a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.~~

~~(g) If a person repays a refund, the service restored by the repayment must be considered as continuous with the next period of service for which the person has allowable service credit in the Teachers Retirement Association.~~

~~(h) If a person does not render teaching service in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of the resumption of teaching service must be those applicable to new members.~~

~~(i) The mortality table and interest rate actuarial assumption used to compute the annuity must be the applicable mortality table established by the board under section 354.07, subdivision 1, and the interest rate actuarial assumption under section 356.215 in effect when the member retires.~~

~~(j)~~ (f) In no case may the annuity payable under this subdivision be less than the amount of annuity payable under section 354.44, subdivision 6.

~~(k)~~ (g) The requirements and provisions for retirement before normal retirement age contained in section 354.44, subdivision 6, also apply to an employee fulfilling the requirements with a combination of service as provided in section ~~354.60~~ 356.311.

~~(l)~~ (h) The augmentation provided by this subdivision applies to the benefit provided in section 354.46, subdivision 2.

~~(m)~~ (i) The augmentation provided by this subdivision does not apply to any period in which a person is on an approved leave of absence from an employer unit covered by the provisions of this chapter.

~~(n)~~ (j) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former teacher who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and tables adopted by the board as recommended by an approved actuary and approved by the actuary retained under section 356.214.

EFFECTIVE DATE. If an appropriation is made to the Teachers Retirement Association in the 2017 legislative session for the employer contribution increase in this act, this section is effective the day following final enactment."

Page 13, line 23, delete "January" and insert "July"

Page 13, line 27, delete the period and insert ", or who retire when the member is at least age 62 and has at least 30 years of service under section 354A.31, subdivision 7."

Page 13, delete line 28 and insert:

"EFFECTIVE DATE. If an appropriation is made to the Teachers Retirement Association in the 2017 legislative session for the employer contribution increase in this act, this section is effective the day following final enactment."

Page 18, lines 7 to 14, strike the old language and delete the new language

Page 18, after line 28, insert

"teachers retirement plan 7.5"

Page 23, line 17, before the second period, insert ", except that the modification made to the Teachers Retirement Association investment return in this section is effective the day following final enactment only if an appropriation is made to the Teachers Retirement Association in the 2017 legislative session for the employer contribution increase in this act"

Page 25, line 34, strike "2037" and insert "2047"

Page 26, line 21, before the second period, insert ", except that the modification made to the established date for full funding for the Teachers Retirement Association in this section is effective the day following final enactment only if an appropriation is made to the Teachers Retirement Association in the 2017 legislative session for the employer contribution increase in this act"

Page 28, lines 7 to 8, delete "Teachers Retirement Association,"

Page 28, line 12, after "for" insert "the Teachers Retirement Association and"

Page 28, line 14, delete "Teachers Retirement Association"

Page 28, line 18, delete "Teachers Retirement Association"

Page 28, line 19, delete "354.55, subdivision 11"

Page 37, line 19, after "(a)" insert "Except as set forth in paragraph (d), recipients of a"

Page 37, line 21, strike "a" and insert "an annual" and strike "annually on" and insert ", effective as of each"

Page 37, line 23, strike "for each January 1 until funding stability is restored,"

Page 37, line 24, strike "two" and insert "one" and strike ", effective on January 1,"

Page 37, line 27, after the semicolon, insert "and"

Page 37, line 28, strike "for each January 1 until funding stability is restored,"

Page 37, line 31, strike "an annual" and insert "a" and strike "two" and insert "one"

Page 37, line 32, strike the semicolon and insert a period

Page 38, strike lines 1 to 23

Page 38, before line 24, insert:

"(3) effective January 1, 2023, and thereafter, a postretirement increase must be applied each year to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months as of the June 30 of the calendar year immediately before the adjustment, at the following rates:

<u>from January 1, 2023, through December 31, 2023</u>	<u>1.1 percent</u>
<u>from January 1, 2024, through December 31, 2024</u>	<u>1.2 percent</u>
<u>from January 1, 2025, through December 31, 2025</u>	<u>1.3 percent</u>
<u>from January 1, 2026, through December 31, 2026</u>	<u>1.4 percent</u>
<u>from January 1, 2027, and thereafter</u>	<u>1.5 percent</u>

(4) effective January 1, 2023, and thereafter, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months, as of the June 30 of the calendar year immediately before the adjustment, an annual postretirement increase of 1/12 of the applicable percentage for each month that the person has been receiving an annuity or benefit must be applied to the monthly annuity or benefit amount of the annuitant or benefit recipient. The applicable percentages are the following:

<u>from January 1, 2023, through December 31, 2023</u>	<u>1.1 percent</u>
<u>from January 1, 2024, through December 31, 2024</u>	<u>1.2 percent</u>
<u>from January 1, 2025, through December 31, 2025</u>	<u>1.3 percent</u>
<u>from January 1, 2026, through December 31, 2026</u>	<u>1.4 percent</u>
<u>from January 1, 2027, and thereafter</u>	<u>1.5 percent"</u>

Page 38, line 24, strike "(d)" and insert "(b)"

Page 38, line 28, strike "(e)" and insert "(c)"

Page 39, after line 2, insert:

"(d) Members who retire on or after July 1, 2023, are entitled to an annual postretirement adjustment of the member's retirement annuity, effective as of each January 1, beginning with the year following the year in which the member attains normal retirement age, as follows:

(1) if a member has been receiving an annuity for at least 12 full months as of the June 30 of the calendar year immediately before the date of the adjustment, a postretirement increase equal to

the percentage specified in paragraph (a), clause (1), must be applied, effective on January 1, to the member's monthly annuity; or

(2) if a member has been receiving an annuity for at least one full month, but less than 12 full months as of the June 30 of the calendar year immediately before the date of adjustment, a postretirement increase of 1/12 of the percentage specified in clause (1) for each month that the member has been receiving an annuity must be applied, effective on January 1, to the member's monthly annuity.

If a member has been receiving an annuity for fewer than seven months as of the January 1 of the year following the year in which the member attains normal retirement age, a postretirement adjustment shall be applied effective as of the next January 1. The amount of the adjustment shall be determined under clause (1).

(e) Paragraph (d) does not apply to members who retire under section 354.44, subdivision 6, paragraph (c), item (iii), or who retire when the member is at least age 62 and has at least 30 years of service under section 354.44, subdivision 6, paragraph (c), (d), (e), or (f), as applicable."

Page 39, delete line 3 and insert:

"**EFFECTIVE DATE.** If an appropriation is made to the Teachers Retirement Association in the 2017 legislative session for the employer contribution increase in this act, this section is effective the day following final enactment."

Page 74, delete lines 4 to 5 and insert:

	<u>"Annual</u>	<u>Monthly</u>
<u>before July 1, 2017</u>	<u>8.5 percent</u>	<u>0.71 percent</u>
<u>after June 30, 2017</u>	<u>7.5 percent</u>	<u>0.625 percent"</u>

Page 74, line 13, before the period, insert ", except that the modification made to the Teachers Retirement Association interest rate in this section is effective the day following final enactment only if an appropriation is made to the Teachers Retirement Association in the 2017 legislative session for the employer contribution increase in this act"

Page 82, after line 12, insert:

"Sec. 11. Minnesota Statutes 2016, section 354.42, subdivision 2, is amended to read:

Subd. 2. **Employee contribution.** (a) The employee contribution to the fund is the following percentage of the member's salary:

Period	Basic Program	Coordinated Program
<u>from July 1, 2013, until June 30, 2014</u>	<u>10.5 percent</u>	<u>7 percent</u>
<u>after June 30, 2014 from July 1, 2014, through June 30, 2022</u>	<u>11 percent</u>	<u>7.5 percent</u>
<u>after June 30, 2022</u>	<u>11.25 percent</u>	<u>7.75 percent</u>

(b) When an employee contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid for each employer unit with the first payroll cycle reported.

(c) After June 30, 2015, if a contribution rate revision is required under subdivisions 4a, 4b, and 4c, the employee contributions under paragraphs (a) and (b) must be adjusted accordingly.

(d) This contribution must be made by deduction from salary. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution must be based on the entire salary received.

EFFECTIVE DATE. If an appropriation is made to the Teachers Retirement Association in the 2017 legislative session for the employer contribution increase in this act, this section is effective the day following final enactment.

Sec. 12. Minnesota Statutes 2016, section 354.42, subdivision 3, is amended to read:

Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to the applicable following percentage of salary of each coordinated member and the applicable percentage of salary of each basic member specified in paragraph (c).

The additional employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to 3.64 percent of the salary of each teacher who is a coordinated member or who is a basic member.

(b) The regular employer contribution to the fund by Independent School District No. 709, Duluth, is an amount equal to the applicable percentage of salary of each old law or new law coordinated member specified for the coordinated program in paragraph (c).

(c) The employer contribution to the fund for every other employer is an amount equal to the applicable following percentage of the salary of each coordinated member and the applicable following percentage of the salary of each basic member:

Period	Coordinated Member	Basic Member
from July 1, 2013, until June 30, 2014	7 percent	11 percent
after June 30, 2014 <u>from July 1, 2014, through</u>		
<u>June 30, 2017</u>	7.5 percent	11.5 percent
<u>from July 1, 2017, through June 30, 2018</u>	<u>7.71 percent</u>	<u>11.71 percent</u>
<u>from July 1, 2018, through June 30, 2019</u>	<u>7.92 percent</u>	<u>11.92 percent</u>
<u>from July 1, 2019, through June 30, 2020</u>	<u>8.13 percent</u>	<u>12.13 percent</u>
<u>from July 1, 2020, through June 30, 2021</u>	<u>8.34 percent</u>	<u>12.34 percent</u>
<u>from July 1, 2021, through June 30, 2022</u>	<u>8.55 percent</u>	<u>12.55 percent</u>
<u>after June 30, 2022</u>	<u>8.75 percent</u>	<u>12.75 percent</u>

(d) When an employer contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid for each employer unit with the first payroll cycle reported.

(e) After June 30, 2015, if a contribution rate revision is made under subdivisions 4a, 4b, and 4c, the employer contributions under paragraphs (a), (b), and (c) must be adjusted accordingly.

EFFECTIVE DATE. If an appropriation is made to the Teachers Retirement Association in the 2017 legislative session for the employer contribution increase in this act, this section is effective the day following final enactment."

Page 145, strike lines 1 to 7

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Rosen moved to amend S.F. No. 545 as follows:

Page 224, after line 2, insert:

"Sec. 4. **APPROPRIATIONS; TEACHERS RETIREMENT ASSOCIATION AGENCY COSTS.**

(a) \$29,000 in fiscal year 2018 and \$57,000 in fiscal year 2019 are appropriated from the general fund to the Department of Education for increased employer pension contributions to the Teachers Retirement Association. The amount appropriated in fiscal year 2019 is added to the agency budget base for fiscal years 2020 and later.

(b) \$10,000 in fiscal year 2018 and \$19,000 in fiscal year 2019 are appropriated from the general fund to the Minnesota State Academies for increased employer pension contributions to the Teachers Retirement Association. The amount appropriated in fiscal year 2019 is added to the agency budget base for fiscal years 2020 and later.

(c) \$8,000 in fiscal year 2018 and \$15,000 in fiscal year 2019 are appropriated from the general fund to the Perpich Center for the Arts for increased employer pension contributions to the Teachers Retirement Association. The amount appropriated in fiscal year 2019 is added to the agency budget base for fiscal years 2020 and later."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

S.F. No. 545 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 67 and nays 0, as follows:

Those who voted in the affirmative were:

Abeler	Dziedzic	Ingebrigtsen	Lourey	Schoen
Anderson, B.	Eaton	Isaacson	Marty	Senjem
Anderson, P.	Eichorn	Jasinski	Mathews	Simonson
Bakk	Eken	Jensen	Miller	Sparks
Benson	Fischbach	Johnson	Nelson	Tomassoni
Carlson	Franzen	Kent	Newman	Torres Ray
Chamberlain	Frentz	Kiffmeyer	Newton	Utke
Champion	Gazelka	Klein	Osmek	Weber
Clausen	Goggin	Koran	Pappas	Westrom
Cohen	Hall	Laine	Pratt	Wiger
Cwodzinski	Hawj	Lang	Relph	Wiklund
Dahms	Hayden	Latz	Rest	
Dibble	Hoffman	Limmer	Rosen	
Draheim	Housley	Little	Ruud	

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 Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 844, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 844: A bill for an act relating to environment; providing for certain demolition debris landfill permitting.

Senate File No. 844 is herewith returned to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Returned May 21, 2017

Madam President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 1443, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 1443 is herewith transmitted to the Senate.

Patrick D. Murphy, Chief Clerk, House of Representatives

Transmitted May 20, 2017

CONFERENCE COMMITTEE REPORT ON H. F. No. 1443

A bill for an act relating to commerce; regulating insurance fraud; modifying certain penalties and notices; defining a term; clarifying the authority of the Commerce Fraud Bureau to apply for or execute search warrants; amending Minnesota Statutes 2016, sections 13.82, subdivision 17; 45.0135, subdivision 9; 60A.27, subdivision 1; 65B.84, by adding a subdivision; 626.05, subdivision 2.

May 18, 2017

The Honorable Kurt L. Daudt
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach
President of the Senate

We, the undersigned conferees for H. F. No. 1443 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1443 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2016, section 13.82, subdivision 17, is amended to read:

Subd. 17. **Protection of identities.** A law enforcement agency or a law enforcement dispatching agency working under direction of a law enforcement agency shall withhold public access to data on individuals to protect the identity of individuals in the following circumstances:

(a) when access to the data would reveal the identity of an undercover law enforcement officer, as provided in section 13.43, subdivision 5;

(b) when access to the data would reveal the identity of a victim or alleged victim of criminal sexual conduct or sex trafficking under section 609.322, 609.341 to 609.3451, or 617.246, subdivision 2;

(c) when access to the data would reveal the identity of a paid or unpaid informant being used by the agency if the agency reasonably determines that revealing the identity of the informant would threaten the personal safety of the informant;

(d) when access to the data would reveal the identity of a victim of or witness to a crime if the victim or witness specifically requests not to be identified publicly, unless the agency reasonably determines that revealing the identity of the victim or witness would not threaten the personal safety or property of the individual;

(e) when access to the data would reveal the identity of a deceased person whose body was unlawfully removed from a cemetery in which it was interred;

(f) when access to the data would reveal the identity of a person who placed a call to a 911 system or the identity or telephone number of a service subscriber whose phone is used to place a call to the 911 system and: (1) the agency determines that revealing the identity may threaten the personal safety or property of any person; or (2) the object of the call is to receive help in a mental health emergency. For the purposes of this paragraph, a voice recording of a call placed to the 911 system is deemed to reveal the identity of the caller;

(g) when access to the data would reveal the identity of a juvenile witness and the agency reasonably determines that the subject matter of the investigation justifies protecting the identity of the witness; or

(h) when access to the data would reveal the identity of a mandated reporter under section 60A.952, subdivision 2, 609.456, 626.556, or 626.557.

Data concerning individuals whose identities are protected by this subdivision are private data about those individuals. Law enforcement agencies shall establish procedures to acquire the data and make the decisions necessary to protect the identity of individuals described in clauses (c), (d), (f), and (g).

Sec. 2. Minnesota Statutes 2016, section 45.0135, subdivision 9, is amended to read:

Subd. 9. **Administrative penalty for insurance fraud.** (a) The commissioner may:

(1) impose an administrative penalty against any person in an amount as set forth in paragraph (b) for each intentional act of or attempted act of insurance fraud committed by that person; ~~and~~

(2) order restitution to any person suffering loss as a result of the insurance fraud; and

(3) order restitution to a company for the cost of any investigation in connection with the insurance fraud.

(b) The administrative penalty for each violation described in paragraph (a) may be no more than:

(1) \$20,000 if the funds or the value of the property or services wrongfully obtained exceeds \$5,000;

(2) \$10,000 if the funds or value of the property or services wrongfully obtained exceeds \$1,000, but not more than \$5,000;

(3) \$3,000 if the funds or value of the property or services wrongfully obtained is more than \$500, but not more than \$1,000; and

(4) \$1,000 if the funds or value of the property or services wrongfully obtained is \$500 or less.

(c) If an administrative penalty is not paid after all rights of appeal have been waived or exhausted, the commissioner may bring a civil action in a court of competent jurisdiction to collect the administrative penalty, including expenses and litigation costs, reasonable attorney fees, and interest.

(d) This section does not affect a person's right to seek recovery, including expenses and litigation costs, reasonable attorney fees, and interest, against any person that commits insurance fraud.

(e) For purposes of this subdivision, "insurance fraud" has the meaning given in section 60A.951, subdivision 4.

(f) Hearings under this subdivision must be conducted in accordance with chapter 14 and any other applicable law.

(g) All revenues from penalties, expenses, costs, fees, and interest collected under paragraphs (a) to (c) shall be deposited in the insurance fraud prevention account under subdivision 6.

Sec. 3. Minnesota Statutes 2016, section 60A.27, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** An insurance company licensed to transact business in this state is hereby required to notify the commissioner of commerce within ten business days of the happening of any one or more of the following:

(1) the suspension or revocation of its right to transact business in another state; or

(2) the receipt by the insurance company of an order to show why its license should not be suspended or revoked; ~~or~~

~~(3) the imposition of a penalty by any other state for any violation of the insurance laws of such other state.~~

Sec. 4. Minnesota Statutes 2016, section 65B.84, is amended by adding a subdivision to read:

Subd. 5. **Definition.** For purposes of this section, "automobile theft" includes automobile-related theft.

Sec. 5. Minnesota Statutes 2016, section 626.05, subdivision 2, is amended to read:

Subd. 2. **Peace officer.** The term "peace officer," as used in sections 626.04 to 626.17, means a person who is licensed as a peace officer in accordance with section 626.84, subdivision 1, and who serves as a sheriff, deputy sheriff, police officer, conservation officer, agent of the Bureau of Criminal Apprehension, agent of the Division of Alcohol and Gambling Enforcement, peace officer of the Commerce Fraud Bureau, University of Minnesota peace officer, Metropolitan Transit police officer, Minnesota Department of Corrections Fugitive Apprehension Unit member, or State Patrol trooper as authorized by section 299D.03.

Sec. 6. **EFFECTIVE DATE.**

Sections 1 to 5 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to commerce; regulating insurance fraud; modifying certain penalties and notices; defining a term; clarifying the authority of the Commerce Fraud Bureau to apply for or execute search warrants; amending Minnesota Statutes 2016, sections 13.82, subdivision 17;

45.0135, subdivision 9; 60A.27, subdivision 1; 65B.84, by adding a subdivision; 626.05, subdivision 2."

We request the adoption of this report and repassage of the bill.

House Conferees: Bob Loonan, Barb Haley, Debra Hilstrom

Senate Conferees: Paul Utke, Gary H. Dahms, Dan Sparks

Senator Utke moved that the foregoing recommendations and Conference Committee Report on H.F. No. 1443 be now adopted, and that the bill be repassed as amended by the Conference Committee.

CALL OF THE SENATE

Senator Dahms imposed a call of the Senate for the balance of the proceedings on H.F. No. 1443. The Sergeant at Arms was instructed to bring in the absent members.

Senator Abeler moved that the recommendations and Conference Committee Report on H.F. No. 1443 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

The question was taken on the adoption of the Abeler motion.

Senator Bakk moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 34 and nays 31, as follows:

Those who voted in the affirmative were:

Abeler	Dibble	Hayden	Little	Simonson
Bakk	Dziedzic	Hoffman	Lourey	Sparks
Carlson	Eaton	Isaacson	Marty	Tomassoni
Champion	Eken	Kent	Newton	Torres Ray
Clausen	Franzen	Klein	Pappas	Wiger
Cohen	Frentz	Laine	Rest	Wiklund
Cwodzinski	Hawj	Latz	Schoen	

Those who voted in the negative were:

Anderson, B.	Fischbach	Johnson	Nelson	Utke
Anderson, P.	Goggin	Kiffmeyer	Newman	Weber
Benson	Hall	Koran	Osmek	Westrom
Chamberlain	Housley	Lang	Pratt	
Dahms	Ingebrigtsen	Limmer	Relph	
Draheim	Jasinski	Mathews	Ruud	
Eichorn	Jensen	Miller	Senjem	

The motion prevailed.

RECESS

Senator Benson 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.

CALL OF THE SENATE

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

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1456 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. No. 1456

A bill for an act relating to economic development; temporarily modifying the restrictions on use of Minnesota investment fund local government loan repayment funds.

May 22, 2017

The Honorable Michelle L. Fischbach
President of the Senate

The Honorable Kurt L. Daudt
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1456 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 1456 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. JOBS AND ECONOMIC DEVELOPMENT.

(a) The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2018" and "2019" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively. "The first year" is fiscal year 2018. "The second year" is fiscal year 2019. "The biennium" is fiscal years 2018 and 2019.

(b) If an appropriation in this article is enacted more than once in the 2017 legislative session, the appropriation must be given effect only once.

APPROPRIATIONS

Available for the Year
Ending June 30
2018 2019

Sec. 2. DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

Subdivision 1. Total Appropriation \$ 145,400,000 \$ 119,478,000

Appropriations by Fund

	<u>2018</u>	<u>2019</u>
<u>General</u>	\$109,565,000	\$84,747,000
<u>Remediation</u>	\$700,000	\$700,000
<u>Workforce</u>		
<u>Development</u>	\$34,985,000	\$34,031,000
<u>Special Revenue</u>	\$150,000	-0-

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Business and Community Development \$ 46,074,000 \$ 40,935,000

Appropriations by Fund

<u>General</u>	\$43,363,000	\$38,424,000
<u>Remediation</u>	\$700,000	\$700,000
<u>Workforce</u>		
<u>Development</u>	\$1,861,000	\$1,811,000
<u>Special Revenue</u>	\$150,000	-0-

(a) \$4,195,000 each year is for the Minnesota job skills partnership program under Minnesota Statutes, sections 116L.01 to 116L.17. If the appropriation for either year is insufficient, the appropriation for the other year is available. This appropriation is available until spent.

(b) \$750,000 each year is for grants to the Neighborhood Development Center for small business programs:

(1) training, lending, and business services;

(2) model outreach and training in greater Minnesota; and

(3) development of new business incubators.

This is a onetime appropriation.

(c) \$1,175,000 each year is for a grant to the Metropolitan Economic Development Association (MEDA) for statewide business development and assistance services, including services to entrepreneurs with businesses that have the potential to create job opportunities for unemployed and underemployed people, with an emphasis on minority-owned businesses. This is a onetime appropriation.

(d) \$125,000 each year is for a grant to the White Earth Nation for the White Earth Nation Integrated Business Development System to provide business assistance with workforce development, outreach, technical assistance, infrastructure and operational support, financing, and other business development activities. This is a onetime appropriation.

(e)(1) \$12,500,000 each year is for the Minnesota investment fund under Minnesota Statutes, section 116J.8731. Of this amount, the commissioner of employment and economic development may use up to three percent for administration and monitoring of the program. This appropriation is available until spent.

(2) Of the amount appropriated in fiscal year 2018, \$4,000,000 is for a loan to construct and equip a wholesale electronic component distribution center investing a minimum of \$200,000,000 and constructing a facility at least 700,000 square feet in size. Loan funds may be used for purchases of materials, supplies, and equipment for the construction of the facility and are available from July 1, 2017, to June 30, 2021. The commissioner of employment and economic development shall forgive the loan after verification that the project has satisfied performance goals and contractual obligations as required under Minnesota Statutes, section 116J.8731.

(3) Of the amount appropriated in fiscal year 2018, \$700,000 is for a loan to extend an effluent pipe that will deliver reclaimed water to an innovative waste-to-biofuel project investing a minimum of \$150,000,000 and constructing a facility that is designed to process approximately 400,000 tons of waste annually. Loan funds are available until June 30, 2021.

(f) \$8,500,000 each year is for the Minnesota job creation fund under Minnesota Statutes, section 116J.8748. Of this amount, the commissioner of employment and economic development may use up to three percent for administrative expenses. This appropriation is available until expended. In fiscal year 2020 and beyond, the base amount is \$8,000,000.

(g) \$1,647,000 each year is for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until spent. In fiscal year 2020 and beyond, the base amount is \$1,772,000.

(h) \$12,000 each year is for a grant to the Upper Minnesota Film Office.

(i) \$163,000 each year is for the Minnesota Film and TV Board. The appropriation in each year is available only upon receipt by the board of \$1 in matching contributions of money or in-kind contributions from nonstate sources for every \$3 provided by this appropriation, except that each year up to \$50,000 is available on July 1 even if the required matching contribution has not been received by that date.

(j) \$500,000 each year is from the general fund for a grant to the Minnesota Film and TV Board for the film production jobs program under Minnesota Statutes, section 116U.26. This appropriation is available until June 30, 2021.

(k) \$139,000 each year is for a grant to the Rural Policy and Development Center under Minnesota Statutes, section 116J.421.

(l)(1) \$1,300,000 each year is for the greater Minnesota business development public infrastructure grant program under Minnesota Statutes, section 116J.431. This appropriation is available until spent. If the appropriation for either year is insufficient, the appropriation for the other year is available. In fiscal year 2020 and beyond, the base amount is \$1,787,000. Funds available under this paragraph may be used for site preparation of property owned and to be used by private entities.

(2) Of the amounts appropriated, \$1,600,000 in fiscal year 2018 is for a grant to the city of Thief River Falls to support utility extensions, roads, and other public improvements related to the construction of a wholesale electronic component distribution center at least 700,000 square feet in size and investing a minimum of \$200,000,000. Notwithstanding Minnesota Statutes, section 116J.431, a local match is not required. Grant funds are available from July 1, 2017, to June 30, 2021.

(m) \$876,000 the first year and \$500,000 the second year are for the Minnesota emerging entrepreneur loan program under Minnesota Statutes, section 116M.18. Funds available under this paragraph are for transfer into the emerging entrepreneur program special revenue fund account created under Minnesota Statutes, chapter 116M, and are available until spent. Of this amount, up to four percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is \$1,000,000.

(n) \$875,000 each year is for a grant to Enterprise Minnesota, Inc. for the small business growth acceleration program under

Minnesota Statutes, section 116O.115. This is a onetime appropriation.

(o) \$250,000 in fiscal year 2018 is for a grant to the Minnesota Design Center at the University of Minnesota for the greater Minnesota community design pilot project.

(p) \$275,000 in fiscal year 2018 is from the general fund to the commissioner of employment and economic development for a grant to Community and Economic Development Associates (CEDA) for an economic development study and analysis of the effects of current and projected economic growth in southeast Minnesota. CEDA shall report on the findings and recommendations of the study to the committees of the house of representatives and senate with jurisdiction over economic development and workforce issues by February 15, 2019. All results and information gathered from the study shall be made available for use by cities in southeast Minnesota by March 15, 2019. This appropriation is available until June 30, 2020.

(q) \$2,000,000 in fiscal year 2018 is for a grant to Pillsbury United Communities for construction and renovation of a building in north Minneapolis for use as the "North Market" grocery store and wellness center, focused on offering healthy food, increasing health care access, and providing job creation and economic opportunities in one place for children and families living in the area. To the extent possible, Pillsbury United Communities shall employ individuals who reside within a five mile radius of the grocery store and wellness center. This appropriation is not available until at least an equal amount of money is committed from nonstate sources. This appropriation is available until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642.

(r) \$1,425,000 each year is for the business development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the business development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(s) \$875,000 each year is for the host community economic development grant program established in Minnesota Statutes, section 116J.548.

(t) \$700,000 each year is from the remediation fund for contaminated site cleanup and development grants under Minnesota Statutes, sections 116J.551 to 116J.558. This appropriation is available until spent.

(u) \$161,000 each year is from the workforce development fund for a grant to the Rural Policy and Development Center. This is a onetime appropriation.

(v) \$300,000 each year is from the workforce development fund for a grant to Enterprise Minnesota, Inc. This is a onetime appropriation.

(w) \$50,000 in fiscal year 2018 is from the workforce development fund for a grant to Fighting Chance for behavioral intervention programs for at-risk youth.

(x) \$1,350,000 each year is from the workforce development fund for job training grants under Minnesota Statutes, section 116L.42.

(y)(1) \$519,000 in fiscal year 2018 is for grants to local communities to increase the supply of quality child care providers in order to support economic development. At least 60 percent of grant funds must go to communities located outside of the seven-county metropolitan area, as defined

under Minnesota Statutes, section 473.121, subdivision 2. Grant recipients must obtain a 50 percent nonstate match to grant funds in either cash or in-kind contributions. Grant funds available under this paragraph must be used to implement solutions to reduce the child care shortage in the state including but not limited to funding for child care business start-ups or expansions, training, facility modifications or improvements required for licensing, and assistance with licensing and other regulatory requirements. In awarding grants, the commissioner must give priority to communities that have documented a shortage of child care providers in the area.

(2) Within one year of receiving grant funds, grant recipients must report to the commissioner on the outcomes of the grant program including but not limited to the number of new providers, the number of additional child care provider jobs created, the number of additional child care slots, and the amount of local funds invested.

(3) By January 1 of each year, starting in 2019, the commissioner must report to the standing committees of the legislature having jurisdiction over child care and economic development on the outcomes of the program to date.

(z) \$319,000 in fiscal year 2018 is from the general fund for a grant to the East Phillips Improvement Coalition to create the East Phillips Neighborhood Institute (EPNI) to expand culturally tailored resources that address small business growth and create green jobs. The grant shall fund the collaborative work of Tamales y Bicicletas, Little Earth of the United Tribes, a nonprofit serving East Africans, and other coalition members towards developing EPNI as a community space to host activities including, but not limited to, creation and expansion of small businesses, culturally specific entrepreneurial activities, indoor urban farming, job training, education, and skills

development for residents of this low-income, environmental justice designated neighborhood. Eligible uses for grant funds include, but are not limited to, planning and start-up costs, staff and consultant costs, building improvements, rent, supplies, utilities, vehicles, marketing, and program activities. The commissioner shall submit a report on grant activities and quantifiable outcomes to the committees of the house of representatives and the senate with jurisdiction over economic development by December 15, 2020. This appropriation is available until June 30, 2020.

(aa) \$150,000 the first year is from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, to conduct the biomass facility closure economic impact study.

(bb)(1)\$300,000 in fiscal year 2018 is for a grant to East Side Enterprise Center (ESEC) to expand culturally tailored resources that address small business growth and job creation. This appropriation is available until June 30, 2020. The appropriation shall fund the work of African Economic Development Solutions, the Asian Economic Development Association, the Dayton's Bluff Community Council, and the Latino Economic Development Center in a collaborative approach to economic development that is effective with smaller, culturally diverse communities that seek to increase the productivity and success of new immigrant and minority populations living and working in the community. Programs shall provide minority business growth and capacity building that generate wealth and jobs creation for local residents and business owners on the East Side of St. Paul.

(2) In fiscal year 2019 ESEC shall use funds to share its integrated service model and evolving collaboration principles with civic and economic development leaders in greater

Minnesota communities which have diverse populations similar to the East Side of St. Paul. ESEC shall submit a report of activities and program outcomes, including quantifiable measures of success annually to the house of representatives and senate committees with jurisdiction over economic development.

(cc) \$150,000 in fiscal year 2018 is for a grant to Mille Lacs County for the purpose of reimbursement grants to small resort businesses located in the city of Isle with less than \$350,000 in annual revenue, at least four rental units, which are open during both summer and winter months, and whose business was adversely impacted by a decline in walleye fishing on Lake Mille Lacs.

(dd)(1) \$250,000 in fiscal year 2018 is for a grant to the Small Business Development Center hosted at Minnesota State University, Mankato, for a collaborative initiative with the Regional Center for Entrepreneurial Facilitation. Funds available under this section must be used to provide entrepreneur and small business development direct professional business assistance services in the following counties in Minnesota: Blue Earth, Brown, Faribault, Le Sueur, Martin, Nicollet, Sibley, Watonwan, and Waseca. For the purposes of this section, "direct professional business assistance services" must include, but is not limited to, pre-venture assistance for individuals considering starting a business. This appropriation is not available until the commissioner determines that an equal amount is committed from nonstate sources. Any balance in the first year does not cancel and is available for expenditure in the second year.

(2) Grant recipients shall report to the commissioner by February 1 of each year and include information on the number of customers served in each county; the number of businesses started, stabilized, or expanded;

the number of jobs created and retained; and business success rates in each county. By April 1 of each year, the commissioner shall report the information submitted by grant recipients to the chairs of the standing committees of the house of representatives and the senate having jurisdiction over economic development issues.

(ee) \$500,000 in fiscal year 2018 is for the central Minnesota opportunity grant program established under Minnesota Statutes, section 116J.9922. This appropriation is available until June 30, 2022.

Subd. 3. <u>Workforce Development</u>	\$	<u>31,498,000</u>	\$	<u>30,231,000</u>
		<u>Appropriations by Fund</u>		
<u>General</u>		<u>\$6,239,000</u>		<u>\$5,889,000</u>
<u>Workforce Development</u>		<u>\$25,259,000</u>		<u>\$24,342,000</u>

(a) \$500,000 each year is for the youth-at-work competitive grant program under Minnesota Statutes, section 116L.562. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year. In fiscal year 2020 and beyond, the base amount is \$750,000.

(b) \$250,000 each year is for pilot programs in the workforce service areas to combine career and higher education advising.

(c) \$500,000 each year is for rural career counseling coordinator positions in the workforce service areas and for the purposes specified in Minnesota Statutes, section 116L.667. The commissioner of employment and economic development, in consultation with local workforce investment boards and local elected officials in each of the service areas receiving funds, shall develop a method of distributing funds to provide equitable services across workforce service areas.

(d) \$1,000,000 each year is for a grant to the Construction Careers Foundation for the construction career pathway initiative to provide year-round educational and experiential learning opportunities for teens and young adults under the age of 21 that lead to careers in the construction industry. This is a onetime appropriation. Grant funds must be used to:

(1) increase construction industry exposure activities for middle school and high school youth, parents, and counselors to reach a more diverse demographic and broader statewide audience. This requirement includes, but is not limited to, an expansion of programs to provide experience in different crafts to youth and young adults throughout the state;

(2) increase the number of high schools in Minnesota offering construction classes during the academic year that utilize a multicraft curriculum;

(3) increase the number of summer internship opportunities;

(4) enhance activities to support graduating seniors in their efforts to obtain employment in the construction industry;

(5) increase the number of young adults employed in the construction industry and ensure that they reflect Minnesota's diverse workforce; and

(6) enhance an industrywide marketing campaign targeted to youth and young adults about the depth and breadth of careers within the construction industry.

Programs and services supported by grant funds must give priority to individuals and groups that are economically disadvantaged or historically underrepresented in the construction industry, including but not

limited to women, veterans, and members of minority and immigrant groups.

(e) \$1,539,000 each year from the general fund and \$4,604,000 each year from the workforce development fund are for the Pathways to Prosperity adult workforce development competitive grant program. Of this amount, up to four percent is for administration and monitoring of the program. When awarding grants under this paragraph, the commissioner of employment and economic development may give preference to any previous grantee with demonstrated success in job training and placement for hard-to-train individuals. In fiscal year 2020 and beyond, the general fund base amount for this program is \$4,039,000.

(f) \$750,000 each year is for a competitive grant program to provide grants to organizations that provide support services for individuals, such as job training, employment preparation, internships, job assistance to fathers, financial literacy, academic and behavioral interventions for low-performing students, and youth intervention. Grants made under this section must focus on low-income communities, young adults from families with a history of intergenerational poverty, and communities of color. Of this amount, up to four percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is \$1,000,000.

(g) \$500,000 each year is for the women and high-wage, high-demand, nontraditional jobs grant program under Minnesota Statutes, section 116L.99. Of this amount, up to five percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is \$750,000.

(h) \$500,000 each year is for a competitive grant program for grants to organizations providing services to relieve economic disparities in the Southeast Asian community

through workforce recruitment, development, job creation, assistance of smaller organizations to increase capacity, and outreach. Of this amount, up to five percent is for administration and monitoring of the program. In fiscal year 2020 and beyond, the base amount is \$1,000,000.

(i) \$250,000 each year is for a grant to the American Indian Opportunities and Industrialization Center, in collaboration with the Northwest Indian Community Development Center, to reduce academic disparities for American Indian students and adults. This is a onetime appropriation. The grant funds may be used to provide:

(1) student tutoring and testing support services;

(2) training in information technology;

(3) assistance in obtaining a GED;

(4) remedial training leading to enrollment in a postsecondary higher education institution;

(5) real-time work experience in information technology fields; and

(6) contextualized adult basic education.

After notification to the legislature, the commissioner may transfer this appropriation to the commissioner of education.

(j) \$100,000 each year is for the getting to work grant program. This is a onetime appropriation and is available until June 30, 2021.

(k) \$525,000 each year is from the workforce development fund for a grant to the YWCA of Minneapolis to provide economically challenged individuals the job skills training, career counseling, and job placement assistance necessary to secure a child development associate credential and to have

a career path in early childhood education. This is a onetime appropriation.

(l) \$1,350,000 each year is from the workforce development fund for a grant to the Minnesota High Tech Association to support SciTechsperience, a program that supports science, technology, engineering, and math (STEM) internship opportunities for two- and four-year college students and graduate students in their field of study. The internship opportunities must match students with paid internships within STEM disciplines at small, for-profit companies located in Minnesota, having fewer than 250 employees worldwide. At least 300 students must be matched in the first year and at least 350 students must be matched in the second year. No more than 15 percent of the hires may be graduate students. Selected hiring companies shall receive from the grant 50 percent of the wages paid to the intern, capped at \$2,500 per intern. The program must work toward increasing the participation of women or other underserved populations. This is a onetime appropriation.

(m) \$450,000 each year is from the workforce development fund for grants to Minnesota Diversified Industries, Inc. to provide progressive development and employment opportunities for people with disabilities. This is a onetime appropriation.

(n) \$500,000 each year is from the workforce development fund for a grant to Resource, Inc. to provide low-income individuals career education and job skills training that are fully integrated with chemical and mental health services. This is a onetime appropriation.

(o) \$750,000 each year is from the workforce development fund for a grant to the Minnesota Alliance of Boys and Girls Clubs to administer a statewide project of youth job skills and career development. This project, which may have career guidance components including health and life skills, is designed

to encourage, train, and assist youth in early access to education and job-seeking skills, work-based learning experience including career pathways in STEM learning, career exploration and matching, and first job placement through local community partnerships and on-site job opportunities. This grant requires a 25 percent match from nonstate resources. This is a onetime appropriation.

(p) \$215,000 each year is from the workforce development fund for grants to Big Brothers, Big Sisters of the Greater Twin Cities for workforce readiness, employment exploration, and skills development for youth ages 12 to 21. The grant must serve youth in the Twin Cities, Central Minnesota, and Southern Minnesota Big Brothers, Big Sisters chapters. This is a onetime appropriation.

(q) \$250,000 each year is from the workforce development fund for a grant to YWCA St. Paul to provide job training services and workforce development programs and services, including job skills training and counseling. This is a onetime appropriation.

(r) \$1,000,000 each year is from the workforce development fund for a grant to EMERGE Community Development, in collaboration with community partners, for services targeting Minnesota communities with the highest concentrations of African and African-American joblessness, based on the most recent census tract data, to provide employment readiness training, credentialed training placement, job placement and retention services, supportive services for hard-to-employ individuals, and a general education development fast track and adult diploma program. This is a onetime appropriation.

(s) \$1,000,000 each year is from the workforce development fund for a grant to the Minneapolis Foundation for a strategic intervention program designed to target and

connect program participants to meaningful, sustainable living-wage employment. This is a onetime appropriation.

(t) \$750,000 each year is from the workforce development fund for a grant to Latino Communities United in Service (CLUES) to expand culturally tailored programs that address employment and education skill gaps for working parents and underserved youth by providing new job skills training to stimulate higher wages for low-income people, family support systems designed to reduce intergenerational poverty, and youth programming to promote educational advancement and career pathways. At least 50 percent of this amount must be used for programming targeted at greater Minnesota. This is a onetime appropriation.

(u) \$600,000 each year is from the workforce development fund for a grant to Ujamaa Place for job training, employment preparation, internships, education, training in the construction trades, housing, and organizational capacity building. This is a onetime appropriation.

(v) \$1,297,000 in the first year and \$800,000 in the second year are from the workforce development fund for performance grants under Minnesota Statutes, section 116J.8747, to Twin Cities R!SE to provide training to hard-to-train individuals. Of the amounts appropriated, \$497,000 in fiscal year 2018 is for a grant to Twin Cities R!SE, in collaboration with Metro Transit and Hennepin Technical College for the Metro Transit technician training program. This is a onetime appropriation and funds are available until June 30, 2020.

(w) \$230,000 in fiscal year 2018 is from the workforce development fund for a grant to the Bois Forte Tribal Employment Rights Office (TERO) for an American Indian workforce development training pilot project.

(x) \$40,000 in fiscal year 2018 is from the workforce development fund for a grant to the Cook County Higher Education Board to provide educational programming and academic support services to remote regions in northeastern Minnesota. This appropriation is in addition to other funds previously appropriated to the board.

(y) \$250,000 each year is from the workforce development fund for a grant to Bridges to Healthcare to provide career education, wraparound support services, and job skills training in high-demand health care fields to low-income parents, nonnative speakers of English, and other hard-to-train individuals, helping families build secure pathways out of poverty while also addressing worker shortages in one of Minnesota's most innovative industries. Funds may be used for program expenses, including, but not limited to, hiring instructors and navigators; space rental; and supportive services to help participants attend classes, including assistance with course fees, child care, transportation, and safe and stable housing. In addition, up to five percent of grant funds may be used for Bridges to Healthcare's administrative costs. This is a onetime appropriation and is available until June 30, 2020.

(z) \$500,000 each year is from the workforce development fund for a grant to the Nonprofits Assistance Fund to provide capacity-building grants to small, culturally specific organizations that primarily serve historically underserved cultural communities. Grants may only be awarded to nonprofit organizations that have an annual organizational budget of less than \$500,000 and are culturally specific organizations that primarily serve historically underserved cultural communities. Grant funds awarded must be used for:

(1) organizational infrastructure improvement, including developing database

management systems and financial systems, or other administrative needs that increase the organization's ability to access new funding sources;

(2) organizational workforce development, including hiring culturally competent staff, training and skills development, and other methods of increasing staff capacity; or

(3) creation or expansion of partnerships with existing organizations that have specialized expertise in order to increase the capacity of the grantee organization to improve services for the community. Of this amount, up to five percent may be used by the Nonprofits Assistance Fund for administration costs and providing technical assistance to potential grantees. This is a onetime appropriation.

(aa) \$4,050,000 each year is from the workforce development fund for the Minnesota youth program under Minnesota Statutes, sections 116L.56 and 116L.561.

(bb) \$1,000,000 each year is from the workforce development fund for the youthbuild program under Minnesota Statutes, sections 116L.361 to 116L.366.

(cc) \$3,348,000 each year is from the workforce development fund for the "Youth at Work" youth workforce development competitive grant program. Of this amount, up to five percent is for administration and monitoring of the youth workforce development competitive grant program. All grant awards shall be for two consecutive years. Grants shall be awarded in the first year.

(dd) \$500,000 each year is from the workforce development fund for the Opportunities Industrialization Center programs.

(ee) \$750,000 each year is from the workforce development fund for a grant to

Summit Academy OIC to expand its contextualized GED and employment placement program. This is a onetime appropriation.

(ff) \$500,000 each year is from the workforce development fund for a grant to Goodwill-Easter Seals Minnesota and its partners. The grant shall be used to continue the FATHER Project in Rochester, Park Rapids, St. Cloud, Minneapolis, and the surrounding areas to assist fathers in overcoming barriers that prevent fathers from supporting their children economically and emotionally. This is a onetime appropriation.

(gg) \$150,000 each year is from the workforce development fund for displaced homemaker programs under Minnesota Statutes, section 116L.96. The commissioner shall distribute the funds to existing nonprofit and state displaced homemaker programs. This is a onetime appropriation.

(hh)(1) \$150,000 in fiscal year 2018 is from the workforce development fund for a grant to Anoka County to develop and implement a pilot program to increase competitive employment opportunities for transition-age youth ages 18 to 21.

(2) The competitive employment for transition-age youth pilot program shall include career guidance components, including health and life skills, to encourage, train, and assist transition-age youth in job-seeking skills, workplace orientation, and job site knowledge.

(3) In operating the pilot program, Anoka County shall collaborate with schools, disability providers, jobs and training organizations, vocational rehabilitation providers, and employers to build upon opportunities and services, to prepare transition-age youth for competitive employment, and to enhance employer

connections that lead to employment for the individuals served.

(4) Grant funds may be used to create an on-the-job training incentive to encourage employers to hire and train qualifying individuals. A participating employer may receive up to 50 percent of the wages paid to the employee as a cost reimbursement for on-the-job training provided.

(ii) \$500,000 each year is from the workforce development fund for rural career counseling coordinator positions in the workforce service areas and for the purposes specified in Minnesota Statutes, section 116L.667. The commissioner of employment and economic development, in consultation with local workforce investment boards and local elected officials in each of the service areas receiving funds, shall develop a method of distributing funds to provide equitable services across workforce service areas.

(jj) In calendar year 2017, the public utility subject to Minnesota Statutes, section 116C.779, must withhold \$1,000,000 from the funds required to fulfill its financial commitments under Minnesota Statutes, section 116C.779, subdivision 1, and pay such amounts to the commissioner of employment and economic development for deposit in the Minnesota 21st century fund under Minnesota Statutes, section 116J.423.

(kk) \$350,000 in fiscal year 2018 is for a grant to AccessAbility Incorporated to provide job skills training to individuals who have been released from incarceration for a felony-level offense and are no more than 12 months from the date of release. AccessAbility Incorporated shall annually report to the commissioner on how the money was spent and the results achieved. The report must include, at a minimum, information and data about the number of participants; participant homelessness, employment, recidivism, and child support

nonprofit to the legislative committees having jurisdiction over economic development issues. Of this amount, one percent is for the commissioner to conduct the request for proposal process and monitor the selected organization. The nonprofit selected to administer the grant program may use up to five percent of the grant funds for administration costs and providing technical assistance to potential subgrantees.

(d) \$25,000 each year is for the administration of state aid for the Destination Medical Center under Minnesota Statutes, sections 469.40 to 469.47.

<u>Subd. 5. Minnesota Trade Office</u>	<u>\$</u>	<u>2,292,000</u>	<u>\$</u>	<u>2,292,000</u>
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(a) \$300,000 each year is for the STEP grants in Minnesota Statutes, section 116J.979.

(b) \$180,000 each year is for the Invest Minnesota marketing initiative in Minnesota Statutes, section 116J.9781.

(c) \$270,000 each year is for the Minnesota Trade Offices under Minnesota Statutes, section 116J.978.

(d) \$50,000 each year is for the Trade Policy Advisory Council under Minnesota Statutes, section 116J.9661.

<u>Subd. 6. Vocational Rehabilitation</u>	<u>\$</u>	<u>34,691,000</u>	<u>\$</u>	<u>34,691,000</u>
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	<u>Appropriations by Fund</u>	
<u>General</u>	<u>\$26,861,000</u>	<u>\$26,861,000</u>
<u>Workforce Development</u>	<u>\$7,830,000</u>	<u>\$7,830,000</u>

(a) \$14,300,000 each year is for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A. In fiscal year 2020 and beyond, the base amount is \$10,800,000.

(b) \$3,011,000 each year is for grants to centers for independent living under Minnesota Statutes, section 268A.11.

(c) \$6,995,000 each year is from the general fund and \$6,830,000 each year is from the workforce development fund for extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15. Of the general fund amount appropriated, \$1,000,000 each year is for rate increases to providers of extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15. In fiscal year 2020 and beyond, the general fund base amount is \$8,995,000. Of the base amounts in fiscal years 2020 and 2021, \$2,000,000 in fiscal year 2020 and \$2,000,000 in fiscal year 2021 are for rate increases to providers of extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15.

(d) \$2,555,000 each year is for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14.

(e) \$1,000,000 each year is from the workforce development fund for grants under Minnesota Statutes, section 268A.16, for employment services for persons, including transition-age youth, who are deaf, deafblind, or hard-of-hearing. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

Subd. 7. Services for the Blind

\$ 6,425,000 \$ 6,425,000

Of this amount, \$500,000 each year is for senior citizens who are becoming blind. At least half of the funds for this purpose must be used to provide training services for seniors who are becoming blind. Training services must provide independent living skills to seniors who are becoming blind to allow them to continue to live independently in their homes.

Subd. 8. Broadband Development

\$ 20,250,000 \$ 250,000

(a) \$20,000,000 in fiscal year 2018 is for deposit in the border-to-border broadband fund account in the special revenue fund established under Minnesota Statutes, section 116J.396.

(b) \$250,000 each year is for the Broadband Development Office.

Subd. 9. Reporting

(a) An entity receiving a direct appropriation in this article that received a direct appropriation in Laws 2016, chapter 189, article 12, is subject to the requirements for grants to individually specified recipients under Laws 2016, chapter 189, article 12, section 11.

(b) Any recipient of a direct appropriation from the workforce development fund for adult workforce-related programs under subdivision 3 not subject to the requirements of paragraph (a) is subject to the reporting requirements under Minnesota Statutes, section 116L.98.

Sec. 3. HOUSING FINANCE AGENCY

Subdivision 1. Total Appropriation	\$	<u>54,798,000</u>	\$	<u>52,798,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Unless otherwise specified, this appropriation is for transfer to the housing development fund for the programs specified in this section. Except as otherwise indicated, this transfer is part of the agency's permanent budget base.

Subd. 2. Challenge Program		<u>14,925,000</u>		<u>14,925,000</u>
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(a)(1) This appropriation is for the economic development and housing challenge program under Minnesota Statutes, section 462A.33. The agency must continue to strengthen its efforts to address the disparity rate between

white households and indigenous American Indians and communities of color. Of this amount, \$1,208,000 each year shall be made available during the first 11 months of the fiscal year exclusively for housing projects for American Indians. Any funds not committed to housing projects for American Indians in the first 11 months of each fiscal year shall be available for any eligible activity under Minnesota Statutes, section 462A.33.

(2) The appropriation may be used to finance the construction or replacement of real property that is located in Melrose affected by the fire on September 8, 2016.

(3) The commissioner may allocate a portion of the appropriation for the economic development and housing challenge program for assistance in the area included in DR-4290, as provided in Minnesota Statutes, section 12A.09. The maximum loan amount per housing structure is \$20,000. Within the limits of available appropriations, the agency may increase the maximum amount if the cost of repair or replacement of the residential property exceeds the total of the maximum loan amount and any assistance available from FEMA, other federal government agencies, including the Small Business Administration, and private insurance and flood insurance benefits.

(b) \$2,000,000 each year is for the purposes of the workforce housing development program under Minnesota Statutes, section 462A.39. The commissioner of housing finance may hire staff sufficient for the purposes of this paragraph.

Subd. 3. Housing Trust Fund

13,396,000

11,646,000

(a) This appropriation is for deposit in the housing fund account created under Minnesota Statutes, section 462A.201, and may be used for the purposes provided in that section.

(b) \$1,750,000 in fiscal year 2018 is for the rental assistance to highly mobile students program under Minnesota Statutes, section 462A.201, subdivision 2, paragraph (a), clause (4).

Subd. 4. Rental Assistance for Mentally III 4,088,000 4,088,000

This appropriation is for the rental housing assistance program for persons with a mental illness or families with an adult member with a mental illness, under Minnesota Statutes, section 462A.2097. Among comparable proposals, the agency shall prioritize those proposals that target, in part, eligible persons who desire to move to more integrated, community-based settings.

Subd. 5. Family Homeless Prevention 8,769,000 8,519,000

(a) This appropriation is for the family homeless prevention and assistance programs under Minnesota Statutes, section 462A.204.

(b) \$250,000 in fiscal year 2018 is for grants to programs under Minnesota Statutes, section 462A.204, subdivision 8.

Subd. 6. Home Ownership Assistance Fund 885,000 885,000

This appropriation is for the home ownership assistance program under Minnesota Statutes, section 462A.21, subdivision 8. The agency shall continue to strengthen its efforts to address the disparity gap in the homeownership rate between white households and indigenous American Indians and communities of color.

Subd. 7. Affordable Rental Investment Fund 4,218,000 4,218,000

(a) This appropriation is for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b, to finance the acquisition, rehabilitation, and debt restructuring of federally assisted rental property and for making equity take-out loans under Minnesota Statutes, section 462A.05, subdivision 39.

(b) The owner of federally assisted rental property must agree to participate in the applicable federally assisted housing program and to extend any existing low-income affordability restrictions on the housing for the maximum term permitted. The owner must also enter into an agreement that gives local units of government, housing and redevelopment authorities, and nonprofit housing organizations the right of first refusal if the rental property is offered for sale. Priority must be given among comparable federally assisted rental properties to properties with the longest remaining term under an agreement for federal assistance. Priority must also be given among comparable rental housing developments to developments that are or will be owned by local government units, a housing and redevelopment authority, or a nonprofit housing organization.

(c) The appropriation also may be used to finance the acquisition, rehabilitation, and debt restructuring of existing supportive housing properties. For purposes of this subdivision, "supportive housing" means affordable rental housing with links to services necessary for individuals, youth, and families with children to maintain housing stability.

Subd. 8. Housing Rehabilitation

6,515,000

6,515,000

This appropriation is for the housing rehabilitation program under Minnesota Statutes, section 462A.05, subdivision 14. Of this amount, \$2,772,000 each year is for the rehabilitation of owner-occupied housing, \$3,743,000 each year is for the rehabilitation of eligible rental housing. In administering a rehabilitation program for rental housing, the agency may apply the processes and priorities adopted for administration of the economic development and housing challenge program under Minnesota Statutes, section 462A.33.

Subd. 9. Homeownership Education, Counseling, and Training857,000857,000

This appropriation is for the homeownership education, counseling, and training program under Minnesota Statutes, section 462A.209. Priority may be given to funding programs that are aimed at culturally specific groups who are providing services to members of their communities.

Subd. 10. Capacity Building Grants645,000645,000

This appropriation is for nonprofit capacity building grants under Minnesota Statutes, section 462A.21, subdivision 3b. Of this amount, \$125,000 each year is for support of the Homeless Management Information System (HMIS).

Subd. 11. Build Wealth MN500,000500,000

This appropriation is for grants to Build Wealth MN to provide a family stabilization plan program including program outreach, financial literacy education, and budget and debt counseling.

Sec. 4. DEPARTMENT OF LABOR AND INDUSTRY**Subdivision 1. Total Appropriation**\$28,820,000\$29,143,000Appropriations by Fund20182019General1,776,0001,790,000Workers'Compensation24,975,00024,975,000WorkforceDevelopment2,069,0002,378,000

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. Workers' Compensation14,782,00014,782,000

(a) This appropriation is from the workers' compensation fund.

(b)(1) \$3,000,000 each year is for workers' compensation system upgrades. This amount is available until June 30, 2021. This is a onetime appropriation.

(2) This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs must be incorporated into the service level agreement and must be paid to the Office of MN.IT Services by the commissioner of labor and industry under the rates and mechanism specified in that agreement.

Subd. 3. Labor Standards and Apprenticeship	<u>3,645,000</u>	<u>3,668,000</u>
<u>Appropriations by Fund</u>		
<u>General</u>	<u>1,776,000</u>	<u>1,790,000</u>
<u>Workforce Development</u>	<u>1,869,000</u>	<u>1,878,000</u>

(a) \$500,000 each year is from the general fund for wage theft prevention under the division of labor standards.

(b) \$100,000 each year is from the workforce development fund for labor education and advancement program grants under Minnesota Statutes, section 178.11, to expand and promote registered apprenticeship training for minorities and women.

(c) \$300,000 each year is from the workforce development fund for the PIPELINE program.

(d) \$200,000 each year is from the workforce development fund for grants to the Construction Careers Foundation for the Helmets to Hardhats Minnesota initiative. Grant funds must be used to recruit, retain, assist, and support National Guard, reserve, and active duty military members' and veterans' participation into apprenticeship programs registered with the Department of Labor and Industry and connect them with career training and employment in the

building and construction industry. The recruitment, selection, employment, and training must be without discrimination due to race, color, creed, religion, national origin, sex, sexual orientation, marital status, physical or mental disability, receipt of public assistance, or age. This is a onetime appropriation.

(e) \$1,029,000 each year is from the workforce development fund for the apprenticeship program under Minnesota Statutes, chapter 178.

(f) \$150,000 each year is from the workforce development fund for prevailing wage enforcement.

Subd. 4. Workplace Safety

4,154,000

4,154,000

This appropriation is from the workers' compensation fund.

Subd. 5. General Support

6,239,000

6,539,000

Appropriations by Fund

Workforce

Development Fund

200,000

500,000

Workers'

Compensation

6,039,000

6,039,000

(a) Except as provided in paragraphs (b) and (c), this appropriation is from the workers' compensation fund.

(b) \$200,000 in fiscal year 2018 is from the workforce development fund for the commissioner of labor and industry to convene and collaborate with stakeholders as provided under Minnesota Statutes, section 175.46, subdivision 3, and to develop youth skills training competencies for approved occupations. This is a onetime appropriation.

(c) \$500,000 in fiscal year 2019 is from the workforce development fund to administer the youth skills training program under Minnesota Statutes, section 175.46. The commissioner shall award up to five grants

each year to local partnerships located throughout the state, not to exceed \$100,000 per local partnership grant. The commissioner may use a portion of this appropriation for administration of the grant program. The base amount for this program is \$500,000 each year beginning in fiscal year 2020.

Sec. 5. **BUREAU OF MEDIATION SERVICES** \$ **2,446,000** \$ **2,522,000**

(a) \$394,000 each year is for the Office of Collaboration and Dispute Resolution under Minnesota Statutes, section 179.90. Of this amount, \$160,000 each year is for grants under Minnesota Statutes, section 179.91.

(b) \$68,000 each year is from the general fund for grants to area labor management committees. Grants may be awarded for a 12-month period beginning July 1 each year. Any unencumbered balance remaining at the end of the first year does not cancel but is available for the second year.

(c) \$125,000 each year is for purposes of the Public Employment Relations Board under Minnesota Statutes, section 179A.041.

Sec. 6. **WORKERS' COMPENSATION COURT OF APPEALS** \$ **1,913,000** \$ **1,913,000**

This appropriation is from the workers' compensation fund.

Sec. 7. **DEPARTMENT OF COMMERCE**

Subdivision 1. **Total Appropriation** \$ **27,485,000** \$ **27,165,000**

	<u>Appropriations by Fund</u>	
<u>General</u>	<u>23,472,000</u>	<u>23,152,000</u>
<u>Special Revenue</u>	<u>2,210,000</u>	<u>2,210,000</u>
<u>Petroleum Tank</u>	<u>1,052,000</u>	<u>1,052,000</u>
<u>Workers' Compensation</u>	<u>751,000</u>	<u>751,000</u>

The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>Financial Institutions</u>	<u>920,000</u>	<u>820,000</u>
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(a) \$400,000 each year is for grants to Prepare and Prosper for purposes of developing, marketing, evaluating, and distributing a financial services inclusion program that will assist low-income and financially underserved populations build savings, strengthen credit, and provide services to assist them in being more financially stable and secure. Grants in fiscal year 2018 must be matched by nonstate contributions. Money remaining after the first year is available for the second year.

(b) \$100,000 in fiscal year 2018 is for a grant to Exodus Lending to assist individuals in reaching financial stability and resolving payday loans. this appropriation is available until June 30, 2020.

Subd. 3. <u>Petroleum Tank Release Compensation Board</u>	<u>1,052,000</u>	<u>1,052,000</u>
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This appropriation is from the petroleum tank fund.

Subd. 4. <u>Administrative Services</u>	<u>7,386,000</u>	<u>7,386,000</u>
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(a) \$384,000 each year is for additional compliance efforts with unclaimed property. The commissioner may issue contracts for these services.

(b) \$100,000 each year is for the support of broadband development.

(c) \$33,000 each year is for rulemaking and administration under Minnesota Statutes, section 80A.461.

Subd. 5. <u>Telecommunications</u>	<u>2,619,000</u>	<u>2,619,000</u>
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	<u>Appropriations by Fund</u>	
<u>General</u>	<u>1,009,000</u>	<u>1,009,000</u>
<u>Special Revenue</u>	<u>1,610,000</u>	<u>1,610,000</u>

\$1,610,000 each year is from the telecommunication access Minnesota fund account in the special revenue fund for the following transfers. This appropriation is added to the department's base.

(1) \$1,170,000 each year is to the commissioner of human services to supplement the ongoing operational expenses of the Commission of Deaf, DeafBlind, and Hard-of-Hearing Minnesotans;

(2) \$290,000 each year is to the chief information officer for the purpose of coordinating technology accessibility and usability;

(3) \$100,000 each year is to the Legislative Coordinating Commission for captioning of legislative coverage. This transfer is subject to Minnesota Statutes, section 16A.281; and

(4) \$50,000 each year is to the Office of MN.IT Services for a consolidated access fund to provide grants to other state agencies related to accessibility of their Web-based services.

Subd. 6. Enforcement

5,672,000

5,472,000

Appropriations by Fund

<u>General</u>	<u>5,474,000</u>	<u>5,274,000</u>
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<u>Workers'</u>		
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<u>Compensation</u>	<u>198,000</u>	<u>198,000</u>
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(a) \$279,000 each year is for health care enforcement.

(b)(1) \$200,000 in fiscal year 2018 is to create and execute a statewide education and outreach campaign to protect seniors, meaning those 60 years of age or older, vulnerable adults, as defined in Minnesota Statutes, section 626.5572, subdivision 21, and their caregivers from financial fraud and exploitation.

(2) The education and outreach campaign must be statewide, and must include, but is

not limited to, the dissemination of information through television, print, or other media, training and outreach to senior living facilities, and the creation of a senior fraud toolkit.

(3) The commissioner of commerce shall report by January 15, 2018, to the chairs and ranking minority members of the committees of the house of representatives and senate having jurisdiction over commerce issues regarding the results of the statewide education and outreach campaign, and recommendations for supporting ongoing efforts to prevent financial fraud from occurring to, and the financial exploitation of, seniors, vulnerable adults, and their caregivers.

(c) The revenue transferred in Minnesota Statutes, section 297I.11, subdivision 2, to the insurance fraud prevention account must be used in part for compensation for two new employees in the Commerce Fraud Bureau to perform analytical duties. The new employees must not be peace officers.

Subd. 7. Energy Resources

4,847,000

4,847,000

Appropriations by Fund

<u>General</u>	<u>4,247,000</u>	<u>4,247,000</u>
<u>Special Revenue</u>	<u>600,000</u>	<u>600,000</u>

(a) \$150,000 each year is to remediate vermiculate insulation from households that are eligible for weatherization assistance under Minnesota's weatherization assistance program state plan under Minnesota Statutes, section 216C.264. Remediation must be done in conjunction with federal weatherization assistance program services.

(b) \$832,000 each year is for energy regulation and planning unit staff.

(c) \$100,000 each year is from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, to

administer the "Made in Minnesota" solar energy production incentive program in Minnesota Statutes, section 216C.417. Any remaining unspent funds cancel back to the renewable development account at the end of the biennium.

(d) \$500,000 each year is from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, subdivision 1, for costs associated with any third-party expert evaluation of a proposal submitted in response to a request for proposal to the renewable development advisory group under Minnesota Statutes, section 116C.779, subdivision 1, paragraph (l). No portion of this appropriation may be expended or retained by the commissioner of commerce. Any funds appropriated under this paragraph that are unexpended at the end of a fiscal year cancel to the renewable development account.

Subd. 8. Insurance

4,989,000

4,969,000

Appropriations by Fund

<u>General</u>	<u>4,436,000</u>	<u>4,416,000</u>
<u>Workers' Compensation</u>	<u>553,000</u>	<u>553,000</u>

(a) \$642,000 each year is for health insurance rate review staffing.

(b) \$412,000 each year is for actuarial work to prepare for implementation of principle-based reserves.

(c) \$20,000 in fiscal year 2018 is for payment of two years of membership dues for Minnesota to the National Conference of Insurance Legislators. This is a onetime appropriation.

Sec. 8. PUBLIC UTILITIES COMMISSION

\$

7,465,000

7,465,000

\$21,000 each year is for the purposes of Minnesota Statutes, section 237.045.

Sec. 9. PUBLIC FACILITIES AUTHORITY \$ 1,800,000 \$ -0-

(a) \$300,000 in fiscal year 2018 is for a grant to the city of New Trier to replace water infrastructure under Hogan Avenue, including related road reconstruction, and to acquire land for predesign, design, and construction of a storm water pond that will be colocated with the pond of the new subdivision. This appropriation does not require a nonstate contribution.

(b) \$600,000 in fiscal year 2018 is for a grant to the Ramsey/Washington Recycling and Energy Board to design, construct, and equip capital improvements to the Ramsey/Washington Recycling and Energy Center in Newport.

(c) \$900,000 in fiscal year 2018 is for a grant to the Clear Lake-Clearwater Sewer Authority to remove and replace the existing wastewater treatment facility. This project is intended to prevent the discharge of phosphorus into the Mississippi River. This appropriation is not available until the commissioner of management and budget determines that at least \$200,000 is committed to the project from nonstate sources and the authority has applied for at least two grants to offset the cost. An amount equal to any grant money received by the authority must be returned to the general fund.

ARTICLE 2

LABOR AND INDUSTRY

Section 1. Minnesota Statutes 2016, section 175.45, is amended to read:

175.45 ~~COMPETENCY~~ STANDARDS FOR DUAL TRAINING.

Subdivision 1. **Duties; goal.** The commissioner of labor and industry shall convene industry representatives, identify occupational competency standards for dual training, and provide technical assistance to develop dual-training programs. ~~The goal of dual training is to provide employees of an employer with training to acquire competencies that the employer requires.~~ The competency standards shall be identified for employment in occupations in advanced manufacturing, health care

services, information technology, and agriculture. Competency standards are not rules and are exempt from the rulemaking provisions of chapter 14, and the provisions in section 14.386 concerning exempt rules do not apply.

Subd. 2. ~~Definition; competency standards~~ **Definitions.** For purposes of this section, the following terms have the meanings given them:

(1) "competency standards" means the specific knowledge and skills necessary for a particular occupation; and

(2) "dual-training program" means an employment-based earn-as-you-learn program where the trainee is employed by a participating employer and receives structured on-the-job training and technical instruction in accordance with the competency standards.

Subd. 3. **Competency standards identification process.** In identifying competency standards, the commissioner shall consult with the commissioner of the Office of Higher Education and the commissioner of employment and economic development and convene recognized industry experts, representative employers, higher education institutions, representatives of the disabled community, and representatives of labor to assist in identifying credible competency standards. Competency standards must be consistent with, to the extent available and practical, recognized international and national standards.

Subd. 4. **Duties.** The commissioner shall:

(1) convene industry representatives to identify, develop, and implement dual-training programs;

(2) identify competency standards for ~~entry-level~~ entry-level and higher skill levels;

~~(2)~~ (3) verify the competency standards and skill levels and their transferability by subject matter expert representatives of each respective industry;

~~(3)~~ (4) develop models for Minnesota educational institutions to engage in providing education and training to meet the competency standards established;

~~(4)~~ (5) encourage participation by employers and labor in the competency standard identification process for occupations in their industry; and

~~(5)~~ (6) align ~~dual-training competency standards~~ dual-training programs with other workforce initiatives; and

(7) provide technical assistance to develop dual-training programs.

Subd. 5. **Notification.** The commissioner must communicate identified competency standards to the commissioner of the Office of Higher Education for the purpose of the ~~dual-training~~ dual-training competency grant program under section 136A.246. The commissioner of labor and industry shall maintain the competency standards on the department's Web site.

Sec. 2. **[175.46] YOUTH SKILLS TRAINING PROGRAM.**

Subdivision 1. **Program established; grants authorized.** The commissioner shall approve youth skills training programs established for the purpose of providing work-based skills training for student learners ages 16 and older. The commissioner shall award grants to local partnerships for the implementation and coordination of local youth skills training programs as provided in this section.

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

(b) "School district" means a school district or charter school.

(c) "Local partnership" means a school district, nonpublic school, intermediate school district, or postsecondary institution, in partnership with other school districts, nonpublic schools, intermediate school districts, postsecondary institutions, workforce development authorities, economic development authorities, nonprofit organizations, labor unions, or individuals who have an agreement with one or more local employers to be responsible for implementing and coordinating a local youth skills training program.

(d) "Student learner" means a student who is both enrolled in a course of study at a public or nonpublic school to obtain related instruction for academic credit and is employed under a written agreement to obtain on-the-job skills training under a youth skills training program approved under this section.

(e) "Commissioner" means the commissioner of labor and industry.

Subd. 3. **Duties.** (a) The commissioner shall:

(1) approve youth skills training programs in high-growth, high-demand occupations that provide:

(i) that the work of the student learner in the occupations declared particularly hazardous shall be incidental to the training;

(ii) that the work shall be intermittent and for short periods of time, and under the direct and close supervision of a qualified and experienced person;

(iii) that safety instruction shall be provided to the student learner and may be given by the school and correlated by the employer with on-the-job training;

(iv) a schedule of organized and progressive work processes to be performed on the job;

(v) a schedule of wage rates in compliance with section 177.24; and

(vi) whether the student learner will obtain secondary school academic credit, postsecondary credit, or both, for the training program;

(2) approve occupations and maintain a list of approved occupations for programs under this section;

(3) issue requests for proposals for grants;

(4) work with individuals representing industry and labor to develop new youth skills training programs;

(5) develop model program guides;

(6) monitor youth skills training programs;

(7) provide technical assistance to local partnership grantees;

(8) work with providers to identify paths for receiving postsecondary credit for participation in the youth skills training program; and

(9) approve other activities as necessary to implement the program.

(b) The commissioner shall collaborate with stakeholders, including, but not limited to, representatives of secondary school institutions, career and technical education instructors, postsecondary institutions, businesses, and labor, in developing youth skills training programs, and identifying and approving occupations and competencies for youth skills training programs.

Subd. 4. **Training agreement.** Each student learner shall sign a written training agreement on a form prescribed by the commissioner. Each agreement shall contain the name of the student learner, and be signed by the employer, the school coordinator or administrator, and the student learner, or if the student learner is a minor, by the student's parent or legal guardian. Copies of each agreement shall be kept on file by both the school and the employer.

Subd. 5. **Program approval.** The commissioner may grant exemptions from the provisions of chapter 181A for student learners participating in youth skills training programs approved by the commissioner under this section. The approval of a youth skills training program will be reviewed annually. The approval of a youth skills training program may be revoked at any time if the commissioner finds that:

(1) all provisions of subdivision 3 have not been met in the previous year; or

(2) reasonable precautions have not been observed for the safety of minors.

The commissioner shall maintain and annually update a list of occupations and tasks suitable for student learners in compliance with federal law.

Subd. 6. **Interactions with education finance.** (a) For the purpose of computing state aids for the enrolling school district, the hours a student learner participates in a youth skills training program under this section must be counted in the student's hours of average daily membership under section 126C.05.

(b) Educational expenses for a participating student learner must be included in the enrolling district's career and technical revenue as provided under section 124D.4531.

Subd. 7. **Academic credit.** A school district may grant academic credit to student learners participating in youth skills training programs under this section in accordance with local requirements.

Subd. 8. **Postsecondary credit.** A postsecondary institution may award postsecondary credit to a student learner who successfully completes a youth skills training program.

Subd. 9. **Work-based learning program.** A youth skills training program shall qualify as a work-based learning program if it meets requirements for a career and technical education program and is supervised by a qualified teacher with appropriate licensure for a work-based learning teacher-coordinator.

Subd. 10. **School coordinator.** Unless otherwise required for a work-based learning program, a youth skills training program may be supervised by a qualified teacher or by an administrator as determined by the school district.

Subd. 11. **Other apprenticeship programs.** (a) This section shall not affect programs under section 124D.47.

(b) A registered apprenticeship program governed by chapter 178 may grant credit toward the completion of a registered apprenticeship for the successful completion of a youth skills training program under this section.

Subd. 12. **Grant applications.** (a) Applications for grants must be made to the commissioner on a form provided by the commissioner.

(b) A local partnership may apply for a grant and shall include in its grant application:

(1) the identity of each school district, public agency, nonprofit organization, or individual who is a participant in the local partnership;

(2) the identity of each employer who is a participant in the local partnership and the amount of matching funds provided by each employer, if any;

(3) a plan to accomplish the implementation and coordination of activities specified in this subdivision; and

(4) the identity of a fiscal agent responsible for receiving, managing, and accounting for the grant.

Subd. 13. **Grant awards.** (a) A local partnership awarded a grant under this section must use the grant award for any of the following implementation and coordination activities:

(1) recruiting additional employers to provide on-the-job training and supervision for student learners and providing technical assistance to those employers;

(2) recruiting students to participate in the local youth skills training program, monitoring the progress of student learners participating in the program, and monitoring program outcomes;

(3) coordinating youth skills training activities within participating school districts and among participating school districts, postsecondary institutions, and employers;

(4) coordinating academic, vocational and occupational learning, school-based and work-based learning, and secondary and postsecondary education for participants in the local youth skills training program;

(5) coordinating transportation for student learners participating in the local youth skills training program; and

(6) any other implementation or coordination activity that the commissioner may direct or permit the local partnership to perform.

(b) Grant awards may not be used to directly or indirectly pay the wages of a student learner.

Subd. 14. **Outcomes.** The following outcomes are expected of a local youth skills training program:

(1) at least 80 percent of the student learners who participate in a youth skills training program receive a high school diploma when eligible upon completion of the training program; and

(2) at least 60 percent of the student learners who participate in a youth skills training program receive a recognized credential upon completion of the training program.

Subd. 15. **Reporting.** (a) By February 1, 2019, and annually thereafter, the commissioner shall report on the activity and outcomes of the program for the preceding fiscal year to the chairs of the legislative committees with jurisdiction over jobs and economic growth policy and finance. At a minimum, the report must include:

(1) the number of student learners who commenced the training program and the number who completed the training program; and

(2) recommendations, if any, for changes to the program.

(b) The initial report shall include a detailed description of the differences between the state and federal systems in child safety standards.

Sec. 3. Minnesota Statutes 2016, section 326B.092, subdivision 7, is amended to read:

Subd. 7. License fees and license renewal fees. (a) The license fee for each license is the base license fee plus any applicable board fee, continuing education fee, and contractor recovery fund fee and additional assessment, as set forth in this subdivision.

(b) For purposes of this section, "license duration" means the number of years for which the license is issued except that if the initial license is not issued for a whole number of years, the license duration shall be rounded up to the next whole number.

(c) The base license fee shall depend on whether the license is classified as an entry level, master, journeyman, or business license, and on the license duration. The base license fee shall be:

License Classification	License Duration	
	1 year	2 years
Entry level	\$10	\$20

Journeyworker	\$20	\$40
Master	\$40	\$80
Business		\$180

(d) If there is a continuing education requirement for renewal of the license, then a continuing education fee must be included in the renewal license fee. The continuing education fee for all license classifications shall be: \$10 if the renewal license duration is one year; and \$20 if the renewal license duration is two years.

(e) If the license is issued under sections 326B.31 to 326B.59 or 326B.90 to 326B.925, then a board fee must be included in the license fee and the renewal license fee. The board fee for all license classifications shall be: \$4 if the license duration is one year; and \$8 if the license duration is two years.

(f) If the application is for the renewal of a license issued under sections 326B.802 to 326B.885, then the contractor recovery fund fee required under section 326B.89, subdivision 3, and any additional assessment required under section 326B.89, subdivision 16, must be included in the license renewal fee.

(g) Notwithstanding the fee amounts described in paragraphs (c) to (f), for the period July 1, ~~2015~~ 2017, through ~~June 30, 2017~~ September 30, 2021, the following fees apply:

License Classification	License Duration	
	1 year	2 years
Entry level	\$10	\$20
		\$35
Journeyworker	\$15	\$30
		\$75
Master	\$30	\$60
		\$160
Business		\$120

If there is a continuing education requirement for renewal of the license, then a continuing education fee must be included in the renewal license fee. The continuing education fee for all license classifications shall be \$5.

Sec. 4. **[326B.108] PLACES OF PUBLIC ACCOMMODATION SUBJECT TO CODE.**

Subdivision 1. Definition. For purposes of this section, "place of public accommodation" means a publicly or privately owned facility that is designed for occupancy by 200 or more people and includes a sports or entertainment arena, stadium, theater, community or convention hall, special event center, indoor amusement facility or water park, or swimming pool.

Subd. 2. Application. Construction, additions, and alterations to a place of public accommodation must be designed and constructed to comply with the State Building Code.

Subd. 3. **Enforcement.** In a municipality that has not adopted the code by ordinance under section 326B.121, subdivision 2, the commissioner shall enforce this section in accordance with section 326B.107, subdivision 1.

Subd. 4. **Fire protection systems.** If fire protection systems regulated by chapter 299M are required in a place of public accommodation, then those plan reviews and inspections shall be conducted by the state fire marshal.

Sec. 5. Minnesota Statutes 2016, section 326B.153, subdivision 1, is amended to read:

Subdivision 1. **Building permits.** (a) Fees for building permits submitted as required in section ~~326B.106~~ 326B.107 include:

- (1) the fee as set forth in the fee schedule in paragraph (b) or as adopted by a municipality; and
- (2) the surcharge required by section 326B.148.

(b) The total valuation and fee schedule is:

- (1) \$1 to \$500, ~~\$29.50~~ \$21;
- (2) \$501 to \$2,000, ~~\$28~~ \$21 for the first \$500 plus ~~\$3.70~~ \$2.75 for each additional \$100 or fraction thereof, to and including \$2,000;
- (3) \$2,001 to \$25,000, ~~\$83.50~~ \$62.25 for the first \$2,000 plus ~~\$16.55~~ \$12.50 for each additional \$1,000 or fraction thereof, to and including \$25,000;
- (4) \$25,001 to \$50,000, ~~\$464.15~~ \$349.75 for the first \$25,000 plus ~~\$12~~ \$9 for each additional \$1,000 or fraction thereof, to and including \$50,000;
- (5) \$50,001 to \$100,000, ~~\$764.15~~ \$574.75 for the first \$50,000 plus ~~\$8.45~~ \$6.25 for each additional \$1,000 or fraction thereof, to and including \$100,000;
- (6) \$100,001 to \$500,000, ~~\$1,186.65~~ \$887.25 for the first \$100,000 plus ~~\$6.75~~ \$5 for each additional \$1,000 or fraction thereof, to and including \$500,000;
- (7) \$500,001 to \$1,000,000, ~~\$3,886.65~~ \$2,887.25 for the first \$500,000 plus ~~\$5.50~~ \$4.25 for each additional \$1,000 or fraction thereof, to and including \$1,000,000; and
- (8) \$1,000,001 and up, ~~\$6,636.65~~ \$5,012.25 for the first \$1,000,000 plus ~~\$4.50~~ \$2.75 for each additional \$1,000 or fraction thereof.

(c) Other inspections and fees are:

- (1) inspections outside of normal business hours (minimum charge two hours), \$63.25 per hour;
- (2) reinspection fees, \$63.25 per hour;
- (3) inspections for which no fee is specifically indicated (minimum charge one-half hour), \$63.25 per hour; and

(4) additional plan review required by changes, additions, or revisions to approved plans (minimum charge one-half hour), \$63.25 per hour.

(d) If the actual hourly cost to the jurisdiction under paragraph (c) is greater than \$63.25, then the greater rate shall be paid. Hourly cost includes supervision, overhead, equipment, hourly wages, and fringe benefits of the employees involved.

EFFECTIVE DATE. Paragraph (a) is effective July 1, 2017. Paragraph (b) is effective July 1, 2017, and the amendments to it expire October 1, 2021.

Sec. 6. Minnesota Statutes 2016, section 326B.37, is amended by adding a subdivision to read:

Subd. 16. **Wind electric systems.** (a) The inspection fee for the installation of a wind turbine is:

- (1) zero watts to and including 100,000 watts, \$80;
- (2) 100,001 watts to and including 500,000 watts, \$105;
- (3) 500,001 watts to and including 1,000,000 watts, \$120;
- (4) 1,000,001 watts to and including 1,500,000 watts, \$125;
- (5) 1,500,001 watts to and including 2,000,000 watts, \$130;
- (6) 2,000,001 watts to and including 3,000,000 watts, \$145; and
- (7) 3,000,001 watts and larger, \$160.

(b) For the purpose of paragraph (a), the watt rating is the total estimated alternating current energy output of one individual wind turbine.

Sec. 7. Minnesota Statutes 2016, section 326B.37, is amended by adding a subdivision to read:

Subd. 17. **Solar photovoltaic systems.** (a) The inspection fee for the installation of a solar photovoltaic system is:

- (1) zero watts to and including 5,000 watts, \$60;
- (2) 5,001 watts to and including 10,000 watts, \$100;
- (3) 10,001 watts to and including 20,000 watts, \$150;
- (4) 20,001 watts to and including 30,000 watts, \$200;
- (5) 30,001 watts to and including 40,000 watts, \$250;
- (6) 40,001 watts to and including 1,000,000 watts, \$250, and \$25 for each additional 10,000 watts over 40,000 watts;

(7) 1,000,001 watts to 5,000,000 watts, \$2,650, and \$15 for each additional 10,000 watts over 1,000,000 watts; and

(8) 5,000,001 watts and larger, \$8,650, and \$10 for each additional 10,000 watts over 5,000,000 watts.

(b) For the purpose of paragraph (a), the watt rating is the total estimated alternating current energy output of the solar photovoltaic system.

Sec. 8. Minnesota Statutes 2016, section 326B.435, subdivision 2, is amended to read:

Subd. 2. **Powers; duties; administrative support.** (a) The board shall have the power to:

(1) elect its chair, vice-chair, and secretary;

(2) adopt bylaws that specify the duties of its officers, the meeting dates of the board, and containing such other provisions as may be useful and necessary for the efficient conduct of the business of the board;

(3) adopt the Plumbing Code that must be followed in this state and any Plumbing Code amendments thereto. The Plumbing Code shall include the minimum standards described in sections 326B.43, subdivision 1, and 326B.52, subdivision 1. The board shall adopt the Plumbing Code and any amendments thereto pursuant to chapter 14 and as provided in subdivision 6, paragraphs (b), (c), and (d);

(4) review requests for final interpretations and issue final interpretations as provided in section 326B.127, subdivision 5;

(5) adopt rules that regulate the licensure, certification, or registration of plumbing contractors, journeymen, unlicensed individuals, master plumbers, restricted master plumbers, restricted journeymen, restricted plumbing contractors, backflow prevention rebuilders and testers, water conditioning contractors, and water conditioning installers, and other persons engaged in the design, installation, and alteration of plumbing systems or engaged in or working at the business of water conditioning installation or service, or engaged in or working at the business of medical gas system installation, maintenance, or repair, except for those individuals licensed under section 326.02, subdivisions 2 and 3. The board shall adopt these rules pursuant to chapter 14 and as provided in subdivision 6, paragraphs (e) and (f);

(6) adopt rules that regulate continuing education for individuals licensed as master plumbers, journeyman plumbers, restricted master plumbers, restricted journeyman plumbers, registered unlicensed individuals, water conditioning ~~contractors~~ masters, and water conditioning ~~installers~~ journeymen, and for individuals certified under sections 326B.437 and 326B.438. The board shall adopt these rules pursuant to chapter 14 and as provided in subdivision 6, paragraphs (e) and (f);

(7) refer complaints or other communications to the commissioner, whether oral or written, as provided in subdivision 8, that allege or imply a violation of a statute, rule, or order that the commissioner has the authority to enforce pertaining to code compliance, licensure, or an offering to perform or performance of unlicensed plumbing services;

(8) approve per diem and expenses deemed necessary for its members as provided in subdivision 3;

(9) approve license reciprocity agreements;

(10) select from its members individuals to serve on any other state advisory council, board, or committee; and

(11) recommend the fees for licenses, registrations, and certifications.

Except for the powers granted to the Plumbing Board, the Board of Electricity, and the Board of High Pressure Piping Systems, the commissioner of labor and industry shall administer and enforce the provisions of this chapter and any rules promulgated pursuant thereto.

(b) The board shall comply with section 15.0597, subdivisions 2 and 4.

(c) The commissioner shall coordinate the board's rulemaking and recommendations with the recommendations and rulemaking conducted by the other boards created pursuant to this chapter. The commissioner shall provide staff support to the board. The support includes professional, legal, technical, and clerical staff necessary to perform rulemaking and other duties assigned to the board. The commissioner of labor and industry shall supply necessary office space and supplies to assist the board in its duties.

Sec. 9. Minnesota Statutes 2016, section 326B.50, subdivision 3, is amended to read:

Subd. 3. **Water conditioning installation.** "Water conditioning installation" means the installation of appliances, appurtenances, and fixtures designed to treat water so as to alter, modify, add or remove mineral, chemical or bacterial content, said installation to be made in a water distribution system serving:

(1) a single family residential unit, which has been initially established by a licensed plumber, and does not involve a direct connection without an air gap to a soil or waste pipe; or

(2) a multifamily or nonresidential building, where the plumbing installation has been initially established by a licensed plumber. Isolation valves shall be required for all water conditioning installations and shall be readily accessible. Water conditioning installation does not include:

(i) a valve that allows isolation of the water conditioning installation;

(ii) piping greater than two-inch nominal pipe size; or

(iii) a direct connection without an air gap to a soil or waste pipe.

Sec. 10. Minnesota Statutes 2016, section 326B.50, is amended by adding a subdivision to read:

Subd. 5. **Direct supervision.** "Direct supervision," with respect to direct supervision of a registered unlicensed individual, means that:

(1) at all times while the registered unlicensed individual is performing water conditioning installation work, a direct supervisor is present at the location where the registered unlicensed individual is working;

(2) the direct supervisor is physically present and immediately available to the registered unlicensed individual at all times for assistance and direction;

(3) any form of electronic supervision does not meet the requirement of being physically present;

(4) the direct supervisor reviews the water conditioning installation work performed by the registered unlicensed individual before the water conditioning installation is operated; and

(5) the direct supervisor determines that all water conditioning installation work performed by the registered unlicensed individual is performed in compliance with sections 326B.50 to 326B.59, all rules adopted under these sections, the Minnesota Plumbing Code, and all orders issued under section 326B.082.

Sec. 11. Minnesota Statutes 2016, section 326B.50, is amended by adding a subdivision to read:

Subd. 6. **Direct supervisor.** "Direct supervisor" means a master plumber, journeyman plumber, restricted master plumber, restricted journeyman plumber, water conditioning master, or water conditioning journeyman responsible for providing direct supervision of a registered unlicensed individual.

Sec. 12. Minnesota Statutes 2016, section 326B.55, subdivision 2, is amended to read:

Subd. 2. **Qualifications for licensing.** (a) A water conditioning master license shall be issued only to an individual who has demonstrated skill in planning, superintending, ~~and~~ servicing, ~~and~~ installing water conditioning installations, and has successfully passed the examination for water conditioning masters. A water conditioning journeyman license shall only be issued to an individual other than a water conditioning master who has demonstrated practical knowledge of water conditioning installation, and has successfully passed the examination for water conditioning journeymen. A water conditioning journeyman must successfully pass the examination for water conditioning masters before being licensed as a water conditioning master.

(b) Each water conditioning contractor must designate a responsible licensed master plumber or a responsible licensed water conditioning master, who shall be responsible for the performance of all water conditioning installation and servicing in accordance with the requirements of sections 326B.50 to 326B.59, all rules adopted under sections 326B.50 to 326B.59, the Minnesota Plumbing Code, and all orders issued under section 326B.082. If the water conditioning contractor is an individual or sole proprietorship, the responsible licensed master must be the individual, proprietor, or managing employee. If the water conditioning contractor is a partnership, the responsible licensed master must be a general partner or managing employee. If the water conditioning contractor is a limited liability company, the responsible licensed master must be a chief manager or managing employee. If the water conditioning contractor is a corporation, the responsible licensed master must be an officer or managing employee. If the responsible licensed master is a managing employee, the responsible licensed master must be actively engaged in performing water conditioning work on behalf of the water conditioning contractor and cannot be employed in any capacity as a water conditioning master or water conditioning journeyman for any other water conditioning contractor.

An individual must not be the responsible licensed master for more than one water conditioning contractor.

(c) All applications and renewals for water conditioning contractor licenses shall include a verified statement that the applicant or licensee has complied with paragraph (b).

(d) Each application and renewal for a water conditioning master license, water conditioning journeyman license, or a water conditioning contractor license shall be accompanied by all fees required by section 326B.092.

Sec. 13. Minnesota Statutes 2016, section 326B.55, subdivision 4, is amended to read:

Subd. 4. **Plumber's apprentices.** (a) A plumber's apprentice who is registered under section 326B.47 is authorized to assist in water conditioning installation and water conditioning servicing only while under the direct supervision of a master plumber, journeyman plumber, restricted master plumber, restricted journeyman plumber, water conditioning master, or water conditioning journeyman. The master or journeyman is responsible for ensuring that all water conditioning work performed by the plumber's apprentice complies with the plumbing code and rules adopted under sections 326B.50 to 326B.59. The supervising master or journeyman must be licensed and must be employed by the same employer as the plumber's apprentice. Licensed individuals shall not permit plumber's apprentices to perform water conditioning work except under the direct supervision of an individual actually licensed to perform such work. Plumber's apprentices shall not supervise the performance of plumbing work or make assignments of plumbing work to unlicensed individuals.

(b) Water conditioning contractors employing plumber's apprentices to perform water conditioning work shall maintain records establishing compliance with this subdivision that shall identify all plumber's apprentices performing water conditioning work, and shall permit the department to examine and copy all such records.

Sec. 14. **[326B.555] REGISTERED UNLICENSED INDIVIDUALS.**

Subdivision 1. **Registration; supervision; records.** (a) All unlicensed individuals engaged in water conditioning installation must be registered under subdivision 3.

(b) A registered unlicensed individual is authorized to assist in water conditioning installations in a single family residential unit only when a master plumber, journeyman plumber, restricted master plumber, restricted journeyman plumber, water conditioning master, or water conditioning journeyman is available and responsible for ensuring that all water conditioning installation work performed by the unlicensed individual complies with the applicable provisions of the plumbing and water conditioning codes and rules adopted pursuant to such codes. For all other water conditioning installation work, the registered unlicensed individual must be under the direct supervision of a responsible licensed water conditioning master.

(c) Water conditioning contractors employing registered unlicensed individuals to perform water conditioning installation work shall maintain records establishing compliance with this subdivision that shall identify all unlicensed individuals performing water conditioning installations, and shall permit the department to examine and copy all such records.

Subd. 2. **Journeyman exam.** A registered unlicensed individual who has completed 875 hours of practical water conditioning installation, servicing, and training is eligible to take the water conditioning journeyman examination. Up to 100 hours of practical water conditioning installation and servicing experience prior to becoming a registered unlicensed individual may be applied to the practical experience requirement. However, none of this practical experience may be applied if the unlicensed individual did not have any practical experience in the 12-month period immediately prior to becoming a registered unlicensed individual.

Subd. 3. **Registration, renewals, and fees.** An unlicensed individual may register by completing and submitting to the commissioner an application form provided by the commissioner, with all fees required by section 326B.58. A completed application form must state the date, the individual's age, schooling, previous experience and employer, and other information required by the commissioner. The plumbing board may prescribe rules, not inconsistent with this section, for the registration of unlicensed individuals. Applications for initial registration may be submitted at any time. Registration must be renewed annually and shall be for the period from July 1 of each year to June 30 of the following year.

Sec. 15. Minnesota Statutes 2016, section 326B.89, subdivision 1, is amended to read:

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

(b) "Gross annual receipts" means the total amount derived from residential contracting or residential remodeling activities, regardless of where the activities are performed, and must not be reduced by costs of goods sold, expenses, losses, or any other amount.

(c) "Licensee" means a person licensed as a residential contractor or residential remodeler.

(d) "Residential real estate" means a new or existing building constructed for habitation by one to four families, and includes detached garages intended for storage of vehicles associated with the residential real estate.

(e) "Fund" means the contractor recovery fund.

(f) "Owner" when used in connection with real property, means a person who has any legal or equitable interest in real property and includes a condominium or townhome association that owns common property located in a condominium building or townhome building or an associated detached garage. Owner does not include any real estate developer or any owner using, or intending to use, the property for a business purpose and not as owner-occupied residential real estate.

Sec. 16. Minnesota Statutes 2016, section 326B.89, subdivision 5, is amended to read:

Subd. 5. **Payment limitations.** The commissioner shall not pay compensation from the fund to an owner or a lessee in an amount greater than \$75,000 per licensee. The commissioner shall not pay compensation from the fund to owners and lessees in an amount that totals more than ~~\$150,000~~ \$300,000 per licensee. The commissioner shall only pay compensation from the fund for a final judgment that is based on a contract directly between the licensee and the homeowner or lessee that was entered into prior to the cause of action and that requires licensure as a residential building contractor or residential remodeler.

Sec. 17. Laws 2015, First Special Session chapter 1, article 1, section 5, subdivision 2, is amended to read:

Subd. 2. Workers' Compensation	15,226,000	17,782,000
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This appropriation is from the workers' compensation fund.

\$4,000,000 in fiscal year 2016 and \$6,000,000 in fiscal year 2017 are for workers' compensation system upgrades and are available through June 30, 2021. The base appropriation for this purpose is \$3,000,000 in fiscal year 2018 and \$3,000,000 in fiscal year 2019. The base appropriation for fiscal year 2020 and beyond is zero.

This appropriation includes funds for information technology project services and support subject to the provisions of Minnesota Statutes, section 16E.0466. Any ongoing information technology costs will be incorporated into the service level agreement and will be paid to the Office of MN.IT Services by the commissioner of labor and industry under the rates and mechanism specified in that agreement.

Sec. 18. Laws 2017, chapter 68, article 1, section 1, is amended to read:

Section 1. Minnesota Statutes 2016, section 181A.04, subdivision 6, is amended to read:

Subd. 6. **Time of day, high school students.** A high school student must not be permitted to work after 11:00 p.m. on an evening before a school day or before 5:00 a.m. on a school day, except:

(1) as permitted by section 181A.07, subdivisions 1, 2, 3, and 4; ~~or~~

(2) ~~for this subdivision does not apply to a high school student age 18 or older, if unless the student provides a written request for the hours restrictions to the employer to work during the restricted hours.~~ at least two weeks before any restricted hours begin; or

(3) if a high school student under the age of 18 has supplied the employer with a note signed by the parent or guardian of the student, the student may be permitted to work until 11:30 p.m. on the evening before a school day and beginning at 4:30 a.m. on a school day.

For the purpose of this subdivision, a high school student does not include a student enrolled in an alternative education program approved by the commissioner of education or an area learning center, including area learning centers under sections 123A.05 to 123A.08 or according to section 122A.163.

Sec. 19. **REPEALER.**

Minnesota Statutes 2016, section 326B.89, subdivision 14, is repealed.

ARTICLE 3**WORKERS' COMPENSATION ADVISORY COUNCIL; DEPARTMENT PROPOSALS**

Section 1. Minnesota Statutes 2016, section 176.135, is amended by adding a subdivision to read:

Subd. 9. Designated contact person and required training related to submission and payment of medical bills. (a) For purposes of this subdivision:

(1) "clearinghouse" means a health care clearinghouse as defined in section 62J.51, subdivision 11a, that receives or transmits workers' compensation electronic transactions as described in section 62J.536;

(2) "department" means the Department of Labor and Industry;

(3) "hospital" means a hospital licensed in this state;

(4) "payer" means:

(i) a workers' compensation insurer;

(ii) an employer, or group of employers, authorized to self-insure for workers' compensation liability; and

(iii) a third-party administrator licensed by the Department of Commerce under section 60A.23, subdivision 8, to pay or review workers' compensation medical bills under this chapter; and

(5) "submission or payment of medical bills" includes the submission, transmission, receipt, acceptance, response, adjustment, and payment of medical bills under this chapter.

(b) Effective November 1, 2017, each payer, hospital, and clearinghouse must provide the department with the name and contact information of a designated employee to answer inquiries related to the submission or payment of medical bills. Payers, hospitals, and clearinghouses must provide the department with the name of a new designated employee within 14 days after the previously designated employee is no longer employed or becomes unavailable for more than 30 days. The name and contact information of the designated employee must be provided on forms and at intervals prescribed by the department. The department must post a directory of the designated employees on the department's Web site.

(c) The designated employee under paragraph (b) must:

(1) complete training, provided by the department, about submission or payment of medical bills; and

(2) respond within 30 days to written department inquiries related to submission or payment of medical bills.

The training requirement in clause (1) does not apply to a payer that has not received any workers' compensation medical bills in the 12 months before the training becomes available.

(d) The commissioner may assess penalties, payable to the assigned risk safety account, against payers, hospitals, and clearinghouses for violation of this subdivision as provided in clauses (1) to (3):

(1) for failure to comply with the requirements in paragraph (b), the commissioner may assess a penalty of \$50 for each day of noncompliance after the department has provided the noncompliant payer, clearinghouse, or hospital with a 30-day written warning;

(2) for failure of the designated employee to complete training under paragraph (c), clause (1), within 90 days after the department has notified a payer, clearinghouse, or hospital's designated employee that required training is available, the commissioner may assess a penalty of \$3,000;

(3) for failure to respond within 30 days to a department inquiry related to submission or payment of medical bills under paragraph (c), clause (2), the commissioner may assess a penalty of \$3,000. The commissioner shall not assess a penalty under both this clause and section 176.194, subdivision 3, clause (6), for failure to respond to the same department inquiry.

EFFECTIVE DATE. This section is effective October 1, 2017.

Sec. 2. Minnesota Statutes 2016, section 176.1362, subdivision 1, is amended to read:

Subdivision 1. **Payment based on Medicare MS-DRG system.** (a) Except as provided in subdivisions 2 and 3, the maximum reimbursement for inpatient hospital services, articles, and supplies is 200 percent of the amount calculated for each hospital under the federal Inpatient Prospective Payment System developed for Medicare, using the inpatient Medicare PC-Pricer program for the applicable MS-DRG as provided in ~~paragraph (b)~~ this subdivision. All adjustments included in the PC-Pricer program are included in the amount calculated, including but not limited to any outlier payments.

(b) Payment under this section is effective for services, articles, and supplies provided to patients discharged from the hospital on or after January 1, 2016. Payment for services, articles, and supplies provided to patients discharged on January 1, 2016, through December 31, 2016, must be based on the Medicare PC-Pricer program in effect on January 1, 2016.

(c) For patients discharged on or after the effective date of this section, payment for inpatient services, articles, and supplies for patients discharged in each calendar year thereafter must be based on calculated according to the PC-Pricer program in effect on January 1 of the year of discharge identified on Medicare's Web site as FY 2016.1, updated on January 19, 2016.

(d) For patients discharged on or after October 1, 2017, payment for inpatient services, articles, and supplies must be calculated according to the PC-Pricer program posted on the Department of Labor and Industry's Web site as follows:

(1) No later than October 1, 2017, and October 1 of each subsequent year, the commissioner must post on the department's Web site the version of the PC-Pricer program that is most recently available on Medicare's Web site as of the preceding July 1. If no PC-Pricer program is available on the Medicare Web site on any July 1, the PC-Pricer program most recently posted on the department's Web site remains in effect.

(2) The commissioner must publish notice of the applicable PC-Pricer program in the State Register no later than October 1 of each year.

(e) The MS-DRG grouper software or program that corresponds to the applicable version of the PC-Pricer program must be used to determine payment under this subdivision.

~~(e)~~ (f) Hospitals must bill workers' compensation insurers using the same codes, formats, and details that are required for billing for hospital inpatient services by the Medicare program. The bill must be submitted to the insurer within the time period required by section 62Q.75, subdivision 3. For purposes of this section, "insurer" includes both workers' compensation insurers and self-insured employers.

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

Sec. 3. Minnesota Statutes 2016, section 176.1362, subdivision 2, is amended to read:

Subd. 2. **Payment for catastrophic, high-cost injuries.** (a) If the hospital's total usual and customary charges for services, articles, and supplies for a patient's hospitalization exceed a threshold of \$175,000, annually adjusted as provided in paragraph (b), reimbursement must not be based on the MS-DRG system, but must instead be paid at 75 percent of the hospital's usual and customary charges. The threshold amount in effect on the date of discharge determines the applicability of this paragraph.

(b) ~~Beginning On~~ Beginning On January 1, 2017, ~~and each January 1 thereafter,~~ the commissioner must adjust the previous year's threshold by the percent change in average total charges per inpatient case, using data available as of October 1 for non-Critical Access Hospitals from the Health Care Cost Information System maintained by the Department of Health pursuant to chapter 144. Beginning October 1, 2017, and each October 1 thereafter, the commissioner must adjust the previous threshold using the data available as of the preceding July 1. The commissioner must ~~annually~~ publish notice of the updated threshold in the State Register.

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

Sec. 4. Minnesota Statutes 2016, section 176.275, subdivision 1, is amended to read:

Subdivision 1. **Filing.** If a document is required to be filed by this chapter or any rules adopted pursuant to authority granted by this chapter, the filing shall be completed by the receipt of the document at the division, department, office, or the court of appeals. The division, department, office, and the court of appeals shall accept any document which has been delivered to it for legal filing, but may refuse to accept any form or document that lacks the name of the injured employee, employer, or insurer, the date of injury, or the injured employee's Social Security number information required by statute or rule. The division, department, office, and court of appeals are not required to maintain, and may destroy, a duplicate of a form or document that has already been filed. If a

workers' compensation identification number has been assigned by the department, it may be substituted for the Social Security number on a form or document. If the injured employee has fewer than three days of lost time from work, the party submitting the required document must attach to it, at the time of filing, a copy of the first report of injury.

A notice or other document required to be served or filed at either the department, the office, or the court of appeals which is inadvertently served or filed at the wrong one of these agencies shall be deemed to have been served or filed with the proper agency. The receiving agency shall note the date of receipt of a document and shall forward the documents to the proper agency no later than two working days following receipt.

Sec. 5. Minnesota Statutes 2016, section 176.285, is amended to read:

176.285 SERVICE OF PAPERS AND NOTICES; ELECTRONIC FILING.

Subdivision 1. Service by mail. Service of papers and notices shall be by mail or otherwise as the commissioner or the chief administrative law judge may by rule direct. Where service is by mail, service is effected at the time mailed if properly addressed and stamped. If it is so mailed, it is presumed the paper or notice reached the party to be served. However, a party may show by competent evidence that that party did not receive it or that it had been delayed in transit for an unusual or unreasonable period of time. In case of nonreceipt or delay, an allowance shall be made for the party's failure to assert a right within the prescribed time.

Subd. 2. Electronic service and filing. (a) Where a statute or rule authorizes or requires a document to be filed with or served on an agency, the document may be filed electronically if electronic filing is authorized by the agency and if the document is transmitted in the manner and in the format specified by the agency. If electronic filing of a document is authorized by the agency and a statute or rule requires a copy of the document to be provided or served on another person or party, the document filed electronically with the agency and provided or served on the other person or party must contain the same information in the format required by the commissioner.

(b) Where a statute or rule authorizes or requires a person's signature on a document to be filed with or served on an agency, the signature may be an electronic signature, as defined by section 325L.02, or transmitted electronically, if authorized by the agency and if the signature is transmitted in the manner and format specified by the agency. The commissioner may require that a document authorized or required to be filed with the commissioner, department, or division be filed electronically in the manner and format specified by the commissioner, except that an employee must not be required to file a document electronically unless the document is filed by an attorney on behalf of an employee. ~~An agency may serve a document electronically if the recipient agrees to receive it in an electronic format.~~ The department or court may adopt rules for the certification of signatures.

(c) An agency may serve a document electronically on a payer, rehabilitation provider, or attorney. An agency may serve a document on any other party if the recipient agrees to receive it in an electronic format. The date of electronic service of a document is the date the recipient is sent a document electronically, or the date the recipient is notified that the document is available on a Web site, whichever occurs first.

(d) When the electronic filing of a legal document with the department marks the beginning of a prescribed time for another party to assert a right, the prescribed time for another party to assert a right shall be lengthened by two calendar days when it can be shown that service to the other party was by mail.

Subd. 3. Proof of service. The commissioner and the chief administrative law judge shall ensure that proof of service of all papers and notices served by their respective agencies is placed in the official file of the case.

Subd. 4. Definitions; applicability. (a) For purposes of this section, "agency" means the workers' compensation division, the Department of Labor and Industry, the commissioner of the Department of Labor and Industry, the Office of Administrative Hearings, the chief administrative law judge, or the Workers' Compensation Court of Appeals. "Document" includes documents, reports, notices, orders, papers, forms, information, and data elements that are authorized or required to be filed with an agency or the commissioner or that are authorized or required to be served on or by an agency or the commissioner. "Payer" means a workers' compensation insurer, self-insurer employer, or third-party administrator.

(b) Except as otherwise modified by this section, the provisions of chapter 325L apply to electronic signatures and the electronic transmission of documents under this section.

Sec. 6. Minnesota Statutes 2016, section 176.541, subdivision 1, is amended to read:

Subdivision 1. **Application of chapter to state employees.** This chapter applies to the employees of any department of this state as defined in section 3.732, subdivision 1, clause (1).

Sec. 7. Minnesota Statutes 2016, section 176.541, is amended by adding a subdivision to read:

Subd. 7a. Exceptions. This section does not apply to the University of Minnesota.

Sec. 8. Minnesota Statutes 2016, section 176.541, subdivision 8, is amended to read:

Subd. 8. **State may insure.** The state of Minnesota may elect to insure its liability under the workers' compensation law for persons employed under the federal ~~Emergency Employment Act of 1971, as amended, and the Comprehensive Employment and Training Act of 1973, as amended~~ Workforce Innovation and Opportunity Act, and similar programs, with an insurer properly licensed in Minnesota.

Sec. 9. Minnesota Statutes 2016, section 176.611, subdivision 2, is amended to read:

Subd. 2. **State departments.** Every department of the state, ~~including the University of Minnesota,~~ shall reimburse the fund for money paid for its claims and the costs of administering the revolving fund at such times and in such amounts as the commissioner of administration shall certify has been paid out of the fund on its behalf. The heads of the departments shall anticipate these payments by including them in their budgets. In addition, the commissioner of administration, with the approval of the commissioner of management and budget, may require an agency to make advance payments to the fund sufficient to cover the agency's estimated obligation for a period of at least 60 days. Reimbursements and other money received by the commissioner of administration under this subdivision must be credited to the state compensation revolving fund.

Sec. 10. **REPEALER.**

Minnesota Statutes 2016, section 176.541, subdivision 7, is repealed.

Sec. 11. **EFFECTIVE DATE.**

This article is effective the day following final enactment.

ARTICLE 4**WORKERS' COMPENSATION ADVISORY COUNCIL; SPECIAL COMPENSATION FUND****Section 1. [176.1292] FORBEARANCE OF AMOUNTS OWED TO THE SPECIAL COMPENSATION FUND.**

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

(a) "Payer" means a workers' compensation insurer, or an employer or group of employers that are self-insured for workers' compensation.

(b) "Retirement benefits" means retirement benefits paid by any government retirement benefit program and received by employees, other than old age and survivor insurance benefits received under the federal Social Security Act, United States Code, title 42, sections 401 to 434. Retirement benefits include retirement annuities, optional annuities received in lieu of retirement benefits, and any other benefit or annuity paid by a government benefit program that is not clearly identified as a disability benefit or disability annuity in the applicable governing statute.

Subd. 2. **Payment of permanent total disability benefits to employees, dependents, and legal heirs.** (a) A payer is entitled to the relief described in subdivisions 3 and 4 only if the payer complies with all of the conditions in paragraphs (b) to (d) for all of the payer's permanently totally disabled employees and documents compliance according to the procedures and forms established by the commissioner under subdivision 7.

(b) Except as provided in paragraph (e), the payer must:

(1) recharacterize supplementary benefits paid to all employees as permanent total disability benefits if the supplementary benefits were paid because the permanent total disability benefits were reduced by retirement benefits received by the employee;

(2) pay all permanently totally disabled employees, regardless of the date of injury, past and future permanent total disability benefits calculated without any reduction for retirement benefits received by the employees, from the date the employees' benefits were first reduced; and

(3) for all deceased employees, pay the employees' dependents or, if none, the employees' legal heirs, the permanent total disability benefits the deceased employees would have received if the benefits had been calculated without any reduction for retirement benefits received by the employees.

(c) A payer may take a credit against its obligations under paragraph (b), clauses (2) and (3), for:

(1) supplementary benefits previously paid to an employee that have been recharacterized as permanent total disability benefits under paragraph (b), clause (1); and

(2) permanent total disability benefits previously paid to an employee.

(d) The payer must pay the permanent total disability benefits as provided in paragraphs (b) and (c) within the time frames described in clauses (1) to (4). More than one time frame may apply to a claim.

(1) No later than 150 days following final enactment, the payer must begin paying the recalculated permanent total disability benefit amounts to employees who are entitled to ongoing permanent total disability benefits.

(2) No later than 210 days following final enactment, the payer must pay employees the amounts that past permanent total disability benefits were underpaid.

(3) No later than 270 days following final enactment, the payer must pay the employees' dependents or legal heirs the amounts that permanent total disability benefits were underpaid.

(4) The commissioner may waive payment under paragraphs (b) and (c) or extend these time frames if the payer, after making a good-faith effort, is unable to: locate an employee; identify or locate the dependents or legal heirs of a deceased employee; or locate documentation to determine the amount of an underpayment.

(e) Paragraphs (a) to (d) do not apply if:

(1) the employee died before January 1, 2008;

(2) the employee's last permanent total disability benefit was paid before January 1, 2000;

(3) the employee's last permanent total disability benefit would have been paid before January 1, 2000, if it had not been reduced by his or her retirement benefits;

(4) a stipulation for settlement, signed by the employee and approved by a compensation judge, provided for a full, final, and complete settlement of permanent total disability benefits under this chapter in exchange for a lump sum payment amount or a lump sum converted to a structured annuity;

(5) a final court order, or a stipulation for settlement signed by the employee and approved by a compensation judge, explicitly states the employee's permanent total disability benefits may be reduced by specified retirement benefits. Paragraphs (a) to (d) apply if a court order or stipulation for settlement is ambiguous about whether the employee's permanent total disability benefits could be reduced by retirement benefits; or

(6) a final court order or a stipulation for settlement described in clause (4) or (5) was vacated after the effective date of this section.

Subd. 3. **Reimbursement of supplementary benefits.** (a) Except as provided in subdivision 9, paragraph (a), clause (2), a payer that has complied with the requirements of subdivision 2, paragraphs (a) to (d):

(1) is not required to repay supplementary benefits for any claim that the special compensation fund over reimbursed due to the payer's reduction of any employee's permanent total disability benefits by retirement benefits received by the employee;

(2) is entitled to reimbursement of supplementary benefits paid or payable before August 13, 2014, to the extent the special compensation fund denied reimbursement due to the payer's reduction of any employee's permanent total disability benefits by the employee's retirement benefits; and

(3) is entitled to reimbursement of supplementary benefits the special compensation fund withheld under section 176.129, subdivision 13, paragraph (a), to offset supplementary benefits that were over reimbursed due to the payer's reduction of any employee's permanent total disability benefits by the employee's retirement benefits.

(b) Paragraph (a) does not preclude the special compensation fund from denying reimbursement of supplementary benefits, or adjusting the reimbursement amount, for any reason other than reduction of permanent total disability benefits by the employee's retirement benefits.

Subd. 4. **Assessments.** (a) Except as provided in subdivision 6, paragraph (b), clause (2), and subdivision 9, paragraph (a), clause (2), a payer that has complied with the requirements of subdivision 2, paragraphs (a) to (d), is not required to pay past or future assessments under section 176.129 on the amount of increased or additional permanent total disability benefits paid, or on supplementary benefits that are appropriately characterized as permanent total disability benefits, due to the elimination of the retirement benefit reduction.

(b) The special compensation fund shall not recalculate assessments previously paid by any payer because of the assessment adjustments in paragraph (a).

(c) The assessment adjustments described in paragraph (a) do not apply to permanent total disability benefits paid to employees with dates of injury on or after August 13, 2014. Payers must pay full assessments according to section 176.129 on permanent total disability benefits calculated without a reduction for retirement benefits for these employees.

Subd. 5. **Refunds.** (a) A payer is entitled to a refund from the special compensation fund if:

(1) the payer complies with the requirements of subdivision 2, paragraphs (a) to (d); and

(2) due to the elimination of the retirement benefit reduction, the payer repaid the special compensation fund for over reimbursement of supplementary benefits, or paid assessments on the increased permanent total disability benefits for employees with dates of injury before August 13, 2014.

(b) The special compensation fund must issue a refund within 30 days after receiving the payer's documentation of compliance with subdivision 2, paragraphs (a) to (d), and an itemization by claim of the amount repaid or paid to the special compensation fund as described in paragraph (a), clause (2).

(c) The special compensation fund must pay interest on any refunded amount under this section to the payer at an annual rate of four percent, calculated from the date the payer repaid or paid the special compensation fund as described in paragraph (a), clause (2).

Subd. 6. **Applicability.** (a) This section does not preclude any employee, dependent, or legal heir from pursuing additional benefits beyond those paid under subdivision 2, paragraphs (b) to (d); however, the payments under subdivision 2, paragraphs (b) to (d), are not to be construed as an admission of liability by the payer in any proceeding. The payments cannot be used to justify additional claims; they represent a compromise between the payer and the special compensation fund on supplementary benefits and assessments. Payers reserve any and all defenses to claims to which this section does not apply.

(b) If an employee, dependent, or legal heir pursues additional benefits, claims, or penalties related to the benefits paid or payable under subdivision 2, paragraphs (b) to (d), payers may assert any and all defenses including, but not limited to, those specified in subdivision 2, paragraph (e), clauses (4) and (5), with respect to the additional benefits, claims, and penalties, and any future permanent total disability benefits payable, subject to the following conditions:

(1) if it is determined by a compensation judge, the Workers' Compensation Court of Appeals, or the Minnesota Supreme Court that the payer is entitled to reduce the employee's permanent total disability benefits by retirement benefits received by the employee, the payer shall not recover any overpayment that results from benefits the employee, dependent, or legal heir has already received under subdivision 2, paragraphs (b) to (d). Notwithstanding section 176.129, the payer shall not take a credit against an employee's future benefits for any such overpayment; and

(2) if it is determined by a compensation judge, the Workers' Compensation Court of Appeals, or the Minnesota Supreme Court that the payer is not entitled to reduce the employee's permanent total disability benefits by retirement benefits received by the employee, the payer is not entitled to the relief provided in subdivision 4 as applied to the claim of the specific employee, dependent, or legal heir.

(c) A payer shall not assert defenses related to the offset of retirement benefits against an employee's future permanent total disability benefits if the only additional claims asserted by the employee under paragraph (b) are for attorney fees, costs and disbursements, and an additional award pursuant to section 176.081, subdivision 7.

Subd. 7. **Procedure.** No later than 60 days after final enactment, in consultation with affected payers, the commissioner must establish a procedure, which may include forms, to implement this section.

Subd. 8. **Reporting.** This section does not affect a payer's obligation to report the full amount of permanent total disability benefits paid to the extent required by this chapter or other law. A payer must report supplementary benefits as permanent total disability benefits if the supplementary benefits were paid because the permanent total disability benefits were reduced by retirement benefits received by the employee.

Subd. 9. **Failure to comply.** (a) If a payer reports to the department that it has complied with the requirements of subdivision 2, paragraphs (a) to (d), but the payer has not paid an employee, dependent, or legal heir, as required by subdivision 2, the payer is subject to the following:

(1) the payer must issue payment to the employee, dependent, or legal heir within 14 days of the date the payer discovers the noncompliance or the date the department notifies the payer of the noncompliance;

(2) the payer is not entitled to the relief provided in subdivisions 3 and 4 as applied to the claim of the specific employee, dependent, or legal heir who was not paid as required by subdivision 2;

(3) the special compensation fund may immediately begin collection of any assessments or over-reimbursement owed for the claim;

(4) if the commissioner determines that a payer's failure to comply under this subdivision was not in good faith, the commissioner may assess a penalty, payable to the employee, dependent, or legal heir, of up to 25 percent of the total permanent total disability benefits underpaid; and

(5) if the payer is found after a hearing to be liable for increased or additional permanent total disability benefits because the employee's permanent total disability benefits were improperly reduced by his or her retirement benefits, the compensation judge shall assess a penalty against the payer, payable to the employee or dependent, up to the total amount of the permanent total disability benefits that were not paid pursuant to subdivision 2. The compensation judge may issue a penalty against the payer, up to the total amount of the permanent total disability benefits underpaid, payable to a legal heir.

(b) The penalties assessed under this subdivision are in addition to any other penalty that may be, or is required to be, assessed under this chapter; however, the commissioner shall not assess a penalty against a payer for late payment of permanent total disability benefits if the employee's benefits have been paid and documented in accordance with subdivision 2.

(c) If a payer and the special compensation fund have agreed to a list of employees required to be paid under subdivision 2, this subdivision does not apply to any claim with a date of injury before October 1, 1995, that is not on the agreed-upon list.

EFFECTIVE DATE. This section is effective the day after final enactment.

ARTICLE 5

WORKERS' COMPENSATION ADVISORY COUNCIL; WORKERS' COMPENSATION INTERVENTION

Section 1. Minnesota Statutes 2016, section 176.361, subdivision 2, is amended to read:

Subd. 2. **Written motion.** A person desiring to intervene in a workers' compensation case as a party, including but not limited to a health care provider who has rendered services to an employee or an insurer who has paid benefits under section 176.191, shall submit a timely written motion to intervene to the commissioner, the office, or to the court of appeals, whichever is applicable.

(a) The motion must be served on all parties, except for other intervenors, either personally, by first class mail, or by registered mail, return receipt requested. A motion to intervene must be served and filed within 60 days after a potential intervenor has been served with notice of a right to intervene or within 30 days of notice of an administrative conference or expedited hearing. Upon the filing of a timely motion to intervene, the potential intervenor shall be granted intervenor status without the need for an order. Objections to the intervention may be subsequently addressed by a compensation judge. Where a motion to intervene is not timely filed under this section, the potential

intervenor interest shall be extinguished and the potential intervenor may not collect, or attempt to collect, the extinguished interest from the employee, employer, insurer, or any government program.

(b) The motion must show how the applicant's legal rights, duties, or privileges may be determined or affected by the case; state the grounds and purposes for which intervention is sought; and indicate the statutory right to intervene. The motion must be accompanied by the following:

(1) an itemization of disability payments showing the period during which the payments were or are being made; the weekly or monthly rate of the payments; and the amount of reimbursement claimed;

(2) a summary of the medical or treatment payments, or rehabilitation services provided by the Vocational Rehabilitation Unit, broken down by creditor, showing the total bill submitted, the period of treatment or rehabilitation covered by that bill, the amount of payment on that bill, and to whom the payment was made;

(3) copies of all medical or treatment bills for which payment is sought;

(4) copies of the work sheets or other information stating how the payments on medical or treatment bills were calculated;

(5) a copy of the relevant policy or contract provisions upon which the claim for reimbursement is based;

(6) the name and telephone number of the person representing the intervenor who has authority to represent the intervenor, including but not limited to the authority to reach a settlement of the issues in dispute;

(7) proof of service or copy of the registered mail receipt evidencing service on all parties except for other intervenors;

(8) at the option of the intervenor, a proposed stipulation which states that all of the payments for which reimbursement is claimed are related to the injury or condition in dispute in the case and that, if the petitioner is successful in proving the compensability of the claim, it is agreed that the sum be reimbursed to the intervenor; and

(9) if represented by an attorney, the name, address, telephone number, and Minnesota Supreme Court license number of the attorney.

Sec. 2. Minnesota Statutes 2016, section 176.361, subdivision 3, is amended to read:

Subd. 3. **Stipulation.** If the person ~~submitting the~~ filing a timely motion to intervene has included a proposed stipulation, all parties shall either execute and return the signed stipulation to the intervenor who must file it with the division or judge or serve upon the intervenor and all other parties and file with the division specific and detailed objections to any services rendered or payments made by the intervenor which are not conceded to be correct and related to the injury or condition the petitioner has asserted is compensable. If a party has not returned the signed stipulation or filed specific and detailed objections within 30 days of service of the motion to intervene, the intervenor's right to reimbursement for the amount sought is deemed established provided that the petitioner's claim is

determined to be compensable. The office may establish procedures for filing objections if a timely motion to intervene is filed less than 30 days before a scheduled hearing.

Sec. 3. Minnesota Statutes 2016, section 176.521, is amended by adding a subdivision to read:

Subd. 2b. Partial settlement. (a) The parties may file a partial stipulation for settlement which resolves the claims of the employee and reserves the claims of one or more intervenors. If the partial stipulation, or a letter of agreement attached to the partial stipulation, is not signed by an intervenor, the partial stipulation must include a statement that the parties were unable to:

(1) obtain a response from the nonsigning intervenor regarding clarification or confirmation of its interest or an offer of settlement within a reasonable time despite good-faith efforts to obtain a response;

(2) reach agreement with the nonsigning intervenor despite the belief that the parties negotiated with the intervenor in good faith and made a reasonable offer to settle the intervention claim; or

(3) obtain the nonsigning intervenor's signature within a reasonable time after an agreement was reached with the intervenor.

The partial stipulation must include detailed and case-specific support for the parties' statements. In addition, the partial stipulation must reserve the nonsigning intervenor's interests to pursue its claim at a hearing on the merits, and must contain a statement that the employee will cooperate at the hearing.

(b) Prior to filing the partial stipulation for approval, a copy of the partial stipulation must be served on all parties, including the nonsigning intervenor, together with a written notification that the settling parties intend to file the partial stipulation for approval by a compensation judge and of the nonsigning intervenor's right to request a hearing on the merits of the intervenor's claim.

(c) Within ten days after service of a partial stipulation for settlement and notice of an intent to file for approval by a compensation judge, a nonsigning intervenor may serve and file a written objection to approval of the partial stipulation, which filing must provide a detailed and case-specific factual basis establishing that approval of the partial stipulation will adversely impact the rights of the intervenor.

(d) After expiration of the ten-day period within which a nonsigning intervenor may serve and file its written objection, any party may file for approval a partial stipulation for settlement which conforms with this section. An affidavit of service must accompany the partial stipulation when it is filed for approval.

(e) Unless the compensation judge has a reasonable belief that approval of the partial stipulation will adversely impact the rights of the nonsigning intervenor, the compensation judge shall immediately issue the award and file it with the commissioner. The issuance of the award shall be accompanied by notice to the intervenors and other parties of their right to request amended findings within a period of 30 days following the date of issuance in conformity with applicable law.

(f) If the compensation judge has a reasonable belief that approval of the partial stipulation will adversely impact the rights of the intervenor, the compensation judge shall disapprove the stipulation by written order detailing a factual basis for the determination of adverse impact.

Sec. 4. **RULEMAKING.**

The Office of Administrative Hearings is directed to use the expedited rulemaking provisions of Minnesota Statutes, section 14.389, to amend Minnesota Rules, part 1420.1850, to conform to the amendments of Minnesota Statutes, section 176.361, subdivision 3.

ARTICLE 6

EMPLOYMENT AND ECONOMIC DEVELOPMENT

Section 1. **[116J.4221] RURAL POLICY AND DEVELOPMENT CENTER FUND.**

(a) A rural policy and development center fund is established as an account in the special revenue fund in the state treasury. The commissioner of management and budget shall credit to the account the amounts authorized under this section and appropriations and transfers to the account. The State Board of Investment shall ensure that account money is invested under section 11A.24. All money earned by the account must be credited to the account. The principal of the account and any unexpended earnings must be invested and reinvested by the State Board of Investment.

(b) Gifts and donations, including land or interests in land, may be made to the account. Noncash gifts and donations must be disposed of for cash as soon as the board prudently can maximize the value of the gift or donation. Gifts and donations of marketable securities may be held or be disposed of for cash at the option of the board. The cash receipts of gifts and donations of cash or capital assets and marketable securities disposed of for cash must be credited immediately to the principal of the account. The value of marketable securities at the time the gift or donation is made must be credited to the principal of the account and any earnings from the marketable securities are earnings of the account. The earnings in the account are annually appropriated to the board of the Center for Rural Policy and Development to carry out the duties of the center.

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

Sec. 2. Minnesota Statutes 2016, section 116J.8731, subdivision 2, is amended to read:

Subd. 2. **Administration.** (a) Except as otherwise provided in this section, the commissioner shall administer the fund as part of the Small Cities Development Block Grant Program and funds shall be made available to local communities and recognized Indian tribal governments in accordance with the rules adopted for economic development grants in the small cities community development block grant program. All units of general purpose local government are eligible applicants for Minnesota investment funds. The commissioner may provide forgivable loans directly to a private enterprise and not require a local community or recognized Indian tribal government application other than a resolution supporting the assistance.

(b) Eligible applicants for the state-funded portion of the fund also include development authorities as defined in section 116J.552, subdivision 4, provided that the governing body of the municipality approves, by resolution, the application of the development authority. A local

government entity may receive more than one award in a fiscal year. The commissioner may also make funds available within the department for eligible expenditures under subdivision 3, clause (2).

(c) A home rule charter or statutory city, county, or town may loan or grant money received from repayment of funds awarded under this section to a regional development commission, other regional entity, or statewide community capital fund as determined by the commissioner, to capitalize or to provide the local match required for capitalization of a regional or statewide revolving loan fund.

Sec. 3. Minnesota Statutes 2016, section 116J.8731, is amended by adding a subdivision to read:

Subd. 10. **Transfer.** The commissioner may transfer up to \$2,000,000 of a fiscal year's appropriation between the Minnesota job creation fund program and Minnesota investment fund to meet business demand.

Sec. 4. Minnesota Statutes 2016, section 116J.8748, subdivision 1, is amended to read:

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

(b) "Agreement" or "business subsidy agreement" means a business subsidy agreement under section 116J.994 that must include, but is not limited to: specification of the duration of the agreement, job goals and a timeline for achieving those goals over the duration of the agreement, construction and other investment goals and a timeline for achieving those goals over the duration of the agreement, and the value of benefits the firm may receive following achievement of capital investment and employment goals. The local government and business must report to the commissioner on the business performance using the forms developed by the commissioner.

(c) "Business" means an individual, corporation, partnership, limited liability company, association, or other entity.

(d) "Capital investment" means money that is expended for the purpose of building or improving real fixed property where employees under paragraphs (g) and (h) are or will be employed and also includes construction materials, services, and supplies, and the purchase and installation of equipment and machinery as provided under subdivision 4, paragraph (b), clause (5).

(e) "Commissioner" means the commissioner of employment and economic development.

(f) "Minnesota job creation fund business" means a business that is designated by the commissioner under subdivision 3.

(g) "Minority person" means a person belonging to a racial or ethnic minority as defined in Code of Federal Regulations, title 49, section 23.5.

~~(g)~~ (h) "New full-time employee" means an employee who:

(1) begins work at a Minnesota job creation fund business facility noted in a business subsidy agreement and following the designation as a job creation fund business; and

(2) has expected work hours of at least 2,080 hours annually.

(i) "Persons with disabilities" means an individual with a disability, as defined under the Americans with Disabilities Act, United States Code, title 42, section 12102.

~~(h)~~ (j) "Retained job" means a full-time position:

(1) that existed at the facility prior to the designation as a job creation fund business; and

(2) has expected work hours of at least 2,080 hours annually.

(k) "Veteran" means a veteran as defined in section 197.447.

~~(i)~~ (l) "Wages" has the meaning given in section 290.92, subdivision 1, clause (1).

Sec. 5. Minnesota Statutes 2016, section 116J.8748, subdivision 3, is amended to read:

Subd. 3. **Minnesota job creation fund business designation; requirements.** (a) To receive designation as a Minnesota job creation fund business, a business must satisfy all of the following conditions:

(1) the business is or will be engaged in, within Minnesota, one of the following as its primary business activity:

(i) manufacturing;

(ii) warehousing;

(iii) distribution;

(iv) information technology;

(v) finance;

(vi) insurance; or

(vii) professional or technical services;

(2) the business must not be primarily engaged in lobbying; gambling; entertainment; professional sports; political consulting; leisure; hospitality; or professional services provided by attorneys, accountants, business consultants, physicians, or health care consultants, or primarily engaged in making retail sales to purchasers who are physically present at the business's location;

(3) the business must enter into a binding construction and job creation business subsidy agreement with the commissioner to expend directly, or ensure expenditure by or in partnership with a third party constructing or managing the project, at least \$500,000 in capital investment in a capital investment project that includes a new, expanded, or remodeled facility within one year following designation as a Minnesota job creation fund business or \$250,000 if the project is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability; and:

(i) create at least ten new full-time employee positions within two years of the benefit date following the designation as a Minnesota job creation fund business or five new full-time employee positions within two years of the benefit date if the project is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability; or

(ii) expend at least \$25,000,000, which may include the installation and purchase of machinery and equipment, in capital investment and retain at least 200 employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 75 employees for projects located outside the metropolitan area;

(4) positions or employees moved or relocated from another Minnesota location of the Minnesota job creation fund business must not be included in any calculation or determination of job creation or new positions under this paragraph; and

(5) a Minnesota job creation fund business must not terminate, lay off, or reduce the working hours of an employee for the purpose of hiring an individual to satisfy job creation goals under this subdivision.

(b) Prior to approving the proposed designation of a business under this subdivision, the commissioner shall consider the following:

(1) the economic outlook of the industry in which the business engages;

(2) the projected sales of the business that will be generated from outside the state of Minnesota;

(3) how the business will build on existing regional, national, and international strengths to diversify the state's economy;

(4) whether the business activity would occur without financial assistance;

(5) whether the business is unable to expand at an existing Minnesota operation due to facility or land limitations;

(6) whether the business has viable location options outside Minnesota;

(7) the effect of financial assistance on industry competitors in Minnesota;

(8) financial contributions to the project made by local governments; and

(9) any other criteria the commissioner deems necessary.

(c) Upon receiving notification of local approval under subdivision 2, the commissioner shall review the determination by the local government and consider the conditions listed in paragraphs (a) and (b) to determine whether it is in the best interests of the state and local area to designate a business as a Minnesota job creation fund business.

(d) If the commissioner designates a business as a Minnesota job creation fund business, the business subsidy agreement shall include the performance outcome commitments and the expected financial value of any Minnesota job creation fund benefits.

(e) The commissioner may amend an agreement once, upon request of a local government on behalf of a business, only if the performance is expected to exceed thresholds stated in the original agreement.

(f) A business may apply to be designated as a Minnesota job creation fund business at the same location more than once only if all goals under a previous Minnesota job creation fund agreement have been met and the agreement is completed.

Sec. 6. Minnesota Statutes 2016, section 116J.8748, subdivision 4, is amended to read:

Subd. 4. **Certification; benefits.** (a) The commissioner may certify a Minnesota job creation fund business as eligible to receive a specific value of benefit under paragraphs (b) and (c) when the business has achieved its job creation and capital investment goals noted in its agreement under subdivision 3.

(b) A qualified Minnesota job creation fund business may be certified eligible for the benefits in this paragraph for up to five years for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and seven years for projects located outside the metropolitan area, as determined by the commissioner when considering the best interests of the state and local area. Notwithstanding section 16B.98, subdivision 5, paragraph (a), clause (3), or 16B.98, subdivision 5, paragraph (b), grant agreements for projects located outside the metropolitan area may be for up to seven years in length. The eligibility for the following benefits begins the date the commissioner certifies the business as a qualified Minnesota job creation fund business under this subdivision:

(1) up to five percent rebate for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 7.5 percent for projects located outside the metropolitan area, on capital investment on qualifying purchases as provided in subdivision 5 with the total rebate for a project not to exceed \$500,000;

(2) an award of up to \$500,000 based on full-time job creation and wages paid as provided in subdivision 6 with the total award not to exceed \$500,000;

(3) up to \$1,000,000 in capital investment rebates and \$1,000,000 in job creation awards are allowable for projects that have at least \$25,000,000 in capital investment and 200 new employees in the metropolitan area as defined in section 200.02, subdivision 24, and 75 new employees for projects located outside the metropolitan area;

(4) up to \$1,000,000 in capital investment rebates are allowable for projects that have at least \$25,000,000 in capital investment and 200 retained employees for projects located in the metropolitan area as defined in section 200.02, subdivision 24, and 75 employees for projects located outside the metropolitan area; and

(5) for clauses (3) and (4) only, the capital investment expenditure requirements may include the installation and purchases of machinery and equipment. These expenditures are not eligible for the capital investment rebate provided under subdivision 5.

(c) The job creation award may be provided in multiple years as long as the qualified Minnesota job creation fund business continues to meet the job creation goals provided for in its agreement

under subdivision 3 and the total award does not exceed \$500,000 except as provided under paragraph (b), clauses (3) and (4).

(d) No rebates or award may be provided until the Minnesota job creation fund business or a third party constructing or managing the project has at least \$500,000 in capital investment in the project and at least ten full-time jobs have been created and maintained for at least one year or the retained employees, as provided in paragraph (b), clause (4), remain for at least one year. The agreement may require additional performance outcomes that need to be achieved before rebates and awards are provided. If fewer retained jobs are maintained, but still above the minimum under this subdivision, the capital investment award shall be reduced on a proportionate basis.

(e) The forms needed to be submitted to document performance by the Minnesota job creation fund business must be in the form and be made under the procedures specified by the commissioner. The forms shall include documentation and certification by the business that it is in compliance with the business subsidy agreement, sections 116J.871 and 116L.66, and other provisions as specified by the commissioner.

(f) Minnesota job creation fund businesses must pay each new full-time employee added pursuant to the agreement total compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 percent of the federal poverty level for a family of four.

(g) A Minnesota job creation fund business must demonstrate reasonable progress on ~~its~~ capital investment expenditures within six months following designation as a Minnesota job creation fund business to ensure that the capital investment goal in the agreement under subdivision 1 will be met. Businesses not making reasonable progress will not be eligible for benefits under the submitted application and will need to work with the local government unit to resubmit a new application and request to be a Minnesota job creation fund business. Notwithstanding the goals noted in its agreement under subdivision 1, this action shall not be considered a default of the business subsidy agreement.

Sec. 7. Minnesota Statutes 2016, section 116J.8748, subdivision 6, is amended to read:

Subd. 6. **Job creation award.** (a) A qualified Minnesota job creation fund business is eligible for an annual award for each new job created and maintained by the business using the following schedule: \$1,000 for each job position paying annual wages at least \$26,000 but less than \$35,000; \$2,000 for each job position paying at least \$35,000 but less than \$45,000; and \$3,000 for each job position paying at least \$45,000; and as noted in the goals under the agreement provided under subdivision 1. These awards are increased by \$1,000 if the business is located outside the metropolitan area as defined in section 200.02, subdivision 24, or if 51 percent of the business is cumulatively owned by minorities, veterans, women, or persons with a disability.

(b) The job creation award schedule must be adjusted annually using the percentage increase in the federal poverty level for a family of four.

(c) Minnesota job creation fund businesses seeking an award credit provided under subdivision 4 must submit forms and applications to the Department of Employment and Economic Development as prescribed by the commissioner.

Sec. 8. [116J.9922] CENTRAL MINNESOTA OPPORTUNITY GRANT PROGRAM.

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

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Community initiative" means a nonprofit organization which provides services to central Minnesota communities of color in one or more of the program areas listed in subdivision 4, paragraph (a).

(d) "Foundation" means the Central Minnesota Community Foundation.

Subd. 2. **Establishment.** The commissioner shall establish a central Minnesota opportunity grant program, administered by the foundation, to identify and support community initiatives in the St. Cloud area that enhance long-term economic self-sufficiency by improving education, housing, and economic outcomes for central Minnesota communities of color.

Subd. 3. **Grant to the Central Minnesota Community Foundation.** The commissioner shall award all grant funds to the foundation, which shall administer the central Minnesota opportunity grant program. The foundation may use up to five percent of grant funds for administrative costs.

Subd. 4. **Grants to community initiatives.** (a) The foundation must award funds through a competitive grant process to community initiatives that will provide services, either alone or in partnership with another nonprofit organization, in one or more of the following areas:

(1) economic development, including but not limited to programs to foster entrepreneurship or small business development;

(2) education, including but not limited to programs to encourage civic engagement or provide youth after-school or recreation programs; or

(3) housing, including but not limited to, programs to prevent and respond to homelessness or to provide access to loans or grants for housing stability and affordability.

(b) To receive grant funds, a community initiative must submit a written application to the foundation, using a form developed by the foundation. This grant application must include:

(1) a description of the activities that will be funded by the grant;

(2) an estimate of the cost of each grant activity;

(3) the total cost of the project;

(4) the sources and amounts of nonstate funds supplementing the grant;

(5) how the project aims to achieve stated outcomes in areas including improved job training; workforce development; small business support; early childhood, kindergarten through grade 12, and higher education achievement; and access to housing, including loans; and

(6) any additional information requested by the foundation.

(c) In awarding grants under this subdivision, the foundation shall give weight to applications from organizations that demonstrate:

(1) a history of successful provision of the services listed in paragraph (a); and

(2) a history of successful fund-raising from private sources for such services.

(d) In evaluating grant applications, the foundation shall not consider the composition of a community initiative's governing board.

(e) Grant funds may be used by a community initiative for the following purposes:

(1) operating costs, including but not limited to staff, office space, computers, software, and Web development and maintenance services;

(2) program costs;

(3) travel within Minnesota;

(4) consultants directly related to and necessary for delivering services listed in paragraph (a); and

(5) capacity building.

Subd. 5. **Reports to the legislature.** By January 15, 2019, and each January 15 thereafter through 2022, the commissioner must submit a report to the chairs and ranking minority members of the house of representatives and the senate committees with jurisdiction over economic development that details the use of grant funds. This report must include data on the number of individuals served and, to the extent practical, measures of progress toward achieving the outcomes stated in subdivision 4, paragraph (b), clause (5).

Sec. 9. Minnesota Statutes 2016, section 116L.17, subdivision 1, is amended to read:

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

(b) "Commissioner" means the commissioner of employment and economic development.

(c) "Dislocated worker" means an individual who is a resident of Minnesota at the time employment ceased or was working in the state at the time employment ceased and:

(1) has been permanently separated or has received a notice of permanent separation from public or private sector employment and is eligible for or has exhausted entitlement to unemployment benefits, and is unlikely to return to the previous industry or occupation;

(2) has been long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including older individuals who may have substantial barriers to employment by reason of age;

(3) has been terminated or has received a notice of termination of employment as a result of a plant closing or a substantial layoff at a plant, facility, or enterprise;

(4) has been self-employed, including farmers and ranchers, and is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters;

~~(5) MS 2011 Supp [Expired, 2011 e 84 art 3 s 1]~~

~~(6)~~ (5) is a veteran as defined by section 197.447, has been discharged or released from active duty under honorable conditions within the last 36 months, and (i) is unemployed or (ii) is employed in a job verified to be below the skill level and earning capacity of the veteran;

~~(7)~~ (6) is an individual determined by the United States Department of Labor to be covered by trade adjustment assistance under United States Code, title 19, sections 2271 to 2331, as amended; or

~~(8)~~ (7) is a displaced homemaker. A "displaced homemaker" is an individual who has spent a substantial number of years in the home providing homemaking service and (i) has been dependent upon the financial support of another; and now due to divorce, separation, death, or disability of that person, must find employment to self support; or (ii) derived the substantial share of support from public assistance on account of dependents in the home and no longer receives such support. To be eligible under this clause, the support must have ceased while the worker resided in Minnesota.

For the purposes of this section, "dislocated worker" does not include an individual who was an employee, at the time employment ceased, of a political committee, political fund, principal campaign committee, or party unit, as those terms are used in chapter 10A, or an organization required to file with the federal elections commission.

(d) "Eligible organization" means a state or local government unit, nonprofit organization, community action agency, business organization or association, or labor organization.

(e) "Plant closing" means the announced or actual permanent shutdown of a single site of employment, or one or more facilities or operating units within a single site of employment.

(f) "Substantial layoff" means a permanent reduction in the workforce, which is not a result of a plant closing, and which results in an employment loss at a single site of employment during any 30-day period for at least 50 employees excluding those employees that work less than 20 hours per week.

Sec. 10. Minnesota Statutes 2016, section 116L.665, is amended to read:

116L.665 WORKFORCE DEVELOPMENT COUNCIL BOARD.

Subdivision 1. **Creation.** The governor's Workforce Development Council is created under the authority of the Workforce Investment Act, United States Code, title 29, section 2801, et seq. Local workforce development councils are authorized under the Workforce Investment Act. The governor's Workforce Development Council serves as Minnesota's Workforce Investment Board for the purposes of the federal Workforce Investment Act. Board serves as Minnesota's state workforce development

board for the purposes of the federal Workforce Innovation and Opportunity Act, United States Code, title 29, section 3111, and must perform the duties under that act.

Subd. 2. **Membership.** (a) The governor's Workforce Development Council Board is composed of 34 members appointed by the governor. The members may be removed pursuant to section 15.059. In selecting the representatives of the council board, the governor shall ensure that 50 percent a majority of the members come from nominations provided by local workforce councils. Local education representatives shall come from nominations provided by local education to employment partnerships. The 31 members shall represent the following sectors: the private sector, pursuant to United States Code, title 29, section 3111. For the public members, membership terms, compensation of members, and removal of members are governed by section 15.059, subdivisions 2, 3, and 4. To the extent practicable, the membership should be balanced as to gender and ethnic diversity.

~~(a) State agencies: the following individuals shall serve on the council:~~

~~(1) commissioner of the Minnesota Department of Employment and Economic Development;~~

~~(2) commissioner of the Minnesota Department of Education; and~~

~~(3) commissioner of the Minnesota Department of Human Services.~~

~~(b) Business and industry: six individuals shall represent the business and industry sectors of Minnesota.~~

~~(c) Organized labor: six individuals shall represent labor organizations of Minnesota.~~

~~(d) Community based organizations: four individuals shall represent community based organizations of Minnesota. Community based organizations are defined by the Workforce Investment Act as private nonprofit organizations that are representative of communities or significant segments of communities and that have demonstrated expertise and effectiveness in the field of workforce investment and may include entities that provide job training services, serve youth, serve individuals with disabilities, serve displaced homemakers, union related organizations, employer related nonprofit organizations, and organizations serving nonreservation Indians and tribal governments.~~

~~(e) Education: six individuals shall represent the education sector of Minnesota as follows:~~

~~(1) one individual shall represent local public secondary education;~~

~~(2) one individual shall have expertise in design and implementation of school-based service-learning;~~

~~(3) one individual shall represent leadership of the University of Minnesota;~~

~~(4) one individual shall represent secondary/postsecondary vocational institutions;~~

~~(5) the chancellor of the Board of Trustees of the Minnesota State Colleges and Universities; and~~

~~(6) one individual shall have expertise in agricultural education.~~

~~(f) Other: two individuals shall represent other constituencies including:~~

~~(1) units of local government; and~~

~~(2) applicable state or local programs.~~

~~The speaker and the minority leader of the house of representatives shall each appoint a representative to serve as an ex officio member of the council. The majority and minority leaders of the senate shall each appoint a senator to serve as an ex officio member of the council.~~

~~The governor shall appoint one individual representing public libraries, one individual with expertise in assisting women in obtaining employment in high-wage, high-demand, nontraditional occupations, and one individual representing adult basic education programs to serve as nonvoting advisors to the council.~~

(b) No person shall serve as a member of more than one category described in paragraph (c).

(c) Voting members shall consist of the following:

(1) the governor or the governor's designee;

(2) two members of the house of representatives, one appointed by the speaker of the house and one appointed by the minority leader of the house of representatives;

(3) two members of the senate, one appointed by the senate majority leader and one appointed by the senate minority leader;

(4) a majority of the members must be representatives of businesses in the state appointed by the governor who:

(i) are owners of businesses, chief executives, or operating officers of businesses, or other business executives or employers with optimum policy-making or hiring authority and who, in addition, may be members of a local board under United States Code, title 29, section 3122(b)(2)(A)(i);

(ii) represent businesses, including small businesses, or organizations representing businesses that provide employment opportunities that, at a minimum, include high-quality, work-relevant training and development in in-demand industry sectors or occupations in the state; and

(iii) are appointed from individuals nominated by state business organizations and business trade associations;

(5) six representatives of labor organizations appointed by the governor, including:

(i) representatives of labor organizations who have been nominated by state labor federations; and

(ii) a member of a labor organization or a training director from a joint labor organization;

(6) commissioners of the state agencies with primary responsibility for core programs identified within the state plan including:

(i) the Department of Employment and Economic Development;

(ii) the Department of Education; and

(iii) the Department of Human Services;

(7) two chief elected officials, appointed by the governor, collectively representing cities and counties;

(8) two representatives who are people of color or people with disabilities, appointed by the governor, of community-based organizations that have demonstrated experience and expertise in addressing the employment, training, or education needs of individuals with barriers to employment; and

(9) four officials responsible for education programs in the state, appointed by the governor, including chief executive officers of community colleges and other institutions of higher education, including:

(i) the chancellor of the Minnesota State Colleges and Universities;

(ii) the president of the University of Minnesota;

(iii) a president from a private postsecondary school; and

(iv) a representative of career and technical education.

(d) The nonvoting members of the board shall be appointed by the governor and consist of one of each of the following:

(1) a representative of Adult Basic Education;

(2) a representative of public libraries;

(3) a person with expertise in women's economic security;

(4) the chair or executive director of the Minnesota Workforce Council Association;

(5) the commissioner of labor and industry;

(6) the commissioner of the Office of Higher Education;

(7) the commissioner of corrections;

(8) the commissioner of management and budget;

(9) two representatives of community-based organizations who are people of color or people with disabilities who have demonstrated experience and expertise in addressing the employment, training, and education needs of individuals with barriers to employment;

(10) a representative of secondary, postsecondary, or career-technical education;

(11) a representative of school-based service learning;

(12) a representative of the Council on Asian-Pacific Minnesotans;

(13) a representative of the Minnesota Council on Latino Affairs;

(14) a representative of the Council for Minnesotans of African Heritage;

(15) a representative of the Minnesota Indian Affairs Council;

(16) a representative of the Minnesota State Council on Disability; and

(17) a representative of the Office on the Economic Status of Women.

~~(g) Appointment:~~ (e) Each member shall be appointed for a term of three years from the first day of January or July immediately following their appointment. Elected officials shall forfeit their appointment if they cease to serve in elected office.

~~(h) Members of the council are compensated as provided in section 15.059, subdivision 3.~~

Subd. 2a. **Council Board meetings; chair.** ~~(a) If compliance with section 13D.02 is impractical, the Governor's Workforce Development Council may conduct a meeting of its members by telephone or other electronic means so long as the following conditions are met:~~

~~(1) all members of the council participating in the meeting, wherever their physical location, can hear one another and can hear all discussion and testimony;~~

~~(2) members of the public present at the regular meeting location of the council can hear clearly all discussion and testimony and all votes of members of the council and, if needed, receive those services required by sections 15.44 and 15.441;~~

~~(3) at least one member of the council is physically present at the regular meeting location; and~~

~~(4) all votes are conducted by roll call, so each member's vote on each issue can be identified and recorded.~~

~~(b) Each member of the council participating in a meeting by telephone or other electronic means is considered present at the meeting for purposes of determining a quorum and participating in all proceedings.~~

~~(c) If telephone or other electronic means is used to conduct a meeting, the council, to the extent practical, shall allow a person to monitor the meeting electronically from a remote location. The council may require the person making such a connection to pay for documented marginal costs that the council incurs as a result of the additional connection.~~

~~(d) If telephone or other electronic means is used to conduct a regular, special, or emergency meeting, the council shall provide notice of the regular meeting location, of the fact that some~~

members may participate by telephone or other electronic means, and of the provisions of paragraph (e). The timing and method of providing notice is governed by section 13D.04.

(a) The board shall hold regular in-person meetings at least quarterly and as often as necessary to perform the duties outlined in the statement of authority and the board's bylaws. Meetings shall be called by the chair. Special meetings may be called as needed. Notices of all meetings shall be made at least 48 hours before the meeting date.

(b) The governor shall designate a chair from among the appointed business representative voting members. The chair shall approve an agenda for each meeting. Members shall submit a written request for consideration of an agenda item no less than 24 hours in advance of the meeting. Members of the public may submit a written request within 48 hours of a meeting to be considered for inclusion in the agenda. Members of the public attending a meeting of the board may address the board only with the approval or at the request of the chair.

(c) All meeting notices must be posted on the board's Web site. All meetings of the board and committees must be open to the public. The board must make available to the public, on a regular basis through electronic means and open meetings, information regarding the activities of the board, information regarding membership, and, on request, minutes of formal meetings of the board.

(d) For the purpose of conducting business before the board at a duly called meeting, a simple majority of the voting members, excluding any vacancies, constitutes a quorum.

~~Subd. 3. **Purpose; duties.** The governor's Workforce Development Council shall replace the governor's Job Training Council and assume all of its requirements, duties, and responsibilities under the Workforce Investment Act. Additionally, the Workforce Development Council shall assume the following duties and responsibilities:~~

~~(a) Review the provision of services and the use of funds and resources under applicable federal human resource programs and advise the governor on methods of coordinating the provision of services and the use of funds and resources consistent with the laws and regulations governing the programs. For purposes of this section, applicable federal and state human resource programs mean the:~~

~~(1) Workforce Investment Act, United States Code, title 29, section 2911, et seq.;~~

~~(2) Carl D. Perkins Vocational and Applied Technology Education Act, United States Code, title 20, section 2301, et seq.;~~

~~(3) Adult Education Act, United States Code, title 20, section 1201, et seq.;~~

~~(4) Wagner-Peyser Act, United States Code, title 29, section 49;~~

~~(5) Personal Responsibility and Work Opportunities Act of 1996 (TANF);~~

~~(6) Food Stamp Act of 1977, United States Code, title 7, section 6(d)(4), Food Stamp Employment and Training Program, United States Code, title 7, section 2015(d)(4); and~~

~~(7) programs defined in section 116L.19, subdivision 5.~~

~~Additional federal and state programs and resources can be included within the scope of the council's duties if recommended by the governor after consultation with the council.~~

~~(b) Review federal, state, and local education, postsecondary, job skills training, and youth employment programs, and make recommendations to the governor and the legislature for establishing an integrated seamless system for providing education and work skills development services to learners and workers of all ages.~~

~~(c) Advise the governor on the development and implementation of statewide and local performance standards and measures relating to applicable federal human resource programs and the coordination of performance standards and measures among programs.~~

~~(d) Promote education and employment transitions programs and knowledge and skills of entrepreneurship among employers, workers, youth, and educators, and encourage employers to provide meaningful work-based learning opportunities.~~

~~(e) Evaluate and identify exemplary education and employment transitions programs and provide technical assistance to local partnerships to replicate the programs throughout the state.~~

~~(f) Advise the governor on methods to evaluate applicable federal human resource programs.~~

~~(g) Sponsor appropriate studies to identify human investment needs in Minnesota and recommend to the governor goals and methods for meeting those needs.~~

~~(h) Recommend to the governor goals and methods for the development and coordination of a human resource system in Minnesota.~~

~~(i) Examine federal and state laws, rules, and regulations to assess whether they present barriers to achieving the development of a coordinated human resource system.~~

~~(j) Recommend to the governor and to the federal government changes in state or federal laws, rules, or regulations concerning employment and training programs that present barriers to achieving the development of a coordinated human resource system.~~

~~(k) Recommend to the governor and to the federal government waivers of laws and regulations to promote coordinated service delivery.~~

~~(l) Sponsor appropriate studies and prepare and recommend to the governor a strategic plan which details methods for meeting Minnesota's human investment needs and for developing and coordinating a state human resource system.~~

~~(m) Provide the commissioner of employment and economic development and the committees of the legislature with responsibility for economic development with recommendations provided to the governor under this subdivision.~~

~~(n) In consultation with local workforce councils and the Department of Employment and Economic Development, develop an ongoing process to identify and address local gaps in workforce services.~~

Subd. 4. **Executive committee duties.** The executive committee must, with advice and input of local workforce ~~councils~~ boards and other stakeholders as appropriate, develop performance standards for the state workforce centers. By January 15, ~~2002~~ 2019, and each odd-numbered year thereafter, the executive committee shall submit a report to the senate and house of representatives committees with jurisdiction over workforce development programs regarding the performance and outcomes of the workforce centers. The report must provide recommendations regarding workforce center funding levels and sources, program changes, and administrative changes.

Subd. 5. **Subcommittees.** The chair of the Workforce Development ~~Council~~ Board may establish subcommittees in order to carry out the duties and responsibilities of the ~~council~~ board.

Subd. 6. **Staffing.** ~~The Department of commissioner of employment and economic development must provide staff, including but not limited to professional, technical, and clerical staff to the board necessary to perform the duties assigned to the Minnesota Workforce Development Council. All staff report to the commissioner carry out the duties of the board. The council may ask for assistance from other units of~~ At the request of the board, state government as departments and agencies must provide the board with the assistance it requires in order to fulfill its duties and responsibilities.

Subd. 7. **Expiration.** The ~~council~~ board expires if there is no federal funding for the human resource programs within the scope of the ~~council's~~ board's duties.

Subd. 8. **Funding.** ~~The commissioner shall develop recommendations on a funding formula for allocating Workforce Investment Act funds to the council with a minimum allocation of employment and economic development must provide at least \$350,000 per each fiscal year. The commissioner shall report the funding formula recommendations to the legislature by January 15, 2011 from existing agency resources to the board for staffing and administrative expenses.~~

Sec. 11. Minnesota Statutes 2016, section 116M.14, subdivision 4, is amended to read:

Subd. 4. **Low-income area.** "Low-income area" means:

(1) Minneapolis, St. Paul;

(2) those cities in the metropolitan area as defined in section 473.121, subdivision 2, that have ~~an average income~~ a median income for a family of four that is below 80 percent of the median income for a four-person family as of the latest report by the United States Census Bureau; and

(3) the area outside the metropolitan area.

Sec. 12. Minnesota Statutes 2016, section 116M.17, subdivision 4, is amended to read:

Subd. 4. **Reports.** The ~~board~~ department shall submit an annual report to the legislature of an accounting of loans made under section 116M.18, including information on loans made, the number of jobs created by the program, the impact on low-income areas, and recommendations concerning minority business development and jobs for persons in low-income areas.

Sec. 13. Minnesota Statutes 2016, section 116M.18, subdivision 1a, is amended to read:

Subd. 1a. **Statewide loans.** To the extent there is sufficient eligible demand, loans shall be made so that an approximately equal dollar amount of loans are made to businesses in the metropolitan

area as in the nonmetropolitan area. After ~~September 30~~ March 31 of each ~~calendar~~ fiscal year, the department may allow loans to be made anywhere in the state without regard to geographic area.

Sec. 14. Minnesota Statutes 2016, section 116M.18, subdivision 4, is amended to read:

Subd. 4. **Business loan criteria.** (a) The criteria in this subdivision apply to loans made by nonprofit corporations under the program.

(b) Loans must be made to businesses that are not likely to undertake a project for which loans are sought without assistance from the program.

(c) A loan must be used to support a business owned by a minority or a low-income person, woman, veteran, or a person with disabilities. Priority must be given for loans to the lowest income areas.

(d) The minimum state contribution to a loan is \$5,000 and the maximum is \$150,000.

(e) The state contribution must be matched by at least an equal amount of new private investment.

(f) A loan may not be used for a retail development project.

(g) The business must agree to work with job referral networks that focus on minority and low-income applicants.

(h) Up to ten percent of a loan's principal amount may be forgiven if the department approves and the borrower has met lender criteria including being current with all payments.

Sec. 15. Minnesota Statutes 2016, section 116M.18, subdivision 4a, is amended to read:

Subd. 4a. **Microenterprise loan.** (a) Program grants may be used to make microenterprise loans to small, beginning businesses, including a sole proprietorship. Microenterprise loans are subject to this section except that:

(1) they may also be made to qualified retail businesses;

(2) they may be made for a minimum of \$5,000 and a maximum of \$35,000;

(3) in a low-income area, they may be made for a minimum of \$5,000 and a maximum of \$50,000; and

(4) they do not require a match.

(b) Up to ten percent of a loan's principal amount may be forgiven if the department approves and the borrower has met lender criteria including being current with all payments.

Sec. 16. Minnesota Statutes 2016, section 116M.18, subdivision 8, is amended to read:

Subd. 8. **Reporting requirements.** A nonprofit corporation that receives a program grant shall:

(1) submit an annual report to the ~~board and~~ department by ~~March 30~~ February 15 of each year that includes a description of businesses supported by the grant program, an account of loans made

during the calendar year, the program's impact on minority business enterprises and job creation for minority persons and low-income persons, the source and amount of money collected and distributed by the program, the program's assets and liabilities, and an explanation of administrative expenses; and

(2) provide for an independent annual audit to be performed in accordance with generally accepted accounting practices and auditing standards and submit a copy of each annual audit report to the department.

Sec. 17. Laws 2014, chapter 312, article 2, section 14, as amended by Laws 2016, chapter 189, article 7, section 8, is amended to read:

Sec. 14. ASSIGNED RISK TRANSFER.

(a) By June 30, 2015, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$10,500,000, to the general fund. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1). This is a onetime transfer.

(b) By June 30, 2015, and each year thereafter, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$4,820,000 each year, to the Minnesota minerals 21st century fund under Minnesota Statutes, section 116J.423. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1), but after the ~~transfer~~ transfers authorized in ~~paragraph~~ paragraphs (a) and (f). The total amount authorized for all transfers under this paragraph must not exceed \$24,100,000. This paragraph expires the day following the transfer in which the total amount transferred under this paragraph to the Minnesota minerals 21st century fund equals \$24,100,000.

(c) By June 30, 2015, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$4,820,000, to the general fund. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1), but after any transfers authorized in paragraphs (a) and (b). If a transfer occurs under this paragraph, the amount transferred is appropriated from the general fund in fiscal year 2015 to the commissioner of labor and industry for the purposes of section 15. Both the transfer and appropriation under this paragraph are onetime.

(d) By June 30, 2016, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$4,820,000, to the general fund. This transfer occurs prior to any transfer under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1), but after the transfers authorized in paragraphs (a) and (b). If a transfer occurs under this paragraph, the amount transferred is appropriated from the general fund in fiscal year 2016 to the commissioner of labor and industry for the purposes of section 15. Both the transfer and appropriation under this paragraph are onetime.

(e) Notwithstanding Minnesota Statutes, section 16A.28, the commissioner of management and budget shall transfer to the general fund, any unencumbered or unexpended balance of the appropriations under paragraphs (c) and (d) remaining on June 30, 2016, or the date the commissioner of commerce determines that an excess surplus in the assigned risk plan does not exist, whichever occurs earlier.

(f) By June 30, 2017, and each year thereafter, if the commissioner of commerce determines on the basis of an audit that there is an excess surplus in the assigned risk plan created under Minnesota Statutes, section 79.252, the commissioner of management and budget shall transfer the amount of the excess surplus, not to exceed \$2,000,000 each year, to the rural policy and development center fund under Minnesota Statutes, section 116J.4221. This transfer occurs prior to any transfer under paragraph (b) or under Minnesota Statutes, section 79.251, subdivision 1, paragraph (a), clause (1). The total amount authorized for all transfers under this paragraph must not exceed \$2,000,000. This paragraph expires the day following the transfer in which the total amount transferred under this paragraph to the rural policy and development center fund equals \$2,000,000.

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

Sec. 18. Laws 2015, First Special Session chapter 1, article 1, section 2, subdivision 6, is amended to read:

Subd. 6. Vocational Rehabilitation

	Appropriations by Fund	
General	22,611,000	21,611,000
Workforce Development	7,830,000	7,830,000

(a) \$10,800,000 each year is from the general fund for the state's vocational rehabilitation program under Minnesota Statutes, chapter 268A.

(b) \$2,261,000 each year is from the general fund for grants to centers for independent living under Minnesota Statutes, section 268A.11.

(c) \$5,745,000 each year from the general fund and \$6,830,000 each year from the workforce development fund are for extended employment services for persons with severe disabilities under Minnesota Statutes, section 268A.15.

(d) \$250,000 in fiscal year 2016 and \$250,000 in fiscal year 2017 are for rate increases to providers of extended employment services for persons with severe

disabilities under Minnesota Statutes, section 268A.15. This appropriation is added to the agency's base.

(e) \$2,555,000 each year is from the general fund for grants to programs that provide employment support services to persons with mental illness under Minnesota Statutes, sections 268A.13 and 268A.14.

(f) \$1,000,000 each year is from the workforce development fund for grants under Minnesota Statutes, section 268A.16, for employment services for persons, including transition-aged youth, who are deaf, deafblind, or hard-of-hearing. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

(g) \$1,000,000 in fiscal year 2016 is for a grant to Assistive Technology of Minnesota, a statewide nonprofit organization that is exclusively dedicated to the issues of access to and the acquisition of assistive technology. ~~The purpose of the grant is to acquire assistive technology and to work in tandem with individuals using this technology to create career paths~~ Assistive Technology of Minnesota must use the funds to provide low-interest loans to individuals of all ages and types of disabilities to purchase assistive technology and employment-related equipment. This is a onetime appropriation and is available until June 30, 2019.

(h) For purposes of this subdivision, Minnesota Diversified Industries, Inc. is an eligible provider of services for persons with severe disabilities under Minnesota Statutes, section 268A.15.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2015.

Sec. 19. Laws 2016, chapter 189, article 7, section 46, subdivision 3, is amended to read:

Subd. 3. **Qualification requirements.** To qualify for assistance under this section, a business must:

(1) be located within one of the following municipalities surrounding Lake Mille Lacs:

(i) in Crow Wing County, the city of Garrison, township of Garrison, or township of Roosevelt;

(ii) in Aitkin County, the township of Hazelton, township of Wealthwood, township of Malmö, or township of Lakeside; or

(iii) in Mille Lacs County, the city of Isle, city of Wahkon, city of Onamia, township of East Side, township of Isle Harbor, township of South Harbor, or township of Kathio;

(2) document a reduction of at least ~~ten~~ five percent in gross receipts in any two-year period since 2010; and

(3) be a business in one of the following industries, as defined within the North American Industry Classification System: accommodation, restaurants, bars, amusement and recreation, food and beverages retail, sporting goods, miscellaneous retail, general retail, museums, historical sites, health and personal care, gas station, general merchandise, business and professional membership, movies, or nonstore retailer, as determined by Mille Lacs County in consultation with the commissioner of employment and economic development.

Sec. 20. Laws 2016, chapter 189, article 7, section 46, the effective date, is amended to read:

EFFECTIVE DATE. This section, except for subdivision 4, is effective July 1, 2016, and expires June 30, ~~2017~~ 2018. Subdivision 4 is effective July 1, 2016, and expires on the date the last loan is repaid or forgiven as provided under this section.

Sec. 21. EMERGING ENTREPRENEUR PROGRAM APPROPRIATIONS CANCELLATIONS.

All unspent funds, estimated to be \$376,000, appropriated in Laws 2016, chapter 189, article 7, section 2, subdivision 2, paragraph (h), clause (7), and Laws 2016, chapter 189, article 12, section 2, subdivision 2, paragraph (p), are canceled to the general fund.

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

Sec. 22. GREATER MINNESOTA COMMUNITY DESIGN PILOT PROJECT.

Subdivision 1. **Creation.** The Minnesota Design Center at the University of Minnesota shall partner with relevant organizations in selected communities within greater Minnesota to establish a pilot project for community design. The pilot project shall identify current and future opportunities for rural development, create designs, seek funding from existing sources, and assist with the implementation of economically, environmentally, and culturally sensitive projects that respond to current community conditions, needs, capabilities, and aspirations in support of the selected communities. For the purposes of this section, "greater Minnesota" is limited to the following counties: Blue Earth, Brown, Dodge, Faribault, Fillmore, Freeborn, Goodhue, Houston, Le Sueur, Martin, Mower, Olmsted, Rice, Sibley, Steele, Wabasha, Waseca, Watonwan, and Winona.

Subd. 2. **Community selection.** In order to be considered for inclusion in the pilot project, communities with fewer than 12,000 residents within the counties listed in subdivision 1 must submit a letter of interest to the Minnesota Design Center. The Minnesota Design Center may choose up to ten communities for participation in the pilot project.

Subd. 3. **Pilot project activities.** Among other activities, the Minnesota Design Center, in partnership with relevant organizations within the selected communities, shall:

(1) assess community capacity to engage in design, development, and implementation;

(2) create community and project designs that respond to a community's culture and needs, reinforce its identity as a special place, and support its future aspirations;

(3) create an implementation strategy; and

(4) build capacity to implement design work by identifying potential funding strategies and sources and assisting in grant writing to secure funding.

Sec. 23. DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT; MANDATED REPORT HOLIDAY.

(a) Notwithstanding any law to the contrary, any report required by state law from the Department of Employment and Economic Development that is due in fiscal year 2018 or 2019 is optional. The commissioner of employment and economic development may produce any reports at the commissioner's discretion or as may be required by federal law.

(b) This section does not apply to workforce programs outcomes reporting under Minnesota Statutes, section 116L.98, or the agency activity and expenditure report under article 12, section 3.

Sec. 24. ONETIME EXCEPTION TO RESTRICTIONS ON USE OF MINNESOTA INVESTMENT FUND LOCAL GOVERNMENT LOAN REPAYMENT FUNDS.

(a) Notwithstanding Minnesota Statutes, section 116J.8731, a home rule charter or statutory city, county, or town that has uncommitted money received from repayment of funds awarded under Minnesota Statutes, section 116J.8731, may choose to transfer 20 percent of the balance of that money to the state general fund before June 30, 2018. Any local entity that does so may then use the remaining 80 percent of the uncommitted money as a general purpose aid for any lawful expenditure.

(b) By February 15, 2019, a home rule charter or statutory city, county, or town that exercises the option under paragraph (a) shall submit to the chairs of the legislative committees with jurisdiction over economic development policy and finance an accounting and explanation of the use and distribution of the funds.

Sec. 25. GETTING TO WORK GRANT PROGRAM.

Subdivision 1. **Creation.** The commissioner of employment and economic development shall make grants to nonprofit organizations to establish and operate programs under this section that provide, repair, or maintain motor vehicles to assist eligible individuals to obtain or maintain employment.

Subd. 2. **Qualified grantee.** A grantee must:

(1) qualify under section 501(c)(3) of the Internal Revenue Code; and

(2) at the time of application offer, or have the demonstrated capacity to offer, a motor vehicle program that provides the services required under subdivision 3.

Subd. 3. **Program requirements.** (a) A program must offer one or more of the following services:

- (1) provision of new or used motor vehicles by gift, sale, or lease;
- (2) motor vehicle repair and maintenance services; or
- (3) motor vehicle loans.

(b) In addition to the requirements of paragraph (a), a program must offer one or more of the following services:

- (1) financial literacy education;
- (2) education on budgeting for vehicle ownership;
- (3) car maintenance and repair instruction;
- (4) credit counseling; or
- (5) job training related to motor vehicle maintenance and repair.

Subd. 4. **Application.** Applications for a grant must be on a form provided by the commissioner and on a schedule set by the commissioner. Applications must, in addition to any other information required by the commissioner, include the following:

- (1) a detailed description of all services to be offered;
- (2) the area to be served;
- (3) the estimated number of program participants to be served by the grant; and
- (4) a plan for leveraging resources from partners that may include, but are not limited to:
 - (i) automobile dealers;
 - (ii) automobile parts dealers;
 - (iii) independent local mechanics and automobile repair facilities;
 - (iv) banks and credit unions;
 - (v) employers;
 - (vi) employment and training agencies;
 - (vii) insurance companies and agents;
 - (viii) local workforce centers; and

(ix) educational institutions including vocational institutions and jobs or skills training programs.

Subd. 5. **Participant eligibility.** (a) To be eligible to receive program services, a person must:

(1) have a household income at or below 200 percent of the federal poverty level;

(2) be at least 22 years of age;

(3) have a valid driver's license;

(4) provide the grantee with proof of motor vehicle insurance; and

(5) demonstrate to the grantee that a motor vehicle is required by the person to obtain or maintain employment.

(b) This subdivision does not preclude a grantee from imposing additional requirements, not inconsistent with paragraph (a), for the receipt of program services.

Subd. 6. **Report to legislature.** By February 15, 2019, the commissioner shall submit a report to the chairs of the house of representatives and senate committees with jurisdiction over workforce and economic development on program outcomes. At a minimum, the report must include:

(1) the total number of program participants;

(2) the number of program participants who received each of the following:

(i) provision of a motor vehicle;

(ii) motor vehicle repair services; and

(iii) motor vehicle loans;

(3) the number of program participants who report that they or their children were able to increase their participation in community activities such as after school programs, other youth programs, church or civic groups, or library services as a result of participation in the program; and

(4) an analysis of the impact of the getting to work grant program on the employment rate and wages of program participants.

Sec. 26. **ECONOMIC IMPACT STUDY OF BIOMASS FACILITY CLOSURE.**

The commissioner of employment and economic development shall conduct a study to examine the economic impact of the closure of a biomass facility located in the city of Benson that uses poultry litter to generate electricity. In conducting the study, the commissioner must analyze the impact of the closure of the biomass facility on employment and income in the local economy, including impacts on ancillary providers of goods and services to the biomass facility. The commissioner must report study findings to the legislature by February 15, 2018.

Sec. 27. **USE OF UNALLOCATED FUNDS.**

(a) Notwithstanding Minnesota Statutes, sections 116L.05, subdivision 5, and 116L.20, subdivision 2, in fiscal years 2018 and 2019 only, the unallocated workforce development funds appropriated to the Job Skills Partnership Board under Minnesota Statutes, section 116L.20, subdivision 2, paragraph (b), may be used for other job creation and economic enhancement opportunities in Minnesota at the discretion of the commissioner.

(b) Notwithstanding Minnesota Statutes, section 116J.8731, in fiscal years 2018 and 2019 only, funds appropriated to the commissioner for the Minnesota investment fund may be used for other job creation and economic enhancement opportunities in Minnesota at the discretion of the commissioner. Grants under this paragraph are not subject to the grant amount limitation under Minnesota Statutes, section 116J.8731.

(c) Notwithstanding Minnesota Statutes, section 116J.748, in fiscal years 2018 and 2019 only, funds appropriated to the commissioner for the job creation fund may be used for other job creation and economic enhancement opportunities in Minnesota at the discretion of the commissioner.

Sec. 28. **REPEALER.**

Minnesota Statutes 2016, section 116J.549, and Minnesota Rules, parts 4355.0100; 4355.0200; 4355.0300; 4355.0400; and 4355.0500, are repealed.

ARTICLE 7

IRON RANGE RESOURCES AND REHABILITATION POLICY

Section 1. Minnesota Statutes 2016, section 3.732, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** As used in this section and section 3.736 the terms defined in this section have the meanings given them.

(1) "State" includes each of the departments, boards, agencies, commissions, courts, and officers in the executive, legislative, and judicial branches of the state of Minnesota and includes but is not limited to the Housing Finance Agency, the Minnesota Office of Higher Education, the Higher Education Facilities Authority, the Health Technology Advisory Committee, the Armory Building Commission, the Zoological Board, the Department of Iron Range Resources and Rehabilitation Board, the Minnesota Historical Society, the State Agricultural Society, the University of Minnesota, the Minnesota State Colleges and Universities, state hospitals, and state penal institutions. It does not include a city, town, county, school district, or other local governmental body corporate and politic.

(2) "Employee of the state" means all present or former officers, members, directors, or employees of the state, members of the Minnesota National Guard, members of a bomb disposal unit approved by the commissioner of public safety and employed by a municipality defined in section 466.01 when engaged in the disposal or neutralization of bombs or other similar hazardous explosives, as defined in section 299C.063, outside the jurisdiction of the municipality but within the state, or persons acting on behalf of the state in an official capacity, temporarily or permanently, with or without compensation. It does not include either an independent contractor except, for purposes of this section and section 3.736 only, a guardian ad litem acting under court appointment, or members of the Minnesota National Guard while engaged in training or duty under United States Code, title

10, or title 32, section 316, 502, 503, 504, or 505, as amended through December 31, 1983. Notwithstanding sections 43A.02 and 611.263, for purposes of this section and section 3.736 only, "employee of the state" includes a district public defender or assistant district public defender in the Second or Fourth Judicial District, a member of the Health Technology Advisory Committee, and any officer, agent, or employee of the state of Wisconsin performing work for the state of Minnesota pursuant to a joint state initiative.

(3) "Scope of office or employment" means that the employee was acting on behalf of the state in the performance of duties or tasks lawfully assigned by competent authority.

(4) "Judicial branch" has the meaning given in section 43A.02, subdivision 25.

Sec. 2. Minnesota Statutes 2016, section 3.736, subdivision 3, is amended to read:

Subd. 3. **Exclusions.** Without intent to preclude the courts from finding additional cases where the state and its employees should not, in equity and good conscience, pay compensation for personal injuries or property losses, the legislature declares that the state and its employees are not liable for the following losses:

(a) a loss caused by an act or omission of a state employee exercising due care in the execution of a valid or invalid statute or rule;

(b) a loss caused by the performance or failure to perform a discretionary duty, whether or not the discretion is abused;

(c) a loss in connection with the assessment and collection of taxes;

(d) a loss caused by snow or ice conditions on a highway or public sidewalk that does not abut a publicly owned building or a publicly owned parking lot, except when the condition is affirmatively caused by the negligent acts of a state employee;

(e) a loss caused by wild animals in their natural state, except as provided in section 3.7371;

(f) a loss other than injury to or loss of property or personal injury or death;

(g) a loss caused by the condition of unimproved real property owned by the state, which means land that the state has not improved, state land that contains idled or abandoned mine pits or shafts, and appurtenances, fixtures, and attachments to land that the state has neither affixed nor improved;

(h) a loss involving or arising out of the use or operation of a recreational motor vehicle, as defined in section 84.90, subdivision 1, within the right-of-way of a trunk highway, as defined in section 160.02, except that the state is liable for conduct that would entitle a trespasser to damages against a private person;

(i) a loss incurred by a user arising from the construction, operation, or maintenance of the outdoor recreation system, as defined in section 86A.04, or for a loss arising from the construction, operation, maintenance, or administration of grants-in-aid trails as defined in section 85.018, or for a loss arising from the construction, operation, or maintenance of a water access site created by the Department of Iron Range Resources and Rehabilitation Board, except that the state is liable for conduct that would entitle a trespasser to damages against a private person. For the purposes of this

clause, a water access site, as defined in section 86A.04 or created by the commissioner of Iron Range resources and rehabilitation Board, that provides access to an idled, water filled mine pit, also includes the entire water filled area of the pit and, further, includes losses caused by the caving or slumping of the mine pit walls;

(j) a loss of benefits or compensation due under a program of public assistance or public welfare, except if state compensation for loss is expressly required by federal law in order for the state to receive federal grants-in-aid;

(k) a loss based on the failure of a person to meet the standards needed for a license, permit, or other authorization issued by the state or its agents;

(l) a loss based on the usual care and treatment, or lack of care and treatment, of a person at a state hospital or state corrections facility where reasonable use of available appropriations has been made to provide care;

(m) loss, damage, or destruction of property of a patient or inmate of a state institution except as provided under section 3.7381;

(n) a loss for which recovery is prohibited by section 169A.48, subdivision 2;

(o) a loss caused by an aeration, bubbler, water circulation, or similar system used to increase dissolved oxygen or maintain open water on the ice of public waters, that is operated under a permit issued by the commissioner of natural resources;

(p) a loss incurred by a visitor to the Minnesota Zoological Garden, except that the state is liable for conduct that would entitle a trespasser to damages against a private person;

(q) a loss arising out of a person's use of a logging road on public land that is maintained exclusively to provide access to timber on that land by harvesters of the timber, and is not signed or otherwise held out to the public as a public highway; and

(r) a loss incurred by a user of property owned, leased, or otherwise controlled by the Minnesota National Guard or the Department of Military Affairs, except that the state is liable for conduct that would entitle a trespasser to damages against a private person.

The state will not pay punitive damages.

Sec. 3. Minnesota Statutes 2016, section 15.01, is amended to read:

15.01 DEPARTMENTS OF THE STATE.

The following agencies are designated as the departments of the state government: the Department of Administration; the Department of Agriculture; the Department of Commerce; the Department of Corrections; the Department of Education; the Department of Employment and Economic Development; the Department of Health; the Department of Human Rights; the Department of Iron Range Resources and Rehabilitation; the Department of Labor and Industry; the Department of Management and Budget; the Department of Military Affairs; the Department of Natural Resources; the Department of Public Safety; the Department of Human Services; the Department of Revenue;

the Department of Transportation; the Department of Veterans Affairs; and their successor departments.

Sec. 4. Minnesota Statutes 2016, section 15.38, subdivision 7, is amended to read:

Subd. 7. **Department of Iron Range Resources and Rehabilitation Board.** After seeking a recommendation from the Iron Range Resources and Rehabilitation Board, the commissioner of Iron Range resources and rehabilitation Board may purchase insurance it considers the commissioner deems necessary and appropriate to insure facilities operated by the board commissioner.

Sec. 5. Minnesota Statutes 2016, section 15A.0815, subdivision 3, is amended to read:

Subd. 3. **Group II salary limits.** The salary for a position listed in this subdivision shall not exceed 120 percent of the salary of the governor. This limit must be adjusted annually on January 1. The new limit must equal the limit for the prior year increased by the percentage increase, if any, in the Consumer Price Index for all urban consumers from October of the second prior year to October of the immediately prior year. The commissioner of management and budget must publish the limit on the department's Web site. This subdivision applies to the following positions:

Executive director of Gambling Control Board;

Commissioner, of Iron Range resources and rehabilitation Board;

Commissioner, Bureau of Mediation Services;

Ombudsman for Mental Health and Developmental Disabilities;

Chair, Metropolitan Council;

School trust lands director;

Executive director of pari-mutuel racing; and

Commissioner, Public Utilities Commission.

Sec. 6. Minnesota Statutes 2016, section 43A.02, subdivision 22, is amended to read:

Subd. 22. **Executive branch.** "Executive branch" means heads of all agencies of state government, elective or appointive, established by statute or Constitution and all employees of those agency heads who have within their particular field of responsibility statewide jurisdiction and who are not within the legislative or judicial branches of government. The executive branch also includes employees of the Department of Iron Range Resources and Rehabilitation Board. The executive branch does not include agencies with jurisdiction in specifically defined geographical areas, such as regions, counties, cities, towns, municipalities, or school districts, the University of Minnesota, the Public Employees Retirement Association, the Minnesota State Retirement System, the Teachers Retirement Association, the Minnesota Historical Society, and all of their employees, and any other entity which is incorporated, even though it receives state funds.

Sec. 7. Minnesota Statutes 2016, section 85.0146, subdivision 1, is amended to read:

Subdivision 1. **Advisory council created.** The Cuyuna Country State Recreation Area Citizens Advisory Council is established. Membership on the advisory council shall include:

- (1) a representative of the Cuyuna Range Mineland Recreation Area Joint Powers Board;
- (2) a representative of the Croft Mine Historical Park Joint Powers Board;
- (3) a designee of the Cuyuna Range Mineland Reclamation Committee who has worked as a miner in the local area;
- (4) a representative of the Crow Wing County Board;
- (5) an elected state official;
- (6) a representative of the Grand Rapids regional office of the Department of Natural Resources;
- (7) a designee of the commissioner of Iron Range resources and rehabilitation Board;
- (8) a designee of the local business community selected by the area chambers of commerce;
- (9) a designee of the local environmental community selected by the Crow Wing County District 5 commissioner;
- (10) a designee of a local education organization selected by the Crosby-Ironton School Board;
- (11) a designee of one of the recreation area user groups selected by the Cuyuna Range Chamber of Commerce; and
- (12) a member of the Cuyuna Country Heritage Preservation Society.

Sec. 8. Minnesota Statutes 2016, section 116D.04, subdivision 1a, is amended to read:

Subd. 1a. **Definitions.** For the purposes of this chapter, the following terms have the meanings given to them in this subdivision.

- (a) "Natural resources" has the meaning given it in section 116B.02, subdivision 4.
- (b) "Pollution, impairment or destruction" has the meaning given it in section 116B.02, subdivision 5.
- (c) "Environmental assessment worksheet" means a brief document which is designed to set out the basic facts necessary to determine whether an environmental impact statement is required for a proposed action.
- (d) "Governmental action" means activities, including projects wholly or partially conducted, permitted, assisted, financed, regulated, or approved by units of government including the federal government.
- (e) "Governmental unit" means any state agency and any general or special purpose unit of government in the state including, but not limited to, watershed districts organized under chapter 103D, counties, towns, cities, port authorities, housing authorities, and economic development

authorities established under sections 469.090 to 469.108, but not including courts, school districts, the Department of Iron Range Resources and Rehabilitation, and regional development commissions other than the Metropolitan Council.

Sec. 9. Minnesota Statutes 2016, section 116J.423, subdivision 2, is amended to read:

Subd. 2. **Use of fund.** The commissioner shall use money in the fund to make loans ~~or, including~~ forgivable loans, equity investments, or grants for infrastructure in mineral, steel, or any other industry processing, production, manufacturing, or technology project that would enhance the economic diversification and that is located within the taconite ~~relief tax~~ assistance area as defined under section ~~273.134~~ 273.1341. The commissioner must, prior to making any loans or equity investments and after consultation with industry and public officials, develop a strategy for making loans ~~and, equity investments, or grants for infrastructure~~ that assists the taconite relief assistance area in retaining and enhancing its economic competitiveness. Money in the fund may also be used to pay for the costs of carrying out the commissioner's due diligence duties under this section.

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

Sec. 10. Minnesota Statutes 2016, section 116J.424, is amended to read:

116J.424 IRON RANGE RESOURCES AND REHABILITATION BOARD CONTRIBUTION.

The commissioner of ~~the~~ Iron Range resources and rehabilitation ~~Board with approval by the board,~~ after consultation with the Iron Range Resources and Rehabilitation Board, may provide an equal match for any loan or equity investment made for a project located in the ~~tax relief taconite assistance~~ taconite assistance area defined in section ~~273.134, paragraph (b)~~ 273.1341, by the Minnesota 21st century fund created by section 116J.423. The match may be in the form of a loan or equity investment, notwithstanding whether the fund makes a loan or equity investment. The state shall not acquire an equity interest because of an equity investment or loan by the ~~board and the board at its sole discretion shall~~ commissioner of Iron Range resources and rehabilitation and the commissioner of Iron Range resources and rehabilitation, after consultation with the advisory board, shall have sole discretion to decide what interest # the fund acquires in a project. The commissioner of employment and economic development may require a commitment from the ~~board~~ commissioner of Iron Range resources and rehabilitation to make the match prior to disbursing money from the fund.

Sec. 11. Minnesota Statutes 2016, section 116J.994, subdivision 3, is amended to read:

Subd. 3. **Subsidy agreement.** (a) A recipient must enter into a subsidy agreement with the grantor of the subsidy that includes:

(1) a description of the subsidy, including the amount and type of subsidy, and type of district if the subsidy is tax increment financing;

(2) a statement of the public purposes for the subsidy;

(3) measurable, specific, and tangible goals for the subsidy;

(4) a description of the financial obligation of the recipient if the goals are not met;

(5) a statement of why the subsidy is needed;

(6) a commitment to continue operations in the jurisdiction where the subsidy is used for at least five years after the benefit date;

(7) the name and address of the parent corporation of the recipient, if any; and

(8) a list of all financial assistance by all grantors for the project.

(b) Business subsidies in the form of grants must be structured as forgivable loans. For other types of business subsidies, the agreement must state the fair market value of the subsidy to the recipient, including the value of conveying property at less than a fair market price, or other in-kind benefits to the recipient.

(c) If a business subsidy benefits more than one recipient, the grantor must assign a proportion of the business subsidy to each recipient that signs a subsidy agreement. The proportion assessed to each recipient must reflect a reasonable estimate of the recipient's share of the total benefits of the project.

(d) The state or local government agency and the recipient must both sign the subsidy agreement and, if the grantor is a local government agency, the agreement must be approved by the local elected governing body, except for the St. Paul Port Authority and a seaway port authority.

(e) Notwithstanding the provision in paragraph (a), clause (6), a recipient may be authorized to move from the jurisdiction where the subsidy is used within the five-year period after the benefit date if, after a public hearing, the grantor approves the recipient's request to move. For the purpose of this paragraph, if the grantor is a state government agency other than the Department of Iron Range Resources and Rehabilitation Board, "jurisdiction" means a city or township.

Sec. 12. Minnesota Statutes 2016, section 116J.994, subdivision 5, is amended to read:

Subd. 5. Public notice and hearing. (a) Before granting a business subsidy that exceeds \$500,000 for a state government grantor and \$150,000 for a local government grantor, the grantor must provide public notice and a hearing on the subsidy. A public hearing and notice under this subdivision is not required if a hearing and notice on the subsidy is otherwise required by law.

(b) Public notice of a proposed business subsidy under this subdivision by a state government grantor, other than the commissioner of Iron Range resources and rehabilitation Board, must be published in the State Register. Public notice of a proposed business subsidy under this subdivision by a local government grantor or the commissioner of Iron Range resources and rehabilitation Board must be published in a local newspaper of general circulation. The public notice must identify the location at which information about the business subsidy, including a summary of the terms of the subsidy, is available. Published notice should be sufficiently conspicuous in size and placement to distinguish the notice from the surrounding text. The grantor must make the information available in printed paper copies and, if possible, on the Internet. The government agency must provide at least a ten-day notice for the public hearing.

(c) The public notice must include the date, time, and place of the hearing.

(d) The public hearing by a state government grantor other than the commissioner of Iron Range resources and rehabilitation Board must be held in St. Paul.

(e) If more than one nonstate grantor provides a business subsidy to the same recipient, the nonstate grantors may designate one nonstate grantor to hold a single public hearing regarding the business subsidies provided by all nonstate grantors. For the purposes of this paragraph, "nonstate grantor" includes the commissioner of Iron Range resources and rehabilitation Board.

(f) The public notice of any public meeting about a business subsidy agreement, including those required by this subdivision and by subdivision 4, must include notice that a person with residence in or the owner of taxable property in the granting jurisdiction may file a written complaint with the grantor if the grantor fails to comply with sections 116J.993 to 116J.995, and that no action may be filed against the grantor for the failure to comply unless a written complaint is filed.

Sec. 13. Minnesota Statutes 2016, section 116J.994, subdivision 7, is amended to read:

Subd. 7. Reports by recipients to grantors. (a) A business subsidy grantor must monitor the progress by the recipient in achieving agreement goals.

(b) A recipient must provide information regarding goals and results for two years after the benefit date or until the goals are met, whichever is later. If the goals are not met, the recipient must continue to provide information on the subsidy until the subsidy is repaid. The information must be filed on forms developed by the commissioner in cooperation with representatives of local government. Copies of the completed forms must be sent to the local government agency that provided the subsidy or to the commissioner if the grantor is a state agency. If the commissioner of Iron Range resources and rehabilitation Board is the grantor, the copies must be sent to the board commissioner of Iron Range resources and rehabilitation. The report must include:

(1) the type, public purpose, and amount of subsidies and type of district, if the subsidy is tax increment financing;

(2) the hourly wage of each job created with separate bands of wages;

(3) the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;

(4) the date the job and wage goals will be reached;

(5) a statement of goals identified in the subsidy agreement and an update on achievement of those goals;

(6) the location of the recipient prior to receiving the business subsidy;

(7) the number of employees who ceased to be employed by the recipient when the recipient relocated to become eligible for the business subsidy;

(8) why the recipient did not complete the project outlined in the subsidy agreement at their previous location, if the recipient was previously located at another site in Minnesota;

(9) the name and address of the parent corporation of the recipient, if any;

- (10) a list of all financial assistance by all grantors for the project; and
- (11) other information the commissioner may request.

A report must be filed no later than March 1 of each year for the previous year. The local agency and the commissioner of Iron Range resources and rehabilitation ~~Board~~ must forward copies of the reports received by recipients to the commissioner by April 1.

(c) Financial assistance that is excluded from the definition of "business subsidy" by section 116J.993, subdivision 3, clauses (4), (5), (8), and (16), is subject to the reporting requirements of this subdivision, except that the report of the recipient must include instead:

(1) the type, public purpose, and amount of the financial assistance, and type of district if the assistance is tax increment financing;

(2) progress towards meeting goals stated in the assistance agreement and the public purpose of the assistance;

(3) if the agreement includes job creation, the hourly wage of each job created with separate bands of wages;

(4) if the agreement includes job creation, the sum of the hourly wages and cost of health insurance provided by the employer with separate bands of wages;

(5) the location of the recipient prior to receiving the assistance; and

(6) other information the grantor requests.

(d) If the recipient does not submit its report, the local government agency must mail the recipient a warning within one week of the required filing date. If, after 14 days of the postmarked date of the warning, the recipient fails to provide a report, the recipient must pay to the grantor a penalty of \$100 for each subsequent day until the report is filed. The maximum penalty shall not exceed \$1,000.

Sec. 14. Minnesota Statutes 2016, section 216B.161, subdivision 1, is amended to read:

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

(b) "Area development rate" means a rate schedule established by a utility that provides customers within an area development zone service under a base utility rate schedule, except that charges may be reduced from the base rate as agreed upon by the utility and the customer consistent with this section.

(c) "Area development zone" means a contiguous or noncontiguous area designated by an authority or municipality for development or redevelopment and within which one of the following conditions exists:

(1) obsolete buildings not suitable for improvement or conversion or other identified hazards to the health, safety, and general well-being of the community;

- (2) buildings in need of substantial rehabilitation or in substandard condition; or
- (3) low values and damaged investments.

(d) "Authority" means a rural development financing authority established under sections 469.142 to 469.151; a housing and redevelopment authority established under sections 469.001 to 469.047; a port authority established under sections 469.048 to 469.068; an economic development authority established under sections 469.090 to 469.108; a redevelopment agency as defined in sections 469.152 to 469.165; the commissioner of Iron Range resources and rehabilitation Board established under section 298.22; a municipality that is administering a development district created under sections 469.124 to 469.133 or any special law; a municipality that undertakes a project under sections 469.152 to 469.165, except a town located outside the metropolitan area as defined in section 473.121, subdivision 2, or with a population of 5,000 persons or less; or a municipality that exercises the powers of a port authority under any general or special law.

(e) "Municipality" means a city, however organized, and, with respect to a project undertaken under sections 469.152 to 469.165, "municipality" has the meaning given in sections 469.152 to 469.165, and, with respect to a project undertaken under sections 469.142 to 469.151 or a county or multicounty project undertaken under sections 469.004 to 469.008, also includes any county.

Sec. 15. Minnesota Statutes 2016, section 216B.1694, subdivision 1, is amended to read:

Subdivision 1. **Definition.** For the purposes of this section, the term "innovative energy project" means a proposed energy-generation facility or group of facilities which may be located on up to three sites:

(1) that makes use of an innovative generation technology utilizing coal as a primary fuel in a highly efficient combined-cycle configuration with significantly reduced sulfur dioxide, nitrogen oxide, particulate, and mercury emissions from those of traditional technologies;

(2) that the project developer or owner certifies is a project capable of offering a long-term supply contract at a hedged, predictable cost; and

(3) that is designated by the commissioner of ~~the~~ Iron Range resources and rehabilitation ~~Board~~ as a project that is located in the taconite tax relief area on a site that has substantial real property with adequate infrastructure to support new or expanded development and that has received prior financial and other support from the board.

Sec. 16. Minnesota Statutes 2016, section 276A.01, subdivision 8, is amended to read:

Subd. 8. **Municipality.** "Municipality" means a city, town, or township located in whole or part within the area. If a municipality is located partly within and partly without the area, the references in sections 276A.01 to 276A.09 to property or any portion thereof subject to taxation or taxing jurisdiction within the municipality are to the property or portion thereof that is located in that portion of the municipality within the area, except that the fiscal capacity of the municipality must be computed upon the basis of the valuation and population of the entire municipality. A municipality shall be excluded from the area if its municipal comprehensive zoning and planning policies conscientiously exclude most commercial-industrial development, for reasons other than preserving an agricultural use. The commissioner of Iron Range resources and rehabilitation Board and the

commissioner of revenue shall jointly make this determination annually and shall notify those municipalities that are ineligible to participate in the tax base sharing program provided in this chapter for the following year. Before making the determination, the commissioner of Iron Range resources and rehabilitation must consult the Iron Range Resources and Rehabilitation Board.

Sec. 17. Minnesota Statutes 2016, section 276A.01, subdivision 17, is amended to read:

Subd. 17. **School fund allocation.** (a) "School fund allocation" means an amount up to 25 percent of the areawide levy certified by the commissioner of Iron Range resources and rehabilitation Board, after consultation with the Iron Range Resources and Rehabilitation Board, to be used for the purposes of the Iron Range school consolidation and cooperatively operated school account under section 298.28, subdivision 7a.

(b) The allocation under paragraph (a) shall only be made after the commissioner of Iron Range resources and rehabilitation Board, after consultation with the Iron Range Resources and Rehabilitation Board, has certified by June 30 that the Iron Range school consolidation and cooperatively operated account has insufficient funds to make payments as authorized under section 298.28, subdivision 7a.

Sec. 18. Minnesota Statutes 2016, section 276A.06, subdivision 8, is amended to read:

Subd. 8. **Certification of values; payment.** The administrative auditor shall determine for each county the difference between the total levy on distribution value pursuant to subdivision 3, clause (1), including the school fund allocation within the county and the total tax on contribution value pursuant to subdivision 7, within the county. On or before May 16 of each year, the administrative auditor shall certify the differences so determined and the county's portion of the school fund allocation to each county auditor. In addition, the administrative auditor shall certify to those county auditors for whose county the total tax on contribution value exceeds the total levy on distribution value the settlement the county is to make to the other counties of the excess of the total tax on contribution value over the total levy on distribution value in the county. On or before June 15 and November 15 of each year, each county treasurer in a county having a total tax on contribution value in excess of the total levy on distribution value shall pay one-half of the excess to the other counties in accordance with the administrative auditor's certification. On or before June 15 and November 15 of each year, each county treasurer shall pay to the administrative auditor that county's share of the school fund allocation. On or before December 1 of each year, the administrative auditor shall pay the school fund allocation to the commissioner of Iron Range resources and rehabilitation Board for deposit in the Iron Range school consolidation and cooperatively operated account.

Sec. 19. Minnesota Statutes 2016, section 282.38, subdivision 1, is amended to read:

Subdivision 1. **Development.** In any county where the county board by proper resolution sets aside funds for forest development pursuant to section 282.08, clause (5), item (i), or section 459.06, subdivision 2, the commissioner of Iron Range resources and rehabilitation ~~with the approval of the board,~~ after consultation with the Iron Range Resources and Rehabilitation Board, may upon request of the county board assist said county in carrying out any project for the long range development of its forest resources through matching of funds or otherwise.

Sec. 20. Minnesota Statutes 2016, section 282.38, subdivision 3, is amended to read:

Subd. 3. **Not to affect commissioner of Iron Range resources and rehabilitation.** Nothing herein shall be construed to limit or abrogate the authority of the commissioner of Iron Range resources and rehabilitation to give temporary assistance to any county in the development of its land use program.

Sec. 21. Minnesota Statutes 2016, section 298.001, subdivision 8, is amended to read:

Subd. 8. **Commissioner.** "Commissioner" means the commissioner of revenue of the state of Minnesota, except that when used in sections 298.22 to 298.227 and 298.291 to 298.297, "commissioner" means the commissioner of Iron Range resources and rehabilitation.

Sec. 22. Minnesota Statutes 2016, section 298.001, is amended by adding a subdivision to read:

Subd. 12. **Advisory board.** "Advisory board" means the Iron Range Resources and Rehabilitation Board, as established under section 298.22. The acronym "IRRRB" means the advisory board.

Sec. 23. Minnesota Statutes 2016, section 298.018, subdivision 1, is amended to read:

Subdivision 1. **Within taconite assistance area.** The proceeds of the tax paid under sections 298.015 and 298.016 on ores, metals, or minerals mined or extracted within the taconite assistance area defined in section 273.1341, shall be allocated as follows:

(1) five percent to the city or town within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds among the cities and towns by attributing 50 percent of the proceeds of the tax to the operation of mining or extraction, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of the respective operations performed in each taxing district;

(2) ten percent to the taconite municipal aid account to be distributed as provided in section 298.282;

(3) ten percent to the school district within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one school district, distribution among the school districts must be based on the apportionment formula prescribed in clause (1);

(4) 20 percent to a group of school districts comprised of those school districts wherein the mineral or energy resource was mined or extracted or in which there is a qualifying municipality as defined by section 273.134, paragraph (b), in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions;

(5) 20 percent to the county within which the minerals or energy resources are mined or extracted, or within which the concentrate was produced. If the mining and concentration, or different steps in either process, are carried on in more than one county, distribution among the counties must be based on the apportionment formula prescribed in clause (1), provided that any county receiving distributions under this clause shall pay one percent of its proceeds to the Range Association of Municipalities and Schools;

(6) 20 percent to St. Louis County acting as the counties' fiscal agent to be distributed as provided in sections 273.134 to 273.136;

(7) five percent to the commissioner of Iron Range resources and rehabilitation ~~Board~~ for the purposes of section 298.22;

(8) three percent to the Douglas J. Johnson economic protection trust fund; and

(9) seven percent to the taconite environmental protection fund.

The proceeds of the tax shall be distributed on July 15 each year.

Sec. 24. Minnesota Statutes 2016, section 298.17, is amended to read:

298.17 OCCUPATION TAXES TO BE APPORTIONED.

(a) All occupation taxes paid by persons, copartnerships, companies, joint stock companies, corporations, and associations, however or for whatever purpose organized, engaged in the business of mining or producing iron ore or other ores, when collected shall be apportioned and distributed in accordance with the Constitution of the state of Minnesota, article X, section 3, in the manner following: 90 percent shall be deposited in the state treasury and credited to the general fund of which four-ninths shall be used for the support of elementary and secondary schools; and ten percent of the proceeds of the tax imposed by this section shall be deposited in the state treasury and credited to the general fund for the general support of the university.

(b) Of the money apportioned to the general fund by this section: (1) there is annually appropriated and credited to the mining environmental and regulatory account in the special revenue fund an amount equal to that which would have been generated by a 2-1/2 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year. Money in the mining environmental and regulatory account is appropriated annually to the commissioner of natural resources to fund agency staff to work on environmental issues and provide regulatory services for ferrous and nonferrous mining operations in this state. Payment to the mining environmental and regulatory account shall be made by July 1 annually. The commissioner of natural resources shall execute an interagency agreement with the Pollution Control Agency to assist with the provision of environmental regulatory services such as monitoring and permitting required for ferrous and nonferrous mining operations; (2) there is annually appropriated and credited to the Iron Range resources and rehabilitation ~~Board~~ account in the special revenue fund an amount equal to that which would have been generated by a 1.5 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year, to be expended for the purposes of section 298.22; and (3) there is annually appropriated and credited to the Iron Range resources and rehabilitation ~~Board~~ account in the special revenue fund for transfer to the Iron Range school consolidation and cooperatively operated school account under section 298.28, subdivision 7a, an amount equal to that which would

have been generated by a six cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year. Payment to the Iron Range resources and rehabilitation ~~Board~~ account shall be made by May 15 annually.

(c) The money appropriated pursuant to paragraph (b), clause (2), shall be used (i) to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60, issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134, paragraph (b), or (ii) to provide economic development loans or grants to businesses located within any such county, provided that the county board or an advisory group appointed by the county board to provide recommendations on economic development shall make recommendations to the commissioner of Iron Range resources and rehabilitation Board regarding the loans. Payment to the Iron Range resources and rehabilitation ~~Board~~ account shall be made by May 15 annually.

(d) Of the money allocated to Koochiching County, one-third must be paid to the Koochiching County Economic Development Commission.

Sec. 25. Minnesota Statutes 2016, section 298.22, subdivision 1, is amended to read:

Subdivision 1. ~~The Office of Commissioner~~ **Department of Iron Range Resources and Rehabilitation.** (a) ~~The Office of the Commissioner~~ Department of Iron Range Resources and Rehabilitation is created as an agency in the executive branch of state government. The governor shall appoint the commissioner of Iron Range resources and rehabilitation under section 15.06. The commissioner may expend amounts appropriated to the commissioner for projects after consultation with the advisory board created under subdivision 1a.

(b) The commissioner may hold other positions or appointments that are not incompatible with duties as commissioner of Iron Range resources and rehabilitation. The commissioner may appoint a deputy commissioner. All expenses of the commissioner, including the payment of staff and other assistance as may be necessary, must be paid out of the amounts appropriated by section 298.28 or otherwise made available by law to the commissioner. Notwithstanding chapters 16A, 16B, and 16C, the commissioner may utilize contracting options available under section 471.345 when the commissioner determines it is in the best interest of the agency. The agency is not subject to sections 16E.016 and 16C.05. The commissioner has the authority to reimburse any nongovernmental manager operating state-owned facilities within the Giants Ridge Recreation Area for purchasing materials, supplies, equipment, or other items used in the operations at such facilities.

(c) When the commissioner determines that distress and unemployment exists or may exist in the future in any county by reason of the removal of natural resources or a possibly limited use of natural resources in the future and any resulting decrease in employment, the commissioner may use whatever amounts of the appropriation made to the commissioner of revenue in section 298.28 that are determined to be necessary and proper in the development of the remaining resources of the county and in the vocational training and rehabilitation of its residents, ~~except that the amount needed to cover cost overruns awarded to a contractor by an arbitrator in relation to a contract awarded by the commissioner or in effect after July 1, 1985, is appropriated from the general fund.~~ For the purposes of this section, "development of remaining resources" includes, but is not limited to, the promotion of tourism.

Sec. 26. Minnesota Statutes 2016, section 298.22, subdivision 1a, is amended to read:

Subd. 1a. **Iron Range Resources and Rehabilitation Board.** (a) The Iron Range Resources and Rehabilitation Board consists of the state senators and representatives elected from state senatorial or legislative districts in which one-third or more of the residents reside in a taconite assistance area as defined in section 273.1341. One additional state senator shall also be appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration. All expenditures and projects made by the commissioner shall first be submitted to the advisory board for approval. The advisory board shall recommend approval or disapproval or modification of the expenditures and projects. The expenses of the advisory board shall be paid by the state from the funds raised pursuant to this section. Members of the advisory board may be reimbursed for expenses in the manner provided in sections 3.099, subdivision 1, and 3.101, and may receive per diem payments during the interims between legislative sessions in the manner provided in section 3.099, subdivision 1.

The members shall be appointed in January of every odd-numbered year, and shall serve until January of the next odd-numbered year. Vacancies on the board shall be filled in the same manner as original members were chosen.

(b) The advisory board must develop procedures to elect a chair who shall preside over and convene meetings as often as necessary to conduct duties prescribed by this chapter. The advisory board must meet at least two times per year to review the actions of the commissioner.

Sec. 27. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to read:

Subd. 1b. **Evaluation of programs.** (a) In evaluating programs proposed by the commissioner, the advisory board must consider factors, including but not limited to the extent to which the program:

(1) contributes to increasing the effectiveness of promoting or managing Iron Range economic and workforce development, community development, minerals and natural resources development, and any other issue as determined by the advisory board; and

(2) advances the strategic plan adopted under subdivision 1c.

(b) In evaluating programs proposed by the commissioner, the advisory board must consider factors, including but not limited to:

(1) job creation or retention goals for the program, including but not limited to wages and benefits; whether the jobs created are full time, part time, temporary, or permanent; and whether the stated job creation or retention goals in the program proposal can be adequately measured using methods established by the commissioner;

(2) how and to what extent the program is expected to impact the economic climate of the Iron Range resources and rehabilitation services area;

(3) how the program would meet match requirements, if any; and

(4) whether the program meets the written objectives, priorities, and policies established by the commissioner.

Sec. 28. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to read:

Subd. 1c. **Strategic plan required.** The commissioner, in consultation with the advisory board, shall adopt a four-year strategic plan for making expenditures, including identifying the priority areas for funding for the term of the commissioner's appointment. The strategic plan must be reviewed annually. The strategic plan must have clearly stated short- and long-term goals and strategies for expenditures, provide measurable outcomes for expenditures, and determine areas of emphasis for funding.

Sec. 29. Minnesota Statutes 2016, section 298.22, subdivision 5a, is amended to read:

Subd. 5a. **Forest trust.** The commissioner, ~~upon approval by the board~~ after consultation with the advisory board, may purchase forest lands in the taconite assistance area defined in under section 273.1341 with funds specifically authorized for the purchase. The acquired forest lands must be held in trust for the benefit of the citizens of the taconite assistance area as the Iron Range Miners' Memorial Forest. The forest trust lands shall be managed and developed for recreation and economic development purposes. The commissioner, ~~upon approval by the board~~ after consultation with the advisory board, may sell forest lands purchased under this subdivision if the ~~board finds~~ commissioner determines that the sale advances the purposes of the trust. Proceeds derived from the management or sale of the lands and from the sale of timber or removal of gravel or other minerals from these forest lands shall be deposited into an Iron Range Miners' Memorial Forest account that is established within the state financial accounts. Funds may be expended from the account ~~upon approval by the commissioner~~, after consultation with the advisory board, to purchase, manage, administer, convey interests in, and improve the forest lands. ~~With approval by the board,~~ After consultation with the advisory board, the commissioner may transfer money in the Iron Range Miners' Memorial Forest account ~~may be transferred~~ into the corpus of the Douglas J. Johnson economic protection trust fund established under sections 298.291 to 298.294. The property acquired under the authority granted by this subdivision and income derived from the property or the operation or management of the property are exempt from taxation by the state or its political subdivisions while held by the forest trust.

Sec. 30. Minnesota Statutes 2016, section 298.22, subdivision 6, is amended to read:

Subd. 6. **Private entity participation.** The commissioner, after consultation with the advisory board, may acquire an equity interest in any project for which ~~the commissioner~~ provides funding. The commissioner may, after consultation with the advisory board, establish, participate in the management of, and dispose of the assets of charitable foundations, nonprofit limited liability companies, and nonprofit corporations associated with any project for which ~~the commissioner~~ provides funding, including specifically, but without limitation, a corporation within the meaning of section 317A.011, subdivision 6.

Sec. 31. Minnesota Statutes 2016, section 298.22, subdivision 10, is amended to read:

Subd. 10. **Sale or privatization of functions.** The commissioner of Iron Range resources and rehabilitation may not sell or privatize the ~~Ironworld~~ Minnesota Discovery Center or Giants Ridge Golf and Ski Resort without prior approval by the advisory board.

Sec. 32. Minnesota Statutes 2016, section 298.22, subdivision 11, is amended to read:

Subd. 11. **Budgeting.** The commissioner of Iron Range resources and rehabilitation shall annually prepare a budget for operational expenditures, programs, and projects, and submit it to the Iron

Range Resources and Rehabilitation Board. After the budget is approved by the advisory board and the governor, the commissioner may spend money in accordance with the approved budget.

Sec. 33. Minnesota Statutes 2016, section 298.22, is amended by adding a subdivision to read:

Subd. 13. **Grants and loans for economic development projects; requirements.** (a) Prior to awarding any grants or approving loans from any fund or account from which the commissioner has the authority under law to expend money, the commissioner must evaluate applications based on criteria including, but not limited to:

(1) job creation or retention goals for the project, including but not limited to wages and benefits, and whether the jobs created are full time, part time, temporary, or permanent;

(2) whether the applicant's stated job creation or retention goals can be adequately measured using methods established by the commissioner;

(3) how and to what extent the project proposed by the applicant is expected to impact the economic climate of the Iron Range resources and rehabilitation services area;

(4) how the applicant would meet match requirements, if any; and

(5) whether the project for which a grant or loan application has been submitted meets the written objectives, priorities, and policies established by the commissioner.

(b) The commissioner, if appropriate, may include incentives in loan and grant award agreements to promote and assist grant recipients in achieving the stated job creation and retention objectives established by the commissioner.

(c) For all loans and grants awarded from funds under the commissioner's authority pursuant to this chapter, the commissioner must:

(1) maintain a database for tracking loan and grant awards;

(2) maintain an objective mechanism for measuring job creation and retention;

(3) verify achievement of job creation and retention goals by grant and loan recipients;

(4) monitor grant and loan awards to ensure that projects comply with applicable Iron Range resources and rehabilitation policies; and

(5) verify that grant or loan recipients have met applicable matching fund requirements.

Sec. 34. Minnesota Statutes 2016, section 298.221, is amended to read:

298.221 RECEIPTS FROM CONTRACTS; APPROPRIATION.

(a) Except as provided in paragraph (c), all money paid to the state of Minnesota pursuant to the terms of any contract entered into by the state under authority of section 298.22 and any fees which may, in the discretion of the commissioner of Iron Range resources and rehabilitation, be charged in connection with any project pursuant to that section as amended, shall be deposited in

the state treasury to the credit of the Iron Range resources and rehabilitation ~~Board~~ account in the special revenue fund and are hereby appropriated for the purposes of section 298.22.

(b) Notwithstanding section 16A.013, merchandise may be accepted by the commissioner of the Iron Range resources and rehabilitation ~~Board~~ for payment of advertising contracts if the commissioner determines that the merchandise can be used for special event prizes or mementos at facilities operated by the ~~board~~ commissioner. Nothing in this paragraph authorizes the commissioner or a member of the advisory board to receive merchandise for personal use.

(c) All fees charged by the commissioner in connection with public use of the state-owned ski and golf facilities at the Giants Ridge Recreation Area and all other revenues derived by the commissioner from the operation or lease of those facilities and from the lease, sale, or other disposition of undeveloped lands at the Giants Ridge Recreation Area must be deposited into an Iron Range resources and rehabilitation ~~Board~~ account that is created within the state enterprise fund. All funds deposited in the enterprise fund account are appropriated to the commissioner ~~to be expended, subject to approval by the board,~~ and may only be used, after consultation with the advisory board, as follows:

(1) to pay costs associated with the construction, equipping, operation, repair, or improvement of the Giants Ridge Recreation Area facilities or lands;

(2) to pay principal, interest and associated bond issuance, reserve, and servicing costs associated with the financing of the facilities; and

(3) to pay the costs of any other project authorized under section 298.22.

Sec. 35. Minnesota Statutes 2016, section 298.2211, subdivision 3, is amended to read:

Subd. 3. **Project approval.** ~~All projects authorized by this section shall be submitted by the commissioner to the Iron Range Resources and Rehabilitation Board for approval by the board. The commissioner may authorize a project under this section only after consulting the advisory board.~~ Prior to the commencement of a project involving the exercise by the commissioner of any authority of sections 469.174 to 469.179, the governing body of each municipality in which any part of the project is located and the county board of any county containing portions of the project not located in an incorporated area shall by majority vote approve or disapprove the project. Any project approved by the ~~board~~ commissioner and the applicable governing bodies, if any, together with detailed information concerning the project, its costs, the sources of its funding, and the amount of any bonded indebtedness to be incurred in connection with the project, shall be transmitted to the governor, who shall approve, disapprove, or return the proposal for additional consideration within 30 days of receipt. No project authorized under this section shall be undertaken, and no obligations shall be issued and no tax increments shall be expended for a project authorized under this section until the project has been approved by the governor.

Sec. 36. Minnesota Statutes 2016, section 298.2211, subdivision 6, is amended to read:

Subd. 6. **Fee setting.** Fees for admission to or use of facilities operated by the commissioner of Iron Range resources and rehabilitation ~~Board~~ that have been established according to prevailing market conditions and to recover operating costs need not be set by rule.

Sec. 37. Minnesota Statutes 2016, section 298.2212, is amended to read:

298.2212 INVESTMENT OF FUNDS.

All funds credited to the Iron Range resources and rehabilitation ~~Board~~ account in the special revenue fund for the purposes of section 298.22 must be invested pursuant to law. The net interest and dividends from the investments are included and become part of the funds available for purposes of section 298.22.

Sec. 38. Minnesota Statutes 2016, section 298.223, subdivision 1, is amended to read:

Subdivision 1. **Creation; purposes.** A fund called the taconite environmental protection fund is created for the purpose of reclaiming, restoring and enhancing those areas of northeast Minnesota located within the taconite assistance area defined in section 273.1341, that are adversely affected by the environmentally damaging operations involved in mining taconite and iron ore and producing iron ore concentrate and for the purpose of promoting the economic development of northeast Minnesota. The taconite environmental protection fund shall be used for the following purposes:

(1) to initiate investigations into matters the commissioner of Iron Range resources and rehabilitation ~~Board~~ determines are in need of study and which will determine the environmental problems requiring remedial action;

(2) reclamation, restoration, or reforestation of mine lands not otherwise provided for by state law;

(3) local economic development projects ~~but only if those projects are approved by the board,~~ and public works, including construction of sewer and water systems located within the taconite assistance area defined in section 273.1341;

(4) monitoring of mineral industry related health problems among mining employees; and

(5) local public works projects under section 298.227, paragraph (c).

Sec. 39. Minnesota Statutes 2016, section 298.223, subdivision 2, is amended to read:

Subd. 2. **Administration.** ~~(a)~~ The taconite area environmental protection fund shall be administered by the commissioner ~~of the Iron Range Resources and Rehabilitation Board, who must consult with the advisory board before expending any funds. The commissioner shall by September 1 of each year submit to the board a list of projects to be funded from the taconite area environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary.~~

~~(b) Each year no less than one-half of the amounts deposited into the taconite environmental protection fund must be used for public works projects, including construction of sewer and water systems, as specified under subdivision 1, clause (3). the Iron Range Resources and Rehabilitation Board may waive the requirements of this paragraph.~~

~~(c) Upon approval by the board, the list of projects approved under this subdivision shall be submitted to the governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each project. Funds for a project~~

~~may be expended only upon approval of the project by the board and the governor. The commissioner may submit supplemental projects to the board and governor for approval at any time.~~

Sec. 40. Minnesota Statutes 2016, section 298.227, is amended to read:

298.227 TACONITE ECONOMIC DEVELOPMENT FUND.

~~(a)~~ An amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the commissioner of Iron Range resources and rehabilitation Board in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released by the commissioner after review by a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The District 11 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. The review must be completed no later than six months after the producer presents a proposal for expenditure of the funds to the committee. The funds held pursuant to this section may be released only for workforce development and associated public facility improvement, or for acquisition of plant and stationary mining equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology, but only if the producer provides a matching expenditure equal to the amount of the distribution to be used for the same purpose beginning with distributions in 2014. Effective for proposals for expenditures of money from the fund beginning May 26, 2007, the commissioner may not release the funds before the next scheduled meeting of the board. If a proposed expenditure is not approved by the commissioner, after consultation with the advisory board, the funds must be deposited in the Taconite Environmental Protection Fund under sections 298.222 to 298.225. ~~If a producer uses money which has been released from the fund prior to May 26, 2007 to procure haulage trucks, mobile equipment, or mining shovels, and the producer removes the piece of equipment from the taconite tax relief area defined in section 273.134 within ten years from the date of receipt of the money from the fund, a portion of the money granted from the fund must be repaid to the taconite economic development fund. The portion of the money to be repaid is 100 percent of the grant if the equipment is removed from the taconite tax relief area within 12 months after receipt of the money from the fund, declining by ten percent for each of the subsequent nine years during which the equipment remains within the taconite tax relief area.~~ If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. If a producer fails to provide matching funds for a proposed expenditure within six months after the commissioner approves release of the funds, the funds are available for release to another producer in proportion to the distribution provided and under the conditions of this section. Any portion of the fund which is not released by the commissioner within one year of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

~~(b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of distributions and the review process, an amount equal to ten cents per taxable ton of production in 2007, for~~

~~distribution in 2008 only, that would otherwise be distributed under paragraph (a), may be used for a loan or grant for the cost of providing for a value-added wood product facility located in the taconite tax relief area and in a county that contains a city of the first class. This amount must be deducted from the distribution under paragraph (a) for which a matching expenditure by the producer is not required. The granting of the loan or grant is subject to approval by the board. If the money is provided as a loan, interest must be payable on the loan at the rate prescribed in section 298.2213, subdivision 3. (ii) Repayments of the loan and interest, if any, must be deposited in the taconite environment protection fund under sections 298.222 to 298.225. If a loan or grant is not made under this paragraph by July 1, 2012, the amount that had been made available for the loan under this paragraph must be transferred to the taconite environment protection fund under sections 298.222 to 298.225. (iii) Money distributed in 2008 to the fund established under this section that exceeds ten cents per ton is available to qualifying producers under paragraph (a) on a pro rata basis.~~

~~(e) Repayment or transfer of money to the taconite environmental protection fund under paragraph (b), item (ii), must be allocated by the Iron Range resources and rehabilitation Board for public works projects in house legislative districts in the same proportion as taxable tonnage of production in 2007 in each house legislative district, for distribution in 2008, bears to total taxable tonnage of production in 2007, for distribution in 2008. Notwithstanding any other law to the contrary, expenditures under this paragraph do not require approval by the governor. For purposes of this paragraph, "house legislative districts" means the legislative districts in existence on May 15, 2009.~~

Sec. 41. Minnesota Statutes 2016, section 298.27, is amended to read:

298.27 COLLECTION AND PAYMENT OF TAX.

The taxes provided by section 298.24 shall be paid directly to each eligible county and the commissioner of Iron Range resources and rehabilitation Board. The commissioner of revenue shall notify each producer of the amount to be paid each recipient prior to February 15. Every person subject to taxes imposed by section 298.24 shall file a correct report covering the preceding year. The report must contain the information required by the commissioner of revenue. The report shall be filed by each producer on or before February 1. A remittance equal to 50 percent of the total tax required to be paid hereunder shall be paid on or before February 24. A remittance equal to the remaining total tax required to be paid hereunder shall be paid on or before August 24. On or before February 25 and August 25, the county auditor shall make distribution of the payments previously received by the county in the manner provided by section 298.28. Reports shall be made and hearings held upon the determination of the tax in accordance with procedures established by the commissioner of revenue. The commissioner of revenue shall have authority to make reasonable rules as to the form and manner of filing reports necessary for the determination of the tax hereunder, and by such rules may require the production of such information as may be reasonably necessary or convenient for the determination and apportionment of the tax. All the provisions of the occupation tax law with reference to the assessment and determination of the occupation tax, including all provisions for appeals from or review of the orders of the commissioner of revenue relative thereto, but not including provisions for refunds, are applicable to the taxes imposed by section 298.24 except in so far as inconsistent herewith. If any person subject to section 298.24 shall fail to make the report provided for in this section at the time and in the manner herein provided, the commissioner of revenue shall in such case, upon information possessed or obtained, ascertain the kind and amount of ore mined or produced and thereon find and determine the amount of the tax due from such

person. There shall be added to the amount of tax due a penalty for failure to report on or before February 1, which penalty shall equal ten percent of the tax imposed and be treated as a part thereof.

If any person responsible for making a tax payment at the time and in the manner herein provided fails to do so, there shall be imposed a penalty equal to ten percent of the amount so due, which penalty shall be treated as part of the tax due.

In the case of any underpayment of the tax payment required herein, there may be added and be treated as part of the tax due a penalty equal to ten percent of the amount so underpaid.

A person having a liability of \$120,000 or more during a calendar year must remit all liabilities by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

Sec. 42. Minnesota Statutes 2016, section 298.28, subdivision 7, is amended to read:

Subd. 7. **Iron Range resources and rehabilitation ~~Board~~ account.** For the 1998 distribution, 6.5 cents per taxable ton shall be paid to the Iron Range resources and rehabilitation ~~Board~~ account for the purposes of section 298.22. That amount shall be increased for distribution years 1999 through 2014 and for distribution in 2018 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount distributed pursuant to this subdivision shall be expended within or for the benefit of the taconite assistance area defined in section 273.1341. ~~No part of the fund provided in this subdivision may be used to provide loans for the operation of private business unless the loan is approved by the governor.~~

Sec. 43. Minnesota Statutes 2016, section 298.28, subdivision 7a, is amended to read:

Subd. 7a. **Iron Range school consolidation and cooperatively operated school account.** (a) The following amounts must be allocated to the commissioner of Iron Range resources and rehabilitation ~~Board~~ to be deposited in the Iron Range school consolidation and cooperatively operated school account that is hereby created:

(1)(i) for distributions in 2015 through 2023, ten cents per taxable ton of the tax imposed under section 298.24; and

(ii) for distributions beginning in 2024, five cents per taxable ton of the tax imposed under section 298.24;

(2) the amount as determined under section 298.17, paragraph (b), clause (3);

(3)(i) for distributions in 2015, an amount equal to two-thirds of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, with the remaining one-third to be distributed to the Douglas J. Johnson economic protection trust fund;

(ii) for distributions in 2016, an amount equal to two-thirds of the sum of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, for distribution years 2015 and 2016, with the remaining one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

(iii) for distributions in 2017, an amount equal to two-thirds of the sum of the increased tax proceeds attributable to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, for distribution years 2015, 2016, and 2017, with the remaining one-third to be distributed to the Douglas J. Johnson economic protection trust fund; and

(4) any other amount as provided by law.

(b) Expenditures from this account may be approved as ongoing annual expenditures and shall be made only to provide disbursements to assist school districts with the payment of bonds that were issued for qualified school projects, or for any other school disbursement as approved by the commissioner of Iron Range resources and rehabilitation after consultation with the Iron Range Resources and Rehabilitation Board. For purposes of this section, "qualified school projects" means school projects within the taconite assistance area as defined in section 273.1341, that were (1) approved, by referendum, after April 3, 2006; and (2) approved by the commissioner of education pursuant to section 123B.71.

(c) Beginning in fiscal year 2019, the disbursement to school districts for payments for bonds issued under section 123A.482, subdivision 9, must be increased each year to offset any reduction in debt service equalization aid that the school district qualifies for in that year, under section 123B.53, subdivision 6, compared with the amount the school district qualified for in fiscal year 2018.

(d) No expenditure under this section shall be made unless approved by ~~seven members of the~~ commissioner of Iron Range resources and rehabilitation after consultation with the Iron Range Resources and Rehabilitation Board.

Sec. 44. Minnesota Statutes 2016, section 298.28, subdivision 9c, is amended to read:

Subd. 9c. **Distribution; city of Eveleth.** 0.20 cent per taxable ton must be paid to the city of Eveleth for distribution in 2013 and thereafter, to be used for the support of the Hockey Hall of Fame, provided that it continues to operate in that city, and provided that the city of Eveleth certifies to the St. Louis County auditor that it has received donations for the support of the Hockey Hall of Fame from other donors. If the Hockey Hall of Fame ceases to operate in the city of Eveleth prior to receipt of the distribution in any year, and the governing body of the city determines that it is unlikely to resume operation there within a six-month period, the distribution under this subdivision shall be made to the commissioner of Iron Range resources and rehabilitation ~~Board~~.

Sec. 45. Minnesota Statutes 2016, section 298.28, subdivision 9d, is amended to read:

Subd. 9d. **Iron Range higher education account.** Five cents per taxable ton must be ~~allocated to the Iron Range Resources and Rehabilitation Board to be deposited in an~~ Iron Range higher education account that is hereby created, to be used for higher education programs conducted at educational institutions in the taconite assistance area defined in section 273.1341. The Iron Range Higher Education committee under section 298.2214, and the commissioner of Iron Range resources

and rehabilitation ~~Board~~, after consultation with the advisory board, must approve all expenditures from the account.

Sec. 46. Minnesota Statutes 2016, section 298.28, subdivision 11, is amended to read:

Subd. 11. **Remainder.** (a) The proceeds of the tax imposed by section 298.24 which remain after the distributions and payments in subdivisions 2 to 10a, as certified by the commissioner of revenue, and paragraphs (b), (c), and (d) have been made, together with interest earned on all money distributed under this section prior to distribution, shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 as follows: Two-thirds to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund. The proceeds shall be placed in the respective special accounts.

(b) There shall be distributed to each city, town, and county the amount that it received under Minnesota Statutes 1978, section 294.26₂, in calendar year 1977; provided, however, that the amount distributed in 1981 to the unorganized territory number 2 of Lake County and the town of Beaver Bay based on the between-terminal trackage of Erie Mining Company will be distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake County and the towns of Beaver Bay and Stony River based on the miles of track of Erie Mining Company in each taxing district.

(c) There shall be distributed to the Iron Range resources and rehabilitation ~~Board~~ account the amounts it received in 1977 under Minnesota Statutes 1978, section 298.22. The amount distributed under this paragraph shall be expended within or for the benefit of the taconite assistance area defined in section 273.1341.

(d) There shall be distributed to each school district 62 percent of the amount that it received under Minnesota Statutes 1978, section 294.26₂, in calendar year 1977.

Sec. 47. Minnesota Statutes 2016, section 298.292, subdivision 2, is amended to read:

Subd. 2. **Use of money.** Money in the Douglas J. Johnson economic protection trust fund may be used for the following purposes:

(1) to provide loans, loan guarantees, interest buy-downs and other forms of participation with private sources of financing, but a loan to a private enterprise shall be for a principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight percent or an interest rate three percentage points less than a full faith and credit obligation of the United States government of comparable maturity, at the time that the loan is approved;

(2) to fund reserve accounts established to secure the payment when due of the principal of and interest on bonds issued pursuant to section 298.2211;

(3) to pay in periodic payments or in a lump-sum payment any or all of the interest on bonds issued pursuant to chapter 474 for the purpose of constructing, converting, or retrofitting heating facilities in connection with district heating systems or systems utilizing alternative energy sources;

(4) to invest in a venture capital fund or enterprise that will provide capital to other entities that are engaging in, or that will engage in, projects or programs that have the purposes set forth in subdivision 1. No investments may be made in a venture capital fund or enterprise unless at least two other unrelated investors make investments of at least \$500,000 in the venture capital fund or enterprise, and the investment by the Douglas J. Johnson economic protection trust fund may not exceed the amount of the largest investment by an unrelated investor in the venture capital fund or enterprise. For purposes of this subdivision, an "unrelated investor" is a person or entity that is not related to the entity in which the investment is made or to any individual who owns more than 40 percent of the value of the entity, in any of the following relationships: spouse, parent, child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of the value of all interests in it. For purposes of determining the limitations under this clause, the amount of investments made by an investor other than the Douglas J. Johnson economic protection trust fund is the sum of all investments made in the venture capital fund or enterprise during the period beginning one year before the date of the investment by the Douglas J. Johnson economic protection trust fund; and

(5) to purchase forest land in the taconite assistance area defined in section 273.1341 to be held and managed as a public trust for the benefit of the area for the purposes authorized in section 298.22, subdivision 5a. Property purchased under this section may be sold by the commissioner ~~upon approval by the~~, after consultation with the advisory board. The net proceeds must be deposited in the trust fund for the purposes and uses of this section.

Money from the trust fund shall be expended only in or for the benefit of the taconite assistance area defined in section 273.1341.

Sec. 48. Minnesota Statutes 2016, section 298.296, is amended to read:

298.296 OPERATION OF FUND.

Subdivision 1. **Project approval.** ~~The board and commissioner shall by August 1 of each year prepare a list of projects to be funded from the Douglas J. Johnson economic protection trust with necessary supporting information including description of the projects, plans, and cost estimates. These Projects shall be consistent with the priorities established in section 298.292 and shall not be approved by the board unless it~~ commissioner unless the commissioner, after consultation with the advisory board, finds that:

- (a) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;
- (b) the prospective benefits of the expenditure exceed the anticipated costs; and
- (c) in the case of assistance to private enterprise, the project will serve a sound business purpose.

~~Each project must be approved by over one-half of all of the members of the board and the commissioner of Iron Range resources and rehabilitation. The list of projects shall be submitted to the governor, who shall, by November 15 of each year, approve or disapprove, or return for further consideration, each project. The money for a project may be expended only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time.~~

Subd. 2. **Expenditure of funds.** (a) Before January 1, 2028, funds may be expended on projects and for administration of the trust fund only from the net interest, earnings, and dividends arising from the investment of the trust at any time, including net interest, earnings, and dividends that have arisen prior to July 13, 1982, plus \$10,000,000 made available for use in fiscal year 1983, except that any amount required to be paid out of the trust fund to provide the property tax relief specified in Laws 1977, chapter 423, article X, section 4, and to make school bond payments and payments to recipients of taconite production tax proceeds pursuant to section 298.225, may be taken from the corpus of the trust.

~~(b) Additionally, upon recommendation by the board, up to \$13,000,000 from the corpus of the trust may be made available for use as provided in subdivision 4, and up to \$10,000,000 from the corpus of the trust may be made available for use as provided in section 298.2961.~~

~~(e)~~ (b) Additionally, an amount equal to 20 percent of the value of the corpus of the trust on May 18, 2002, ~~not including the funds authorized in paragraph (b)~~, plus the amounts made available under section 298.28, subdivision 4, and Laws 2002, chapter 377, article 8, section 17, may be expended on projects. ~~Funds~~ The commissioner may be expended expend funds for projects under this paragraph only if ~~the project~~:

(1) the project is for the purposes established under section 298.292, subdivision 1, clause (1) or (2); and

(2) is approved by two-thirds of all of the members of the board the commissioner has consulted with the advisory board.

No money made available under this paragraph or paragraph ~~(d)~~ (c) can be used for administrative or operating expenses of the Department of Iron Range Resources and Rehabilitation Board or expenses relating to any facilities owned or operated by the ~~board~~ commissioner on May 18, 2002.

~~(d) Upon recommendation by a unanimous vote of all members of the board,~~ (c) The commissioner may spend amounts in addition to those authorized under paragraphs (a); and (b); ~~and (e) may be expended~~ on projects described in section 298.292, subdivision 1, only after consultation with the advisory board.

~~(e)~~ (d) Annual administrative costs, not including detailed engineering expenses for the projects, shall not exceed five percent of the net interest, dividends, and earnings arising from the trust in the preceding fiscal year.

~~(f)~~ (e) Principal and interest received in repayment of loans made pursuant to this section, and earnings on other investments made under section 298.292, subdivision 2, clause (4), shall be deposited in the state treasury and credited to the trust. These receipts are appropriated to the board for the purposes of sections 298.291 to ~~298.298~~ 298.297.

~~(g)~~ (f) Additionally, notwithstanding section 298.293, ~~upon the approval of the board,~~ the commissioner, after consultation with the advisory board, may expend money from the corpus of the trust ~~may be expended~~ to purchase forest lands within the taconite assistance area as provided in sections 298.22, subdivision 5a, and 298.292, subdivision 2, clause (5).

Subd. 3. **Administration.** The commissioner ~~and staff~~ of the Iron Range resources and rehabilitation ~~Board~~ shall administer the program under which funds are expended pursuant to sections 298.292 to ~~298.298~~ 298.297.

Subd. 4. **Temporary loan authority.** (a) ~~The board may recommend that~~ After consultation with the advisory board, the commissioner may use up to \$7,500,000 from the corpus of the trust ~~may be used~~ for loans, loan guarantees, grants, or equity investments as provided in this subdivision. The money would be available for loans for construction and equipping of facilities constituting (1) a value added iron products plant, which may be either a new plant or a facility incorporated into an existing plant that produces iron upgraded to a minimum of 75 percent iron content or any iron alloy with a total minimum metallic content of 90 percent; or (2) a new mine or minerals processing plant for any mineral subject to the net proceeds tax imposed under section 298.015. A loan or loan guarantee under this paragraph may not exceed \$5,000,000 for any facility.

~~(b) Additionally, the board must reserve the first \$2,000,000 of the net interest, dividends, and earnings arising from the investment of the trust after June 30, 1996, to be used for grants, loans, loan guarantees, or equity investments for the purposes set forth in paragraph (a). This amount must be reserved until it is used as described in this subdivision.~~

~~(e)~~ (b) Additionally, the board may recommend that the commissioner, after consultation with the advisory board, may use up to \$5,500,000 from the corpus of the trust ~~may be used~~ for additional grants, loans, loan guarantees, or equity investments for the purposes set forth in paragraph (a).

~~(d)~~ (c) The board commissioner, after consultation with the advisory board, may require that ~~the fund~~ receive an equity percentage in any project to which it contributes under this section.

Sec. 49. Minnesota Statutes 2016, section 298.2961, is amended to read:

298.2961 PRODUCER GRANTS.

Subdivision 1. **Appropriation.** (a) \$10,000,000 is appropriated from the Douglas J. Johnson economic protection trust fund to a special account in the taconite area environmental protection fund for grants to producers on a project-by-project basis as provided in this section.

(b) The proceeds of the tax designated under section 298.28, subdivision 9b, are appropriated for grants to producers on a project-by-project basis as provided in this section.

Subd. 2. **Projects; approval.** (a) Projects funded must be for:

(1) environmentally unique reclamation projects; or

(2) pit or plant repairs, expansions, or modernizations other than for a value added iron products plant.

~~(b) To be proposed by the board, a project must be approved by the board. The money for a project may be spent only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time~~ The commissioner may approve a project only after consultation with the advisory board.

(c) The commissioner, after consultation with the advisory board, may require that ~~the fund~~ receive an equity percentage in any project to which it contributes under this section.

Subd. 3. **Redistribution.** (a) If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the taconite environmental fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section.

(b) Any portion of the taconite environmental fund that is not released by the commissioner within three years of its deposit in the taconite environmental fund shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds must be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

Subd. 4. **Grant and loan fund.** (a) A fund is established to receive distributions under section 298.28, subdivision 9b, and to make grants or loans as provided in this subdivision. Any grant or loan made under this subdivision must be approved by the commissioner, after consultation with the advisory board, established under section 298.22.

(b) All distributions received in 2009 and subsequent years are allocated for projects under section 298.223, subdivision 1.

Sec. 50. Minnesota Statutes 2016, section 298.297, is amended to read:

298.297 ADVISORY COMMITTEES.

Before submission of a project to the advisory board, the commissioner of Iron Range resources and rehabilitation shall appoint a technical advisory committee consisting of one or more persons who are knowledgeable in areas related to the objectives of the proposal. Members of the committees shall be compensated as provided in section 15.059, subdivision 3. The advisory board shall not ~~not~~ make recommendations on a proposal until it has received the evaluation and recommendations of the technical advisory committee or until 15 days have elapsed since the proposal was transmitted to the advisory committee, whichever occurs first.

Sec. 51. Minnesota Statutes 2016, section 298.46, subdivision 2, is amended to read:

Subd. 2. **Unmined iron ore; valuation petition.** When in the opinion of the duly constituted authorities of a taxing district there are in existence reserves of unmined iron ore located in such district, these authorities may petition the commissioner of Iron Range resources and rehabilitation Board for authority to petition the county assessor to verify the existence of such reserves and to ascertain the value thereof by drilling in a manner consistent with established engineering and geological exploration methods, in order that such taxing district may be able to forecast in a proper manner its future economic and fiscal potentials. The commissioner of Iron Range resources and rehabilitation may grant the authority to petition only after consultation with the advisory board.

Sec. 52. Minnesota Statutes 2016, section 298.46, subdivision 5, is amended to read:

Subd. 5. **Payment of costs; reimbursement.** The cost of such exploration or drilling plus any damages to the property which may be assessed by the district court shall be paid by the commissioner of Iron Range resources and rehabilitation Board from amounts appropriated to ~~that board~~ the commissioner of Iron Range resources and rehabilitation under section 298.22. The commissioner of Iron Range resources and rehabilitation Board shall be reimbursed for one-half of the amounts thus expended. Such reimbursement shall be made by the taxing districts in the proportion that each such taxing district's levy on the property involved bears to the total levy on such property. Such reimbursement shall be made to the commissioner of Iron Range resources and rehabilitation Board in the manner provided by section 298.221.

Sec. 53. Minnesota Statutes 2016, section 298.46, subdivision 6, is amended to read:

Subd. 6. **Refusal to reimburse; reduction of other payments.** If any taxing district refuses to pay its share of the reimbursement as provided in subdivision 5, the county auditor is hereby authorized to reduce payments required to be made by the county to such taxing district under other provisions of law. Thereafter the auditor shall draw a warrant, which shall be deposited with the state treasury in accordance with section 298.221, to the credit of the commissioner of Iron Range resources and rehabilitation Board.

Sec. 54. Minnesota Statutes 2016, section 466.03, subdivision 6c, is amended to read:

Subd. 6c. **Water access sites.** Any claim based upon the construction, operation, or maintenance by a municipality of a water access site created by the commissioner of Iron Range resources and rehabilitation Board. A water access site under this subdivision that provides access to an idled, water filled mine pit also includes the entire water filled area of the pit, and, further, claims related to a mine pit water access site under this subdivision include those based upon the caving or slumping of mine pit walls.

Sec. 55. Minnesota Statutes 2016, section 469.310, subdivision 9, is amended to read:

Subd. 9. **Local government unit.** "Local government unit" means a statutory or home rule charter city, county, town, the Department of Iron Range Resources and Rehabilitation agency, regional development commission, or a federally designated economic development district.

Sec. 56. Minnesota Statutes 2016, section 474A.02, subdivision 21, is amended to read:

Subd. 21. **Preliminary resolution.** "Preliminary resolution" means a resolution adopted by the governing body or board of the issuer, or ~~in the case of the~~ by the commissioner of Iron Range resources and rehabilitation Board by the commissioner. The resolution must express a preliminary intention of the issuer to issue obligations for a specific project, identify the proposed project, and disclose the proposed amount of qualified bonds to be issued. Preliminary resolutions for mortgage bonds and student loan bonds need not identify a specific project.

Sec. 57. Laws 2010, chapter 389, article 5, section 7, is amended to read:

Sec. 7. **GIANTS RIDGE RECREATION AREA TAXING AUTHORITY.**

Subdivision 1. **Additional taxes authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or charter provision to the contrary, the city of Biwabik,

upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose any or all of the taxes described in this section.

Subd. 2. **Use of proceeds.** The proceeds of any taxes imposed under this section, less refunds and costs of collection, must be deposited into the Iron Range Resources and Rehabilitation ~~Board~~ account enterprise fund created under the provisions of Minnesota Statutes, section 298.221, paragraph (c), and must be dedicated and expended by the commissioner of ~~the~~ Iron Range resources and rehabilitation ~~Board, upon approval by the vote of at least seven members of~~ after consultation with the Iron Range Resources and Rehabilitation Board, to pay costs for the construction, renovation, improvement, expansion, and maintenance of public recreational facilities located in those portions of the city within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7, or to pay any principal, interest, or premium on any bond issued to finance the construction, renovation, improvement, or expansion of such public recreational facilities.

Subd. 3. **Lodging tax.** (a) The city of Biwabik, upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose, by ordinance, a tax of not more than five percent on the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and may be imposed only on gross lodging receipts generated within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7.

(b) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax imposed under paragraph (a), the change must be approved by both the governing body of the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after the commissioner of Iron Range resources and rehabilitation consults with the Iron Range Resources and Rehabilitation Board.

Subd. 4. **Admissions and recreation tax.** (a) The city of Biwabik, upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose, by ordinance, a tax of not more than five percent on admission receipts to entertainment and recreational facilities and on receipts from the rental of recreation equipment, at sites within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7. The provisions of Minnesota Statutes, section 297A.99, except for subdivisions 2 and 3, govern the imposition, administration, collection, and enforcement of the tax authorized in this subdivision.

(b) If the city imposes the tax under paragraph (a), it must include in the ordinance an exemption for purchases of season tickets or passes.

(c) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax imposed under paragraph (a), the change must be approved by both the governing body of the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after the commissioner of Iron Range resources and rehabilitation consults with the Iron Range Resources and Rehabilitation Board.

Subd. 5. **Food and beverage tax.** (a) The city of Biwabik, upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose, by ordinance, an additional sales tax of not more than one percent on gross

receipts of food and beverages sold whether it is consumed on or off the premises by restaurants and places of refreshment as defined by resolution of the city within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7. The provisions of Minnesota Statutes, section 297A.99, except for subdivisions 2 and 3, govern the imposition, administration, collection, and enforcement of the tax authorized in this subdivision.

(b) If, after July 31, 2017, the city of Biwabik changes by ordinance the rate of the tax imposed under paragraph (a), the change must be approved by both the governing body of the city of Biwabik and the commissioner of Iron Range resources and rehabilitation, after the commissioner of Iron Range resources and rehabilitation consults with the Iron Range Resources and Rehabilitation Board.

EFFECTIVE DATE. This section is effective August 1, 2017, without local approval pursuant to Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

**Sec. 58. DEPARTMENT OF IRON RANGE RESOURCES AND REHABILITATION;
EARLY SEPARATION INCENTIVE PROGRAM AUTHORIZATION.**

(a) "Commissioner" as used in this section means the commissioner of Iron Range resources and rehabilitation unless otherwise specified.

(b) Notwithstanding any law to the contrary, the commissioner, in consultation with the commissioner of management and budget, shall offer a targeted early separation incentive program for employees of the commissioner who have attained the age of 60 years or who have received credit for at least 30 years of allowable service under the provisions of Minnesota Statutes, chapter 352. The commissioner shall also offer a targeted separation incentive program for employees of the commissioner whose positions are in support of operations at Giants Ridge and will be eliminated if the department no longer directly manages Giants Ridge operations.

(c) The early separation incentive program may include one or more of the following:

(1) employer-paid postseparation health, medical, and dental insurance until age 65; and

(2) cash incentives that may, but are not required to be, used to purchase additional years of service credit through the Minnesota State Retirement System, to the extent that the purchases are otherwise authorized by law.

(d) The commissioner shall establish eligibility requirements for employees to receive an incentive. The commissioner must exclude from eligibility for the incentive program employees having less than 20 years of allowable service who would otherwise qualify for the incentive program.

(e) The commissioner, consistent with the established program provisions under paragraph (b), and with the eligibility requirements under paragraph (f), may designate specific programs or employees as eligible to be offered the incentive program.

(f) Acceptance of the offered incentive must be voluntary on the part of the employee and must be in writing. The incentive may only be offered at the sole discretion of the commissioner.

(g) The cost of the incentive is payable solely by funds made available to the commissioner by law, but only on prior approval of the expenditures by the commissioner, after consultation with the Iron Range Resources and Rehabilitation Board.

(h) Unilateral implementation of this section by the commissioner is not an unfair labor practice under Minnesota Statutes, chapter 179A.

EFFECTIVE DATE. This section is effective the day following final enactment. This section expires July 30, 2018.

Sec. 59. **REVISOR'S INSTRUCTION.**

The revisor of statutes, with cooperation from the House Research Department and the Senate Counsel, Research and Fiscal Analysis Office, shall prepare legislation that makes conforming changes in accordance with the provisions of this article. The revisor shall submit the proposal, in a form ready for introduction, during the 2018 regular legislative session to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over jobs and economic development.

Sec. 60. **REPEALER.**

Minnesota Statutes 2016, sections 298.22, subdivision 8; 298.2213; and 298.298, are repealed.

ARTICLE 8

COMMERCE POLICY

Section 1. Minnesota Statutes 2016, section 45.0135, subdivision 6, is amended to read:

Subd. 6. **Insurance fraud prevention account.** The insurance fraud prevention account is created in the state treasury. Money received from assessments under subdivision 7 and transferred from the automobile theft prevention account in ~~section~~ sections 65B.84, subdivision 1, and 297I.11, subdivision 2, is deposited in the account. Money in this fund is appropriated to the commissioner of commerce for the purposes specified in this section and sections 60A.951 to 60A.956.

Sec. 2. Minnesota Statutes 2016, section 46.131, subdivision 7, is amended to read:

Subd. 7. **Fiscal year assessments.** Such assessments shall be levied on July 1, 1965, and ~~at~~ prior to the beginning of each fiscal period beginning July 1 and ending June 30 thereafter, and shall be based on the total estimated expense as herein referred to during such period. Assessment revenue will be remitted to the commissioner for deposit in the financial institutions account on or before July 1 of each year.

Sec. 3. Minnesota Statutes 2016, section 46.131, is amended by adding a subdivision to read:

Subd. 11. **Financial institutions account; appropriation.** (a) The financial institutions account is created as a separate account in the special revenue fund. The account consists of funds received from assessments under subdivision 7 and examination fees under subdivision 8. Earnings, including

interest, dividends, and any other earnings arising from account assets, must be credited to the account.

(b) Funds in the account are annually appropriated to the commissioner of commerce for activities under this section.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 4. Minnesota Statutes 2016, section 65B.84, subdivision 1, is amended to read:

Subdivision 1. **Program described; commissioner's duties; appropriation.** (a) The commissioner of commerce shall:

(1) develop and sponsor the implementation of statewide plans, programs, and strategies to combat automobile theft, improve the administration of the automobile theft laws, and provide a forum for identification of critical problems for those persons dealing with automobile theft;

(2) coordinate the development, adoption, and implementation of plans, programs, and strategies relating to interagency and intergovernmental cooperation with respect to automobile theft enforcement;

(3) annually audit the plans and programs that have been funded in whole or in part to evaluate the effectiveness of the plans and programs and withdraw funding should the commissioner determine that a plan or program is ineffective or is no longer in need of further financial support from the fund;

(4) develop a plan of operation including:

(i) an assessment of the scope of the problem of automobile theft, including areas of the state where the problem is greatest;

(ii) an analysis of various methods of combating the problem of automobile theft;

(iii) a plan for providing financial support to combat automobile theft;

(iv) a plan for eliminating car hijacking; and

(v) an estimate of the funds required to implement the plan; and

(5) distribute money, in consultation with the commissioner of public safety, pursuant to subdivision 3 from the automobile theft prevention special revenue account for automobile theft prevention activities, including:

(i) paying the administrative costs of the program;

(ii) providing financial support to the State Patrol and local law enforcement agencies for automobile theft enforcement teams;

(iii) providing financial support to state or local law enforcement agencies for programs designed to reduce the incidence of automobile theft and for improved equipment and techniques for responding to automobile thefts;

(iv) providing financial support to local prosecutors for programs designed to reduce the incidence of automobile theft;

(v) providing financial support to judicial agencies for programs designed to reduce the incidence of automobile theft;

(vi) providing financial support for neighborhood or community organizations or business organizations for programs designed to reduce the incidence of automobile theft and to educate people about the common methods of automobile theft, the models of automobiles most likely to be stolen, and the times and places automobile theft is most likely to occur; and

(vii) providing financial support for automobile theft educational and training programs for state and local law enforcement officials, driver and vehicle services exam and inspections staff, and members of the judiciary.

(b) The commissioner may not spend in any fiscal year more than ten percent of the money in the fund for the program's administrative and operating costs. The commissioner is annually appropriated and must distribute the amount of the proceeds credited to the automobile theft prevention special revenue account each year, less the transfer of \$1,300,000 each year to the ~~general fund~~ insurance fraud prevention account described in section 297I.11, subdivision 2.

(c) At the end of each fiscal year, the commissioner may transfer any unobligated balances in the auto theft prevention account to the insurance fraud prevention account under section 45.0135, subdivision 6.

Sec. 5. [72A.328] AFFINITY GROUP.

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

(b) "Affinity program" means a group of individuals who are members of an entity that offers individuals benefits based on their membership in that entity. Affinity program does not include an entity that obtains group insurance, as defined in section 60A.02, subdivision 28, or risk retention groups as defined in section 60E.02, subdivision 12.

(c) "Policy" means an individually underwritten policy of private passenger vehicle insurance, as defined in section 65B.001, subdivision 2, or an individually underwritten policy of homeowner's insurance, as defined in section 65A.27, subdivision 4.

Subd. 2. Discount. An insurance company may offer an individual a discount or other benefit relating to a policy based on the individual's membership in an affinity program if:

(1) the benefit or discount is based on an actuarial justification; and

(2) the insurance company offers the benefit or discount to all members of the affinity program eligible for the discount or benefit.

Sec. 6. Minnesota Statutes 2016, section 80A.61, is amended to read:

80A.61 SECTION 406; REGISTRATION BY BROKER-DEALER, AGENT, FUNDING PORTAL, INVESTMENT ADVISER, AND INVESTMENT ADVISER REPRESENTATIVE.

(a) **Application for initial registration by broker-dealer, agent, ~~or~~ investment adviser, or investment adviser representative.** A person shall register as a broker-dealer, agent, ~~or~~ investment adviser, or investment adviser representative by filing an application and a consent to service of process complying with section 80A.88, and paying the fee specified in section 80A.65 and any reasonable fees charged by the designee of the administrator for processing the filing. The application must contain:

(1) the information or record required for the filing of a uniform application; and

(2) upon request by the administrator, any other financial or other information or record that the administrator determines is appropriate.

(b) **Amendment.** If the information or record contained in an application filed under subsection (a) is or becomes inaccurate or incomplete in a material respect, the registrant shall promptly file a correcting amendment.

(c) **Effectiveness of registration.** If an order is not in effect and a proceeding is not pending under section 80A.67, registration becomes effective at noon on the 45th day after a completed application is filed, unless the registration is denied. A rule adopted or order issued under this chapter may set an earlier effective date or may defer the effective date until noon on the 45th day after the filing of any amendment completing the application.

(d) **Registration renewal.** A registration is effective until midnight on December 31 of the year for which the application for registration is filed. Unless an order is in effect under section 80A.67, a registration may be automatically renewed each year by filing such records as are required by rule adopted or order issued under this chapter, by paying the fee specified in section 80A.65, and by paying costs charged by the designee of the administrator for processing the filings.

(e) **Additional conditions or waivers.** A rule adopted or order issued under this chapter may impose such other conditions, not inconsistent with the National Securities Markets Improvement Act of 1996. An order issued under this chapter may waive, in whole or in part, specific requirements in connection with registration as are in the public interest and for the protection of investors.

(f) **Funding portal registration.** A funding portal that has its principal place of business in the state of Minnesota shall register with the state of Minnesota by filing with the administrator a copy of the information or record required for the filing of an application for registration as a funding portal in the manner established by the Securities and Exchange Commission and/or the Financial Institutions Regulatory Authority (FINRA), along with any rule adopted or order issued, and any amendments thereto.

(g) **Application for investment adviser representative registration.**

(1) The application for initial registration as an investment adviser representative pursuant to section 80A.58 is made by completing Form U-4 (Uniform Application for Securities Industry

Registration or Transfer) in accordance with the form instructions and by filing the form U-4 with the IARD. The application for initial registration must also include the following:

(i) proof of compliance by the investment adviser representative with the examination requirements of:

(A) the Uniform Investment Adviser Law Examination (Series 65); or

(B) the General Securities Representative Examination (Series 7) and the Uniform Combined State Law Examination (Series 66);

(ii) any other information the administrator may reasonably require.

(2) The application for the annual renewal registration as an investment adviser representative shall be filed with the IARD.

(3)(i) The investment adviser representative is under a continuing obligation to update information required by Form U-4 as changes occur;

(ii) An investment adviser representative and the investment adviser must file promptly with the IARD any amendments to the representative's Form U-4; and

(iii) An amendment will be considered to be filed promptly if the amendment is filed within 30 days of the event that requires the filing of the amendment.

(4) An application for initial or renewal of registration is not considered filed for purposes of section 80A.58 until the required fee and all required submissions have been received by the administrator.

(5) The application for withdrawal of registration as an investment adviser representative pursuant to section 80A.58 shall be completed by following the instructions on Form U-5 (Uniform Termination Notice for Securities Industry Registration) and filed upon Form U-5 with the IARD.

Sec. 7. Minnesota Statutes 2016, section 80A.65, subdivision 2, is amended to read:

Subd. 2. **Registration application and renewal filing fee.** Every applicant for an initial or renewal registration shall pay a filing fee of \$200 in the case of a broker-dealer, ~~\$50~~ \$65 in the case of an agent, ~~and~~ \$100 in the case of an investment adviser, and \$50 in the case of an investment adviser representative. When an application is denied or withdrawn, the filing fee shall be retained. A registered agent who has terminated employment with one broker-dealer shall, before beginning employment with another broker-dealer, pay a transfer fee of \$25.

Sec. 8. Minnesota Statutes 2016, section 216B.62, subdivision 3b, is amended to read:

Subd. 3b. **Assessment for department regional and national duties.** In addition to other assessments in subdivision 3, the department may assess up to ~~\$1,000,000~~ \$500,000 per fiscal year for performing its duties under section 216A.07, subdivision 3a. The amount in this subdivision shall be assessed to energy utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year and shall be deposited into an account in the special revenue fund and is appropriated to the commissioner of

commerce for the purposes of section 216A.07, subdivision 3a. An assessment made under this subdivision is not subject to the cap on assessments provided in subdivision 3 or any other law. For the purpose of this subdivision, an "energy utility" means public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing natural gas or electric service in the state. This subdivision expires June 30, ~~2017~~ 2018.

Sec. 9. **[239.7511] GAS TAX SIGN ON PETROLEUM DISPENSER.**

(a) The director must ensure that signs having 12-point font or greater are affixed on retail petroleum dispensers as follows:

(1) for regular or premium gasoline, a sign that reads: "The price for each gallon of gasoline includes the current state gasoline tax of 28.5 cents per gallon and federal gasoline tax of 18.4 cents per gallon. Revenue from the state fuel tax may be used only for roads and bridges, according to the Minnesota Constitution."; and

(2) for diesel fuel, a sign that reads: "The price for each gallon of diesel fuel includes the current state gasoline tax of 28.5 cents per gallon and federal gasoline tax of 24.4 cents per gallon. Revenue from the state fuel tax may be used only for roads and bridges, according to the Minnesota Constitution."

(b) The director must distribute the signs under this section to the owner or operator of retail petroleum dispensers. To the extent possible, the director must coordinate the distribution of signs with other duties the director may have involving retail petroleum dispensers.

(c) If the amount of the gasoline tax described in paragraph (a), clauses (1) and (2), changes, the director must distribute revised signs to reflect the updated gasoline tax amounts within 12 calendar months of the change.

(d) The director is prohibited from assessing any penalty, fine, or fee on the owner or operator of a retail petroleum dispenser that has a missing, destroyed, defaced, or otherwise damaged gas tax sign.

Sec. 10. Minnesota Statutes 2016, section 297I.11, subdivision 2, is amended to read:

Subd. 2. **Automobile theft prevention account.** A special revenue account in the state treasury shall be credited with the proceeds of the surcharge imposed under subdivision 1. Of the revenue in the account, \$1,300,000 each year must be transferred to the general fund insurance fraud prevention account under section 45.0135, subdivision 6. Revenues in excess of \$1,300,000 each year may be used only for the automobile theft prevention program described in section 65B.84.

Sec. 11. Minnesota Statutes 2016, section 325J.06, is amended to read:

325J.06 EFFECT OF NONREDEMPTION.

(a) A pledgor shall have no obligation to redeem pledged goods or make any payment on a pawn transaction. Pledged goods not redeemed within at least 60 days of the date of the pawn transaction; ~~renewal, or extension~~ shall automatically be forfeited to the pawnbroker, and qualified right, title, and interest in and to the goods shall automatically vest in the pawnbroker.

(b) The pawnbroker's right, title, and interest in the pledged goods under paragraph (a) is qualified only by the pledgor's right, while the pledged goods remain in possession of the pawnbroker and not sold to a third party, to redeem the goods by paying the loan plus fees and/or interest accrued up to the date of redemption.

(c) A pawn transaction that involves holding only the title to property is subject to chapter 168A or 336.

Sec. 12. Minnesota Statutes 2016, section 345.42, is amended by adding a subdivision to read:

Subd. 1a. **Required lists.** (a) Beginning January 1, 2018, and annually thereafter, and provided that a member has requested it, the commissioner shall provide to each member of the legislature a list in electronic form of all persons appearing to be owners of abandoned property whose last known address is located in the legislator's respective legislative district.

(b) Beginning July 1, 2017, and every six months thereafter, and provided that a county has requested it, the commissioner shall provide to the county a list in electronic form of all persons appearing to be owners of abandoned property whose last known address is located in the county. A request under this paragraph must be made in writing by a person authorized by the county to make the request and is good until canceled.

EFFECTIVE DATE. This section is effective January 1, 2018.

Sec. 13. Minnesota Statutes 2016, section 345.49, is amended to read:

345.49 CLAIM FOR ABANDONED PROPERTY PAID OR DELIVERED.

Subdivision 1. **Filing.** (a) Any person claiming an interest in any property delivered to the state under sections 345.31 to 345.60 may file a claim thereto or to the proceeds from the sale thereof on the form prescribed by the commissioner.

(b) Any person claiming an interest in property evidenced by a will or trust document, or court order, may submit to the commissioner only such portions of the document or order necessary to establish a claim.

Subd. 2. **Appropriation.** There is hereby appropriated to the persons entitled to a refund, from the fund in the state treasury to which the money was credited, an amount sufficient to make the refund and payment.

Subd. 3. **Data.** Government data received by the commissioner pursuant to this section is nonpublic data or private data on individuals, as defined in section 13.02, subdivisions 9 and 12.

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

Sec. 14. **[471.9998] MERCHANT BAGS.**

Subdivision 1. **Merchant option.** All merchants, itinerant vendors, and peddlers doing business in this state shall have the option to provide customers a paper, plastic, or reusable bag for the packaging of any item or good purchased, provided such purchase is of a size and manner commensurate with the use of paper, plastic, or reusable bags.

Subd. 2. **Prohibition; bag ban.** Notwithstanding any other provision of law, no political subdivision shall impose any ban upon the use of paper, plastic, or reusable bags for packaging of any item or good purchased from a merchant, itinerant vendor, or peddler.

EFFECTIVE DATE. This section is effective May 31, 2017. Ordinances existing on the effective date of this section that would be prohibited under this section are invalid as of the effective date of this section.

Sec. 15. **REPORT ON UNCLAIMED PROPERTY DIVISION.**

The commissioner shall report by February 15, 2018, to the chairs and ranking minority members of the standing committees of the house of representatives and senate having jurisdiction over commerce regarding the process owners of abandoned property must comply with in order to file an allowed claim under Minnesota Statutes, chapter 345. The report shall include information regarding the documentation and identification necessary for owners of each type of abandoned property under Minnesota Statutes, chapter 345, to file an allowed claim.

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

Sec. 16. **REPEALER.**

Minnesota Statutes 2016, section 46.131, subdivision 5, is repealed.

ARTICLE 9

TELECOMMUNICATIONS

Section 1. Minnesota Statutes 2016, section 237.162, subdivision 2, is amended to read:

Subd. 2. **Local government unit.** "Local government unit" means a county, home rule charter or statutory city, ~~or town,~~ or the Metropolitan Council.

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

Sec. 2. Minnesota Statutes 2016, section 237.162, subdivision 4, is amended to read:

Subd. 4. **Telecommunications right-of-way user.** (a) "Telecommunications right-of-way user" means a person owning or controlling a facility in the public right-of-way, or seeking to own or control a facility in the public right-of-way, that is used or is intended to be used for providing wireless service, or transporting telecommunications or other voice or data information.

(b) A cable communication system defined and regulated under chapter 238, and telecommunications activities related to providing natural gas or electric energy services ~~whether provided by~~ a public utility as defined in section 216B.02, a municipality, a municipal gas or power agency organized under chapter 453 or 453A, or a cooperative electric association organized under chapter 308A, are not telecommunications right-of-way users for the purposes of this section and section 237.163, except to the extent these entities are offering wireless services.

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

Sec. 3. Minnesota Statutes 2016, section 237.162, subdivision 9, is amended to read:

Subd. 9. **Management costs or rights-of-way management costs.** (a) "Management costs" or "rights-of-way management costs" means the actual costs a local government unit incurs in managing its public rights-of-way, and includes such costs, if incurred, as those associated with registering applicants; issuing, processing, and verifying right-of-way or small wireless facility permit applications; inspecting job sites and restoration projects; maintaining, supporting, protecting, or moving user equipment during public right-of-way work; determining the adequacy of right-of-way restoration; restoring work inadequately performed after providing notice and the opportunity to correct the work; and revoking right-of-way or small wireless facility permits.

(b) Management costs do not include:

(1) payment by a telecommunications right-of-way user for the use of the public right-of-way;

(2) unreasonable fees of a third-party contractor used by a local government unit as part of managing its public rights-of-way, including but not limited to any third-party contractor fee tied to or based upon customer counts, access lines, revenue generated by the telecommunications right-of-way user, or revenue generated for a local government unit; or

(3) the fees and cost of litigation relating to the interpretation of this section or section 237.163 or any ordinance enacted under those sections, or the local unit of government's fees and costs related to appeals taken pursuant to section 237.163, subdivision 5.

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

Sec. 4. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to read:

Subd. 10. **Collocate.** "Collocate" or "collocation" means to install, mount, maintain, modify, operate, or replace a small wireless facility on, under, within, or adjacent to an existing wireless support structure that is owned privately or by a local government unit.

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

Sec. 5. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to read:

Subd. 11. **Small wireless facility.** "Small wireless facility" means:

(1) a wireless facility that meets both of the following qualifications:

(i) each antenna is located inside an enclosure of no more than six cubic feet in volume or, in the case of an antenna that has exposed elements, the antenna and all its exposed elements could fit within an enclosure of no more than six cubic feet; and

(ii) all other wireless equipment associated with the small wireless facility, excluding electric meters, concealment elements, telecommunications demarcation boxes, battery backup power systems, grounding equipment, power transfer switches, cutoff switches, cable, conduit, vertical cable runs for the connection of power and other services, and any equipment concealed from public view within or behind an existing structure or concealment, is in aggregate no more than 28 cubic feet in volume; or

(2) a micro wireless facility.

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

Sec. 6. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to read:

Subd. 12. **Utility pole.** "Utility pole" means a pole that is used in whole or in part to facilitate telecommunications or electric service.

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

Sec. 7. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to read:

Subd. 13. **Wireless facility.** (a) "Wireless facility" means equipment at a fixed location that enables the provision of wireless services between user equipment and a wireless service network, including:

(1) equipment associated with wireless service;

(2) a radio transceiver, antenna, coaxial or fiber-optic cable, regular and backup power supplies, and comparable equipment, regardless of technological configuration; and

(3) a small wireless facility.

(b) "Wireless facility" does not include:

(1) wireless support structures;

(2) wireline backhaul facilities; or

(3) coaxial or fiber-optic cables (i) between utility poles or wireless support structures, or (ii) that are not otherwise immediately adjacent to or directly associated with a specific antenna.

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

Sec. 8. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to read:

Subd. 14. **Micro wireless facility.** "Micro wireless facility" means a small wireless facility that is no larger than 24 inches long, 15 inches wide, and 12 inches high, and whose exterior antenna, if any, is no longer than 11 inches.

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

Sec. 9. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to read:

Subd. 15. **Wireless service.** "Wireless service" means any service using licensed or unlicensed wireless spectrum, including the use of Wi-Fi, whether at a fixed location or by means of a mobile device, that is provided using wireless facilities. Wireless service does not include services regulated under Title VI of the Communications Act of 1934, as amended, including a cable service under United States Code, title 47, section 522, clause (6).

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

Sec. 10. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to read:

Subd. 16. **Wireless support structure.** "Wireless support structure" means a new or existing structure in a public right-of-way designed to support or capable of supporting small wireless facilities, as reasonably determined by a local government unit.

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

Sec. 11. Minnesota Statutes 2016, section 237.162, is amended by adding a subdivision to read:

Subd. 17. **Wireline backhaul facility.** "Wireline backhaul facility" means a facility used to transport communications data by wire from a wireless facility to a communications network.

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

Sec. 12. Minnesota Statutes 2016, section 237.163, subdivision 2, is amended to read:

Subd. 2. **Generally.** (a) Subject to this section, a telecommunications right-of-way user authorized to do business under the laws of this state or by license of the Federal Communications Commission may construct, maintain, and operate small wireless facilities, conduit, cable, switches, and related appurtenances and facilities along, across, upon, above, and under any public right-of-way.

(b) Subject to this section, a local government unit has the authority to manage its public rights-of-way and to recover its rights-of-way management costs. Except as provided in subdivisions 3a, 3b, and 3c, the authority defined in this section may be exercised at the option of the local government unit. ~~The exercise of this authority and~~ is not mandated under this section. A local government unit may, by ordinance:

(1) require a telecommunications right-of-way user seeking to excavate or obstruct a public right-of-way for the purpose of providing telecommunications services to obtain a right-of-way permit to do so and to impose permit conditions consistent with the local government unit's management of the right-of-way;

(2) require a telecommunications right-of-way user using, occupying, or seeking to use or occupy a public right-of-way for the purpose of providing telecommunications services to register with the local government unit by providing the local government unit with the following information:

(i) the applicant's name, gopher state one-call registration number under section 216D.03, address, and telephone and facsimile numbers;

(ii) the name, address, and telephone and facsimile numbers of the applicant's local representative;

(iii) proof of adequate insurance; and

(iv) other information deemed reasonably necessary by the local government unit for the efficient administration of the public right-of-way; and

(3) require telecommunications right-of-way users to submit to the local government unit plans for construction and major maintenance that provide reasonable notice to the local government unit of projects that the telecommunications right-of-way user expects to undertake that may require excavation and obstruction of public rights-of-way.

(c) A local government unit may also require a telecommunications right-of-way user that is registered with the local government unit pursuant to paragraph (b), clause (2), to periodically update the information in its registration application.

(d) Notwithstanding sections 394.34 and 462.355, or any other law, a local government unit must not establish a moratorium with respect to:

(1) filing, receiving, or processing applications for right-of-way or small wireless facility permits;
or

(2) issuing or approving right-of-way or small wireless facility permits.

(e) A telecommunications right-of-way user may place a new wireless support structure or collocate small wireless facilities on wireless support structures located within a public right-of-way, subject to the approval procedures under this section and, for collocation on wireless support structures owned by a local government unit, the reasonable terms, conditions, and rates set forth under this section. A local government unit may prohibit, regulate, or charge a fee to install wireless support structures or to collocate small wireless facilities only as provided in this section.

(f) The placement of small wireless facilities and wireless support structures to accommodate small wireless facilities are a permitted use in a public right-of-way, except that a local government unit may require a person to obtain a special or conditional land use permit to install a new wireless support structure for the siting of a small wireless facility in a right-of-way in a district or area zoned for single-family residential use or within a historic district established by federal or state law or city ordinance as of the date of application for a small wireless facility permit. This paragraph does not apply to areas outside a public right-of-way that are zoned and used exclusively for single-family residential use.

EFFECTIVE DATE. This section is effective the day following final enactment, except that paragraph (d) is effective January 1, 2018, for a local government unit that has not enacted an ordinance regulating public rights-of-way as of May 18, 2017.

Sec. 13. Minnesota Statutes 2016, section 237.163, is amended by adding a subdivision to read:

Subd. 3a. Small wireless facility permits; general. (a) A local government unit:

(1) may require a telecommunications right-of-way user to obtain a permit or permits under this section to place a new wireless support structure or collocate a small wireless facility in a public right-of-way managed by the local government unit;

(2) must not require an applicant for a small wireless facility permit to provide any information that:

(i) has previously been provided to the local government unit by the applicant in an application for a small wireless permit, which specific reference shall be provided to the local government unit by the applicant; and

(ii) is not reasonably necessary to review a permit application for compliance with generally applicable and reasonable health, safety, and welfare regulations, and to demonstrate compliance with applicable Federal Communications Commission regulations governing radio frequency exposure, or other information required by this section;

(3) must ensure that any application for a small wireless facility permit is processed on a nondiscriminatory basis; and

(4) must specify that the term of a small wireless facility permit is equal to the length of time that the small wireless facility is in use, unless the permit is revoked under this section.

(b) An applicant may file a consolidated permit application to collocate up to 15 small wireless facilities, or a greater number if agreed to by a local government unit, provided that all the small wireless facilities in the application:

(1) are located within a two-mile radius;

(2) consist of substantially similar equipment; and

(3) are to be placed on similar types of wireless support structures.

In rendering a decision on a consolidated permit application, a local government unit may approve a permit for some small wireless facilities and deny a permit for others, but may not use denial of one or more permits as a basis to deny all the small wireless facilities in the application.

(c) If a local government unit receives applications within a single seven-day period from one or more applicants seeking approval of permits for more than 30 small wireless facilities, the local government unit may extend the 90-day deadline imposed in subdivision 3c by an additional 30 days. If a local government unit elects to invoke this extension, it must inform in writing any applicant to whom the extension will be applied.

(d) A local government unit is prohibited from requiring a person to pay a small wireless facility permit fee, obtain a small wireless facility permit, or enter into a small wireless facility collocation agreement solely in order to conduct any of the following activities:

(1) routine maintenance of a small wireless facility;

(2) replacement of a small wireless facility with a new facility that is substantially similar or smaller in size, weight, height, and wind or structural loading than the small wireless facility being replaced; or

(3) installation, placement, maintenance, operation, or replacement of micro wireless facilities that are suspended on cables strung between existing utility poles in compliance with national safety codes.

A local government unit may require advance notification of these activities if the work will obstruct a public right-of-way.

(e) Nothing in this subdivision affects the need for an entity seeking to place a small wireless facility on a wireless support structure that is not owned by a local government unit to obtain from the owner of the wireless support structure any necessary authority to place the small wireless facility, nor shall any provision of this chapter be deemed to affect the rates, terms, and conditions for access to or placement of a small wireless facility or a wireless support structure not owned by a local government unit. This subdivision does not affect any existing agreement between a local government unit and an entity concerning the placement of small wireless facilities on local government unit-owned wireless support structures.

(f) No later than six months after the effective date of this act or three months after receiving a small wireless facility permit application from a wireless service provider, a local government unit that has elected to set forth terms and conditions of collocation in a standard small wireless facility collocation agreement shall develop and make available an agreement that complies with the requirements of this section and section 237.162. A standard small wireless facility collocation agreement shall be substantially complete. Notwithstanding any law to the contrary, the parties to a small wireless facility collocation agreement may incorporate additional terms and conditions mutually agreed upon into a small wireless facility collocation agreement. A small wireless facility collocation agreement between a local government unit and a wireless service provider is considered public data not on individuals and is accessible to the public under section 13.03.

(g) An approval of a small wireless facility permit under this section authorizes the installation, placement, maintenance, or operation of a small wireless facility to provide wireless service and shall not be construed to confer authorization to (1) provide any service other than a wireless service, or (2) install, place, maintain, or operate a wireline backhaul facility in the right-of-way.

(h) The terms and conditions of collocation under this subdivision:

(1) may be set forth in a small wireless facility collocation agreement, if a local government unit elects to utilize such an agreement;

(2) must be nondiscriminatory, competitively neutral, and commercially reasonable; and

(3) must comply with this section and section 237.162.

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

Sec. 14. Minnesota Statutes 2016, section 237.163, is amended by adding a subdivision to read:

Subd. 3b. Small wireless facility permits; placement. (a) A local government unit may not require the placement of small wireless facilities on any specific wireless support structure other than the wireless support structure proposed in the permit application.

(b) A local government unit must not limit the placement of small wireless facilities, either by minimum separation distances between small wireless facilities or maximum height limitations, except that each wireless support structure installed in the right-of-way after the effective date of this act shall not exceed 50 feet above ground level, unless the local government unit agrees to a

greater height, subject to local zoning regulations, and may be subject to separation requirements in relation to other wireless support structures.

(c) Notwithstanding paragraph (b), a wireless support structure that replaces an existing wireless support structure that is higher than 50 feet above ground level may be placed at the height of the existing wireless support structure, unless the local government unit agrees to a greater height, subject to local zoning regulations.

(d) Wireless facilities constructed in the right-of-way after the effective date of this act may not extend more than ten feet above an existing wireless support structure in place as of the effective date of this act.

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

Sec. 15. Minnesota Statutes 2016, section 237.163, is amended by adding a subdivision to read:

Subd. 3c. **Small wireless facility permits; approval.** (a) Except as provided in subdivision 4, a local government unit shall issue a small wireless facility permit to a telecommunications right-of-way user seeking to install a new or replacement wireless support structure for a small wireless facility, or to collocate a small wireless facility on a wireless support structure in a public right-of-way. In processing and approving a small wireless facility permit, a local government unit may condition its approval on compliance with:

(1) generally applicable and reasonable health, safety, and welfare regulations consistent with the local government unit's public right-of-way management;

(2) reasonable accommodations for decorative wireless support structures or signs; and

(3) any reasonable restocking, replacement, or relocation requirements when a new wireless support structure is placed in a public right-of-way.

(b) A local government unit has 90 days after the date a small wireless facility permit application is filed to issue or deny the permit, or the permit is automatically issued. To toll the 90-day clock, the local government unit must provide a written notice of incompleteness to the applicant within 30 days of receipt of the application, clearly and specifically delineating all missing documents or information. Information delineated in the notice is limited to documents or information publicly required as of the date of application and reasonably related to a local government unit's determination whether the proposed equipment falls within the definition of a small wireless facility and whether the proposed deployment satisfies all health, safety, and welfare regulations applicable to the small wireless facility permit request. Upon an applicant's submittal of additional documents or information in response to a notice of incompleteness, the local government unit has ten days to notify the applicant in writing of any information requested in the initial notice of incompleteness that is still missing. Second or subsequent notices of incompleteness may not specify documents or information that were not delineated in the original notice of incompleteness. Requests for information not requested in the initial notice of incompleteness do not toll the 90-day clock. Parties can mutually agree in writing to toll the 90-day clock at any time. Section 15.99 does not apply to this paragraph or paragraph (c).

For the purposes of this subdivision, "toll the 90-day clock" means to halt the progression of days that count towards the 90-day deadline.

(c) Except as provided in subdivision 3a, paragraph (c), a small wireless facility permit and any associated encroachment or building permit required by a local government unit, are deemed approved if the local government unit fails to approve or deny the application within 90 days after the permit application has been filed, unless the applicant and the local government unit have mutually agreed in writing to extend the 90-day deadline.

(d) Nothing in this subdivision precludes a local government unit from applying generally applicable and reasonable health, safety, and welfare regulations when evaluating and deciding to approve or deny a small wireless facility permit.

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

Sec. 16. Minnesota Statutes 2016, section 237.163, subdivision 4, is amended to read:

Subd. 4. **Permit denial or revocation.** (a) A local government unit may deny any application for a right-of-way or small wireless facility permit if the telecommunications right-of-way user does not comply with a provision of this section.

(b) A local government unit may deny an application for a right-of-way permit if the local government unit determines that the denial is necessary to protect the health, safety, and welfare or when necessary to protect the public right-of-way and its current use.

(c) A local government unit may revoke a right-of-way or small wireless facility permit granted to a telecommunications right-of-way user, with or without fee refund, in the event of a substantial breach of the terms and conditions of statute, ordinance, rule, or regulation or any material condition of the permit. A substantial breach by a permittee includes, but is not limited to, the following:

(1) a material violation of a provision of the right-of-way or small wireless facility permit;

(2) an evasion or attempt to evade any material provision of the right-of-way or small wireless facility permit, or the perpetration or attempt to perpetrate any fraud or deceit upon the local government unit or its citizens;

(3) a material misrepresentation of fact in the right-of-way or small wireless facility permit application;

(4) a failure to complete work in a timely manner, unless a permit extension is obtained or unless the failure to complete work is due to reasons beyond the permittee's control; and

(5) a failure to correct, in a timely manner, work that does not conform to applicable standards, conditions, or codes, upon inspection and notification by the local government unit of the faulty condition.

(d) Subject to this subdivision, a local government unit may not deny an application for a right-of-way or small wireless facility permit for failure to include a project in a plan submitted to the local government unit under subdivision 2, paragraph (b), clause (3), when the telecommunications right-of-way user has used commercially reasonable efforts to anticipate and plan for the project.

(e) In no event may a local government unit unreasonably withhold approval of an application for a right-of-way or small wireless facility permit, or unreasonably revoke a permit.

(f) Any denial or revocation of a right-of-way or small wireless facility permit must be made in writing and must document the basis for the denial. The local government unit must notify the telecommunications right-of-way user in writing within three business days of the decision to deny or revoke a permit. If a permit application is denied, the telecommunications right-of-way user may cure the deficiencies identified by the local government unit and resubmit its application. If the telecommunications right-of-way user resubmits the application within 30 days of receiving written notice of the denial, it may not be charged an additional filing or processing fee. The local government unit must approve or deny the revised application within 30 days after the revised application is submitted.

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

Sec. 17. Minnesota Statutes 2016, section 237.163, subdivision 6, is amended to read:

Subd. 6. **Fees.** (a) A local government unit may recover its right-of-way management costs by imposing a fee for registration, a fee for each right-of-way or small wireless facility permit, or, when appropriate, a fee applicable to a particular telecommunications right-of-way user when that user causes the local government unit to incur costs as a result of actions or inactions of that user. A local government unit may not recover costs from a telecommunications right-of-way user costs or an owner of a cable communications system awarded a franchise under chapter 238 caused by another entity's activity in the right-of-way.

(b) Fees, or other right-of-way obligations, imposed by a local government unit on telecommunications right-of-way users under this section must be:

(1) based on the actual costs incurred by the local government unit in managing the public right-of-way;

(2) based on an allocation among all users of the public right-of-way, including the local government unit itself, which shall reflect the proportionate costs imposed on the local government unit by each of the various types of uses of the public rights-of-way;

(3) imposed on a competitively neutral basis; and

(4) imposed in a manner so that aboveground uses of public rights-of-way do not bear costs incurred by the local government unit to regulate underground uses of public rights-of-way.

(c) The rights, duties, and obligations regarding the use of the public right-of-way imposed under this section must be applied to all users of the public right-of-way, including the local government unit while recognizing regulation must reflect the distinct engineering, construction, operation, maintenance and public and worker safety requirements, and standards applicable to various users of the public rights-of-way. For users subject to the franchising authority of a local government unit, to the extent those rights, duties, and obligations are addressed in the terms of an applicable franchise agreement, the terms of the franchise shall prevail over any conflicting provision in an ordinance.

(d) A wireless service provider may collocate small wireless facilities on wireless support structures owned or controlled by a local government unit and located within the public roads or rights-of-way without being required to apply for or enter into any individual license, franchise, or other agreement with the local government unit or any other entity, other than a standard small wireless facility collocation agreement under subdivision 3a, paragraph (f), if the local unit of government elects to utilize such an agreement.

(e) Any initial engineering survey and preparatory construction work associated with collocation must be paid by the cost causer in the form of a onetime, nonrecurring, commercially reasonable, nondiscriminatory, and competitively neutral charge to recover the costs associated with a proposed attachment.

(f) Total application fees for a small wireless facility permit must comply with this subdivision with respect to costs related to the permit.

(g) A local government unit may elect to charge each small wireless facility attached to a wireless support structure owned by the local government unit a fee, in addition to other fees or charges allowed under this subdivision, consisting of:

(1) up to \$150 per year for rent to occupy space on a wireless support structure;

(2) up to \$25 per year for maintenance associated with the space occupied on a wireless support structure; and

(3) a monthly fee for electricity used to operate a small wireless facility, if not purchased directly from a utility, at the rate of:

(i) \$73 per radio node less than or equal to 100 max watts;

(ii) \$182 per radio node over 100 max watts; or

(iii) the actual costs of electricity, if the actual costs exceed the amount in item (i) or (ii).

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

Sec. 18. Minnesota Statutes 2016, section 237.163, subdivision 7, is amended to read:

Subd. 7. **Additional right-of-way provisions.** (a) In managing the public rights-of-way and in imposing fees under this section, no local government unit may:

(1) unlawfully discriminate among telecommunications right-of-way users;

(2) grant a preference to any telecommunications right-of-way user;

(3) create or erect any unreasonable requirement for entry to the public rights-of-way by telecommunications right-of-way users; or

(4) require a telecommunications right-of-way user to obtain a franchise or pay for the use of the right-of-way.

(b) A telecommunications right-of-way user need not apply for or obtain right-of-way permits for facilities that are located in public rights-of-way on May 10, 1997, for which the user has obtained the required consent of the local government unit, or that are otherwise lawfully occupying the public right-of-way. However, the telecommunications right-of-way user may be required to register and to obtain a right-of-way permit for an excavation or obstruction of existing facilities within the public right-of-way after May 10, 1997.

(c) Data and documents exchanged between a local government unit and a telecommunications right-of-way user are subject to the terms of chapter 13. A local government unit not complying with this paragraph is subject to the penalties set forth in section 13.08.

(d) A local government unit may not collect a fee imposed under this section through the provision of in-kind services by a telecommunications right-of-way user, nor may a local government unit require the provision of in-kind services as a condition of consent to use the local government unit's public right-of-way or to obtain a small wireless facility permit.

(e) Except as provided in this chapter or required by federal law, a local government unit shall not adopt or enforce any regulation on the placement or operation of communications facilities in the right-of-way where the entity is already authorized to operate in the right-of-way, and shall not regulate or impose or collect fees on communications services except to the extent specifically provided for in the existing authorization, and unless expressly required by state or federal statute.

Sec. 19. Minnesota Statutes 2016, section 237.163, is amended by adding a subdivision to read:

Subd. 9. **Authorized contractors.** (a) Nothing in this section precludes a telecommunications right-of-way user from authorizing another entity or individual to act on its behalf to install, construct, maintain, or repair a facility or facilities owned or controlled by the telecommunications right-of-way user.

(b) A local government unit is prohibited from imposing fees or requirements on an authorized entity or individual for actions on behalf of a telecommunications right-of-way user that are in addition to or different from the fees and requirements it is authorized to impose on the telecommunications right-of-way user under this section.

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

Sec. 20. Minnesota Statutes 2016, section 237.163, is amended by adding a subdivision to read:

Subd. 10. **Exemptions.** (a) Notwithstanding any other provision in this chapter, this section does not apply to a wireless support structure owned, operated, maintained, or served by a municipal electric utility.

(b) Subdivisions 3a, 3b, 3c, and subdivision 6, paragraphs (d) through (g), and subdivision 7, paragraph (e), do not apply to the collocation or regulation of small wireless facilities issued a permit by a local government unit before the effective date of this act under an ordinance enacted before May 18, 2017, that regulates the collocation of small wireless facilities.

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

ARTICLE 10

ENERGY POLICY

Section 1. Minnesota Statutes 2016, section 3.8851, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** (a) There is established a Legislative Energy Commission to study and to make recommendations for legislation concerning issues related to its duties under subdivision 3.

(b) The commission consists of:

(1) ~~ten~~ nine members of the house of representatives, five of whom are appointed by the speaker of the house; and four of whom must be from ~~are appointed by the leader of the minority caucus; and including the chair of the committee with primary jurisdiction over energy policy; the chair or another member of each of the committees with primary jurisdiction over environmental policy, agricultural policy, and transportation policy; and~~

(2) ~~ten~~ nine members of the senate ~~to be~~, five of whom are appointed by the Subcommittee on Committees, leader of the majority caucus and four of whom must be from ~~are appointed by the leader of the minority caucus; and including the chair of the committee with primary jurisdiction over energy policy; and the chair or another member of each of the committees with primary jurisdiction over environmental policy, agricultural policy, and transportation policy.~~

(c) The commission may employ full-time and part-time staff, contract for consulting services, and may reimburse the expenses of persons requested to assist it in its duties. The director of the Legislative Coordinating Commission shall assist the commission in administrative matters. The commission shall elect cochairs, one member of the house of representatives and one member of the senate from among the committee and subcommittee chairs named to the commission. The commission members from the house of representatives shall elect the house of representatives cochair, and the commission members from the senate shall elect the senate cochair.

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

Sec. 2. Minnesota Statutes 2016, section 16B.323, is amended to read:

16B.323 SOLAR ENERGY IN STATE BUILDINGS.

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

~~(b) "Made in Minnesota" means the manufacture in this state of:~~

~~(1) components of a solar thermal system certified by the Solar Rating and Certification Corporation; or~~

~~(2) solar photovoltaic modules that:~~

~~(i) are manufactured at a manufacturing facility in Minnesota that is registered and authorized to manufacture those solar photovoltaic modules by Underwriters Laboratory, CSA International, Intertek, or an equivalent independent testing agency;~~

~~(ii) bear certification marks from Underwriters Laboratory, CSA International, Intertek, or an equivalent independent testing agency; and~~

~~(iii) meet the requirements of section 116C.7791, subdivision 3, paragraph (a), clauses (1), (5), and (6).~~

~~For the purposes of clause (2), "manufactured" has the meaning given in section 116C.7791, subdivision 1, paragraph (b), clauses (1) and (2).~~

~~(b)~~ (b) "Major renovation" means a substantial addition to an existing building, or a substantial change to the interior configuration or the energy system of an existing building.

~~(c)~~ (c) "Solar energy system" means solar photovoltaic ~~modules~~ devices alone or installed in conjunction with a solar thermal system.

~~(d)~~ ~~"Solar Photovoltaic module"~~ (d) "Photovoltaic device" has the meaning given in section 116C.7791, subdivision 1, paragraph (e) 216C.06, subdivision 16.

~~(e)~~ (e) "Solar thermal system" has the meaning given "qualifying solar thermal project" in section 216B.2411, subdivision 2, paragraph (e).

~~(f)~~ (f) "State building" means a building whose construction or renovation is paid wholly or in part by the state from the bond proceeds fund.

Subd. 2. **Solar energy system.** (a) As provided in paragraphs (b) and (c), a project for the construction or major renovation of a state building, after the completion of a cost-benefit analysis, may include installation of "~~Made in Minnesota~~" solar energy systems of ~~40~~ up to 300 kilowatts capacity on, adjacent, or in proximity to the state building.

(b) The capacity of a solar energy system must be less than ~~40~~ 300 kilowatts to the extent necessary to match the electrical load of the building₂ or ~~to the extent~~ the capacity must be no more than necessary to keep the costs for the installation below the five percent maximum set by paragraph (c).

(c) The cost of the solar energy system must not exceed five percent of the appropriations from the bond proceeds fund for the construction or renovation of the state building. Purchase and installation of a solar thermal system may account for no more than 25 percent of the cost of a solar energy system installation.

(d) A project subject to this section is ineligible to receive a rebate for the installation of a solar energy system under section 116C.7791 or from any utility.

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

Sec. 3. Minnesota Statutes 2016, section 116C.779, subdivision 1, is amended to read:

Subdivision 1. **Renewable development account.** (a) The renewable development account is established as a separate account in the special revenue fund in the state treasury. Appropriations and transfers to the account shall be credited to the account. Earnings, such as interest, dividends, and any other earnings arising from assets of the account, shall be credited to the account. Funds remaining in the account at the end of a fiscal year are not canceled to the general fund but remain in the account until expended. The account shall be administered by the commissioner of management and budget as provided under this section.

(b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating plant must transfer all funds in the renewable development account previously established under this subdivision and managed by the public utility to the renewable development account established in paragraph (a). Funds awarded to grantees in previous grant cycles that have not yet been expended and unencumbered funds required to be paid in calendar year 2017 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, are not subject to transfer under this paragraph.

(c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating plant must transfer to ~~a renewable development~~ the renewable development account \$500,000 each year for each dry cask containing spent fuel that is located at the Prairie Island power plant for each year the plant is in operation, and \$7,500,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph ~~(e)~~ (i). 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.

~~(b)~~ (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing each January 15 thereafter, the public utility that owns the Monticello nuclear generating plant must transfer to the renewable development account \$350,000 each year for each dry cask containing spent fuel that is located at the Monticello nuclear power plant for each year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered by the commission pursuant to paragraph ~~(e)~~ (i). The fund transfer must be made if nuclear waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for any part of a year.

(e) Each year, the public utility shall withhold from the funds transferred to the renewable development account under paragraphs (c) and (d) the amount necessary to pay its obligations under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, for that calendar year.

(f) If the commission approves a new or amended power purchase agreement, the termination of a power purchase agreement, or the purchase and closure of a facility under section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity, the public utility subject to this section shall enter into a contract with the city in which the poultry litter plant is located to provide grants to the city for the purposes of economic development on the following schedule: \$4,000,000 in fiscal year 2018; \$6,500,000 each fiscal year in 2019 and 2020; and \$3,000,000 in fiscal year 2021. The grants shall be paid by the public utility from funds withheld from the transfer to the renewable development account, as provided in paragraphs (b) and (e).

(g) If the commission approves a new or amended power purchase agreement, or the termination of a power purchase agreement under section 216B.2424, subdivision 9, with an entity owned or controlled, directly or indirectly, by two municipal utilities located north of Constitutional Route No. 8, that was previously used to meet the biomass mandate in section 216B.2424, the public utility

that owns a nuclear generating plant shall enter into a grant contract with such entity to provide \$6,800,000 per year for five years, commencing 30 days after the commission approves the new or amended power purchase agreement, or the termination of the power purchase agreement, and on each June 1 thereafter through 2021, to assist the transition required by the new, amended, or terminated power purchase agreement. The grant shall be paid by the public utility from funds withheld from the transfer to the renewable development account as provided in paragraphs (b) and (e).

(h) The collective amount paid under the grant contracts awarded under paragraphs (f) and (g) is limited to the amount deposited into the renewable development account, and its predecessor, the renewable development account, established under this section, that was not required to be deposited into the account under Laws 1994, chapter 641, article 1, section 10.

~~(e)~~ (i) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued facility, the commission shall require the public utility to pay \$7,500,000 for the discontinued Prairie Island facility and \$5,250,000 for the discontinued Monticello facility for any year in which the commission finds, by the preponderance of the evidence, that the public utility did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a permanent or interim storage site out of the state. This determination shall be made at least every two years.

~~(d)~~ (j) Funds in the account may be expended only for any of the following purposes:

~~(1) to increase the market penetration within the state of renewable electric energy resources at reasonable costs;~~

~~(2) to promote the start-up, expansion, and attraction of renewable electric energy projects and companies within the state;~~

~~(3) to stimulate research and development within the state into~~ of renewable electric energy technologies; ~~and~~

~~(4) to develop near-commercial and demonstration scale renewable electric projects or near-commercial and demonstration scale electric infrastructure delivery projects if those delivery projects enhance the delivery of renewable electric energy~~

(2) to encourage grid modernization, including, but not limited to, projects that implement electricity storage, load control, and smart meter technology; and

(3) to stimulate other innovative energy projects that reduce demand and increase system efficiency and flexibility.

Expenditures from the fund must benefit Minnesota ratepayers receiving electric service from the utility that owns a nuclear-powered electric generating plant in this state or the Prairie Island Indian community or its members.

The utility that owns a nuclear generating plant is eligible to apply for ~~renewable development account~~ grants under this subdivision.

(k) For the purposes of paragraph (j), the following terms have the meanings given:

(1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph (c), clauses (1), (2), (4), and (5); and

(2) "grid modernization" means:

(i) enhancing the reliability of the electrical grid;

(ii) improving the security of the electrical grid against cyberthreats and physical threats; and

(iii) increasing energy conservation opportunities by facilitating communication between the utility and its customers through the use of two-way meters, control technologies, energy storage and microgrids, technologies to enable demand response, and other innovative technologies.

~~(e) Expenditures authorized by this subdivision from the account may be made only after approval by order of the Public Utilities Commission upon a petition by the public utility. The commission may approve proposed expenditures, may disapprove proposed expenditures that it finds to be not in compliance with this subdivision or otherwise not in the public interest, and may, if agreed to by the public utility, modify proposed expenditures. The commission may approve reasonable and necessary expenditures for administering the account in an amount not to exceed five percent of expenditures. Commission approval is not required for expenditures required under subdivisions 2 and 3, section 116C.7791, or other law.~~

~~(f) The account shall be managed by the public utility but the public utility must consult about account expenditures with an~~ (l) A renewable development account advisory group that includes, among others, representatives of the public utility and its ratepayers, and includes at least one representative of the Prairie Island Indian community appointed by that community's tribal council, shall develop recommendations on account expenditures. The commission may require that other interests be represented on the advisory group. The advisory group must be consulted with respect to the general scope of expenditures in designing design a request for proposal and in evaluating evaluate projects submitted in response to a request for proposals. In addition to consulting with ~~The advisory group, the public utility must utilize an independent third-party expert to evaluate proposals submitted in response to a request for proposal, including all proposals made by the public utility. A request for proposal for research and development under paragraph ~~(d)~~ (j), clause ~~(3)~~ (1), may be limited to or include a request to higher education institutions located in Minnesota for multiple projects authorized under paragraph ~~(d)~~ (j), clause ~~(3)~~ (1). The request for multiple projects may include a provision that exempts the projects from the third-party expert review and instead provides for project evaluation and selection by a merit peer review grant system. The utility should attempt to reach agreement with the advisory group after consulting with it but the utility has full and sole authority to determine which expenditures shall be submitted to the commission for commission approval. In the process of determining request for proposal scope and subject and in evaluating responses to request for proposals, the public utility advisory group must strongly consider, where reasonable, potential benefit to Minnesota citizens and businesses and the utility's ratepayers.~~

(m) The advisory group shall submit funding recommendations to the public utility, which has full and sole authority to determine which expenditures shall be submitted by the advisory group to the legislature. The commission may approve proposed expenditures, may disapprove proposed expenditures that it finds not to be in compliance with this subdivision or otherwise not in the public

interest, and may, if agreed to by the public utility, modify proposed expenditures. The commission shall, by order, submit its funding recommendations to the legislature as provided under paragraph (n).

~~(g) Funds in (n)~~ The commission shall present its recommended appropriations from the account to the senate and house of representatives committees with jurisdiction over energy policy and finance annually by February 15. Expenditures from the account may not must be directly appropriated by the legislature by a law enacted after January 1, 2012, and unless appropriated by a law enacted prior to that date may be expended only pursuant to an order of the commission according to this subdivision. In enacting appropriations from the account, the legislature:

(1) may approve or disapprove, but may not modify, the amount of an appropriation for a project recommended by the commission; and

(2) may not appropriate money for a project the commission has not recommended funding.

~~(h) (n)~~ A request for proposal for renewable energy generation projects must, when feasible and reasonable, give preference to projects that are most cost-effective for a particular energy source.

~~(i) (o)~~ The public utility advisory group must annually, by February 15, report to the chairs and ranking minority members of the legislative committees with jurisdiction over energy policy on projects funded by the account for the prior year and all previous years. The report must, to the extent possible and reasonable, itemize the actual and projected financial benefit to the public utility's ratepayers of each project.

(p) By February 1, 2018, and each February 1 thereafter, the commissioner of management and budget shall submit a written report regarding the availability of funds in and obligations of the account to the chairs and ranking minority members of the senate and house committees with jurisdiction over energy policy and finance, the public utility, and the advisory group.

~~(j) (q)~~ A project receiving funds from the account must produce a written final report that includes sufficient detail for technical readers and a clearly written summary for nontechnical readers. The report must include an evaluation of the project's financial, environmental, and other benefits to the state and the public utility's ratepayers.

~~(k) (r)~~ Final reports, any mid-project status reports, and renewable development account financial reports must be posted online on a public Web site designated by the ~~commission~~ commissioner of commerce.

~~(l) (s)~~ All final reports must acknowledge that the project was made possible in whole or part by the Minnesota renewable development fund account, noting that the fund account is financed by the public utility's ratepayers.

(t) Of the amount in the renewable development account, priority must be given to making the payments required under section 216C.417.

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

Sec. 4. Minnesota Statutes 2016, section 116C.7792, is amended to read:

116C.7792 SOLAR ENERGY INCENTIVE PROGRAM.

The utility subject to section 116C.779 shall operate a program to provide solar energy production incentives for solar energy systems of no more than a total nameplate capacity of 20 kilowatts direct current. The program shall be operated for ~~five~~ eight consecutive calendar years commencing in 2014. \$5,000,000 shall be allocated ~~for~~ in each of the ~~five~~ first four years, \$15,000,000 in the fifth year, \$10,000,000 in each of the sixth and seventh years, and \$5,000,000 in the eighth year from funds withheld from transfer to the renewable development account ~~established in section 116C.779 to a separate~~ under section 116C.779, subdivision 1, paragraphs (b) and (e), and placed in a separate account for the purpose of the solar production incentive program. The solar system must be sized to less than 120 percent of the customer's on-site annual energy consumption. The production incentive must be paid for ten years commencing with the commissioning of the system. The utility must file a plan to operate the program with the commissioner of commerce. The utility may not operate the program until it is approved by the commissioner.

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

Sec. 5. Minnesota Statutes 2016, section 216B.164, subdivision 2, is amended to read:

Subd. 2. **Applicability; rights maintained.** (a) This section as well as any rules promulgated by the commission to implement this section or the Public Utility Regulatory Policies Act of 1978, Public Law 95-617, Statutes at Large, volume 92, page 3117, as amended, and the Federal Energy Regulatory Commission regulations thereunder, Code of Federal Regulations, title 18, part 292, as amended, shall, unless otherwise provided in this section, apply to all Minnesota electric utilities, including cooperative electric associations and municipal electric utilities.

(b) Nothing in this section shall be construed to alter the rights and duties of any person pursuant to the Public Utility Regulatory Policies Act of 1978, Public Law 95-617, Statutes at Large, volume 92, page 3117, as amended, and the Federal Energy Regulatory Commission regulations thereunder, Code of Federal Regulations, title 18, part 292, as amended.

Sec. 6. Minnesota Statutes 2016, section 216B.164, subdivision 5, is amended to read:

Subd. 5. **Dispute; resolution.** (a) In the event of disputes between ~~an electric~~ a public utility and a qualifying facility, either party may request a determination of the issue by the commission. In any such determination, the burden of proof shall be on the public utility. The commission in its order resolving each such dispute shall require payments to the prevailing party of the prevailing party's costs, disbursements, and reasonable attorneys' fees, except that the qualifying facility will be required to pay the costs, disbursements, and attorneys' fees of the public utility only if the commission finds that the claims of the qualifying facility in the dispute have been made in bad faith, or are a sham, or are frivolous.

(b) Notwithstanding subdivisions 9 and 11, a qualifying facility over 20 megawatts may, until December 31, 2022, request that the commission resolve a dispute with any utility, including a cooperative electric association or municipal utility, under paragraph (a).

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

Sec. 7. Minnesota Statutes 2016, section 216B.164, subdivision 9, is amended to read:

Subd. 9. **Municipal electric utility.** For purposes of this section only, ~~except subdivision 5,~~ and with respect to municipal electric utilities only, the term "commission" means the governing body of each municipal electric utility that adopts and has in effect rules implementing this section which are consistent with the rules adopted by the Minnesota Public Utilities Commission under subdivision 6. As used in this subdivision, the governing body of a municipal electric utility means the city council of that municipality; except that, if another board, commission, or body is empowered by law or resolution of the city council or by its charter to establish and regulate rates and days for the distribution of electric energy within the service area of the city, that board, commission, or body shall be considered the governing body of the municipal electric utility.

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

Sec. 8. Minnesota Statutes 2016, section 216B.164, is amended by adding a subdivision to read:

Subd. 11. Cooperative electric association. (a) For purposes of this section only, the term "commission" means the board of directors of a cooperative association that (1) elects, by resolution, to assume the authority delegated to the Public Utilities Commission over cooperative electric associations under this section, and (2) adopts and has in effect rules implementing this section. The rules must provide for a process to resolve disputes that arise under this section, and must include a provision that a request by either party for mediation of the dispute by an independent third party must be implemented in accordance with paragraph (b). A cooperative electric association that has adopted a resolution and rules under this subdivision is exempt from regulation by the Public Utilities Commission under this section.

(b) In the event of a dispute between a cooperative electric association and one or more of its members, either party may request mediation of the dispute only after all attempts to settle the dispute under the cooperative electric association's dispute resolution process have been exhausted. The parties must mutually agree upon the selection of a mediator, who must be listed on the roster of neutrals for civil matters established by the state court administrator under Rule 114.12 of Minnesota's General Rules of Practice for the District Courts. The cooperative electric association shall pay 90 percent of the cost of mediation, and the member or members who initiated the dispute shall pay ten percent of the cost of mediation.

(c) Except as provided in paragraph (d), any proceedings concerning the activities of a cooperative electric association under this section that are pending at the Public Utilities Commission on the effective date of this section are terminated on that date.

(d) The Public Utilities Commission may complete its investigation in Docket No. 16-512 to assess whether the methodology used by cooperative associations to establish a fee under section 216B.164, subdivision 3, paragraph (a), complies with state law if the commission determines that completing the investigation is necessary to protect the public interest, in which case it shall complete the investigation no later than December 31, 2017. A methodology that the commission determines complies with state law may not be challenged in a dispute under this section. If the commission determines that a methodology does not comply with state law, it shall clearly state the changes necessary to bring the methodology into compliance, and a cooperative electric association shall modify its methodology in accordance with the commission's directives.

(e) For a cooperative electric association that elects to operate under the provisions of paragraph (a), disputes arising under this section subsequent to a cooperative electric association's modification of its methodology under paragraph (d) shall be addressed under the cooperative association's rules and paragraph (b), as applicable.

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

Sec. 9. Minnesota Statutes 2016, section 216B.1691, subdivision 2f, is amended to read:

Subd. 2f. **Solar energy standard.** (a) In addition to the requirements of subdivisions 2a and 2b, each public utility shall generate or procure sufficient electricity generated by solar energy to serve its retail electricity customers in Minnesota so that by the end of 2020, at least 1.5 percent of the utility's total retail electric sales to retail customers in Minnesota is generated by solar energy.

(b) For a public utility with more than 200,000 retail electric customers, at least ten percent of the 1.5 percent goal must be met by solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 20 kilowatts or less.

(c) A public utility with between 50,000 and 200,000 retail electric customers:

(1) must meet at least ten percent of the 1.5 percent goal with solar energy generated by or procured from solar photovoltaic devices with a nameplate capacity of 40 kilowatts or less; and

(2) may apply toward the ten percent goal in clause (1) individual customer subscriptions of 40 kilowatts or less to a community solar garden program operated by the public utility that has been approved by the commission.

~~(d)~~ (d) The solar energy standard established in this subdivision is subject to all the provisions of this section governing a utility's standard obligation under subdivision 2a.

~~(e)~~ (e) It is an energy goal of the state of Minnesota that, by 2030, ten percent of the retail electric sales in Minnesota be generated by solar energy.

~~(f)~~ (f) For the purposes of calculating the total retail electric sales of a public utility under this subdivision, there shall be excluded retail electric sales to customers that are:

(1) an iron mining extraction and processing facility, including a scam mining facility as defined in Minnesota Rules, part 6130.0100, subpart 16; or

(2) a paper mill, wood products manufacturer, sawmill, or oriented strand board manufacturer.

Those customers may not have included in the rates charged to them by the public utility any costs of satisfying the solar standard specified by this subdivision.

~~(g)~~ (g) A public utility may not use energy used to satisfy the solar energy standard under this subdivision to satisfy its standard obligation under subdivision 2a. A public utility may not use energy used to satisfy the standard obligation under subdivision 2a to satisfy the solar standard under this subdivision.

~~(f)~~ (h) Notwithstanding any law to the contrary, a solar renewable energy credit associated with a solar photovoltaic device installed and generating electricity in Minnesota after August 1, 2013, but before 2020 may be used to meet the solar energy standard established under this subdivision.

~~(g)~~ (i) Beginning July 1, 2014, and each July 1 through 2020, each public utility shall file a report with the commission reporting its progress in achieving the solar energy standard established under this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 10. Minnesota Statutes 2016, section 216B.1694, subdivision 3, is amended to read:

Subd. 3. **Staging and permitting.** (a) A natural gas-fired plant that is located on one site designated as an innovative energy project site under subdivision 1, clause (3), is accorded the regulatory incentives granted to an innovative energy project under subdivision 2, clauses (1) to (3), and may exercise the authorities therein.

(b) Following issuance of a final state or federal environmental impact statement for an innovative energy project that was a subject of contested case proceedings before an administrative law judge:

(1) site and route permits and water appropriation approvals for an innovative energy project must also be deemed valid for a plant meeting the requirements of paragraph (a) and shall remain valid until the ~~earlier~~ later of (i) four years from the date the final required state or federal preconstruction permit is issued or (ii) June 30, ~~2019~~ 2025; and

(2) no air, water, or other permit issued by a state agency that is necessary for constructing an innovative energy project may be the subject of contested case hearings, notwithstanding Minnesota Rules, parts 7000.1750 to 7000.2200.

Sec. 11. Minnesota Statutes 2016, 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~~ more than 5,000 members;

(2) a municipality that provides electric service to more than 1,000 retail customers; and

(3) a municipality with more than 1,000,000,000 cubic feet in annual throughput sales to 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 energy facility or 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 may be used to meet 50 percent of the conservation investment and spending requirements of this subdivision.

(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) Each municipality or cooperative shall file energy conservation improvement plans by June 1 on a schedule determined by order of the commissioner, but at least every three years. Plans received by June 1 must be approved or approved as modified by the commissioner by December 1 of the same year. The municipality or cooperative shall 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.

~~(h) MS 2010 [Expired, 1Sp2003 c 11 art 3 s 4; 2007 c 136 art 2 s 5]~~

(h) The commissioner shall consider and may require a utility, association, or other entity providing energy efficiency and conservation services under this section to undertake a program

suggested by an outside source, including a political subdivision, nonprofit corporation, or community organization.

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

Sec. 12. Minnesota Statutes 2016, section 216B.241, subdivision 1c, is amended to read:

Subd. 1c. **Energy-saving goals.** (a) The commissioner shall establish energy-saving goals for energy conservation improvement expenditures and shall evaluate an energy conservation improvement program on how well it meets the goals set.

(b) Each individual utility and association shall have an annual energy-savings goal equivalent to 1.5 percent of gross annual retail energy sales unless modified by the commissioner under paragraph (d). The savings goals must be calculated based on the most recent three-year weather-normalized average. A utility or association may elect to carry forward energy savings in excess of 1.5 percent for a year to the succeeding three calendar years, except that savings from electric utility infrastructure projects allowed under paragraph (d) may be carried forward for five years. A particular energy savings can be used only for one year's goal.

(c) The commissioner must adopt a filing schedule that is designed to have all utilities and associations operating under an energy-savings plan by calendar year 2010.

(d) In its energy conservation improvement plan filing, a utility or association may request the commissioner to adjust its annual energy-savings percentage goal based on its historical conservation investment experience, customer class makeup, load growth, a conservation potential study, or other factors the commissioner determines warrants an adjustment. The commissioner may not approve a plan of a public utility that provides for an annual energy-savings goal of less than one percent of gross annual retail energy sales from energy conservation improvements.

A utility or association may include in its energy conservation plan energy savings from electric utility infrastructure projects approved by the commission under section 216B.1636 or waste heat recovery converted into electricity projects that may count as energy savings in addition to a minimum energy-savings goal of at least one percent for energy conservation improvements. Energy savings from electric utility infrastructure projects, as defined in section 216B.1636, may be included in the energy conservation plan of a municipal utility or cooperative electric association. Electric utility infrastructure projects must result in increased energy efficiency greater than that which would have occurred through normal maintenance activity.

(e) An energy-savings goal is not satisfied by attaining the revenue expenditure requirements of subdivisions 1a and 1b, but can only be satisfied by meeting the energy-savings goal established in this subdivision.

(f) An association or utility is not required to make energy conservation investments to attain the energy-savings goals of this subdivision that are not cost-effective even if the investment is necessary to attain the energy-savings goals. For the purpose of this paragraph, in determining cost-effectiveness, the commissioner shall consider the costs and benefits to ratepayers, the utility, participants, and society. In addition, the commissioner shall consider the rate at which an association or municipal utility is increasing its energy savings and its expenditures on energy conservation.

(g) On an annual basis, the commissioner shall produce and make publicly available a report on the annual energy savings and estimated carbon dioxide reductions achieved by the energy conservation improvement programs for the two most recent years for which data is available. The commissioner shall report on program performance both in the aggregate and for each entity filing an energy conservation improvement plan for approval or review by the commissioner.

(h) By January 15, 2010, the commissioner shall report to the legislature whether the spending requirements under subdivisions 1a and 1b are necessary to achieve the energy-savings goals established in this subdivision.

(i) This subdivision does not apply to:

(1) a cooperative electric association with fewer than 5,000 members;

(2) a municipal utility with fewer than 1,000 retail electric customers; or

(3) a municipal utility with less than 1,000,000,000 cubic feet in annual throughput sales to retail natural gas customers.

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

Sec. 13. Minnesota Statutes 2016, section 216B.241, subdivision 1d, is amended to read:

Subd. 1d. **Technical assistance.** (a) The commissioner shall evaluate energy conservation improvement programs on the basis of cost-effectiveness and the reliability of the technologies employed. The commissioner shall, by order, establish, maintain, and update energy-savings assumptions that must be used when filing energy conservation improvement programs. The commissioner shall establish an inventory of the most effective energy conservation programs, techniques, and technologies, and encourage all Minnesota utilities to implement them, where appropriate, in their service territories. The commissioner shall describe these programs in sufficient detail to provide a utility reasonable guidance concerning implementation. The commissioner shall prioritize the opportunities in order of potential energy savings and in order of cost-effectiveness. The commissioner may contract with a third party to carry out any of the commissioner's duties under this subdivision, and to obtain technical assistance to evaluate the effectiveness of any conservation improvement program. The commissioner may assess up to \$850,000 annually for the purposes of this subdivision. The assessments must be deposited in the state treasury and credited to the energy and conservation account created under subdivision 2a. An assessment made under this subdivision is not subject to the cap on assessments provided by section 216B.62, or any other law.

(b) Of the assessment authorized under paragraph (a), the commissioner may expend up to \$400,000 annually for the purpose of developing, operating, maintaining, and providing technical support for a uniform electronic data reporting and tracking system available to all utilities subject to this section, in order to enable accurate measurement of the cost and energy savings of the energy conservation improvements required by this section. This paragraph expires June 30, 2017, and may be used for no more than three annual assessments occurring prior to that date 2018.

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

Sec. 14. Minnesota Statutes 2016, 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 no more than a three-year period. Public utilities shall file conservation improvement plans by June 1, on a schedule determined by order of the commissioner, but at least every three years. 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 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 subject to subdivision 1c 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 energy facility or 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, a nonprofit corporation, or community organization.

(e) 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.

(f) The commissioner may order a public utility to include, with the filing of the utility's annual status report, 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.

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

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

Sec. 15. Minnesota Statutes 2016, section 216B.241, subdivision 5, is amended to read:

Subd. 5. **Efficient lighting program.** (a) Each public utility, cooperative electric association, and municipal utility that provides electric service to retail customers and is subject to subdivision 1c shall include as part of its conservation improvement activities a program to strongly encourage the use of fluorescent and high-intensity discharge lamps. The program must include at least a public information campaign to encourage use of the lamps and proper management of spent lamps by all customer classifications.

(b) A public utility that provides electric service at retail to 200,000 or more customers shall establish, either directly or through contracts with other persons, including lamp manufacturers, distributors, wholesalers, and retailers and local government units, a system to collect for delivery to a reclamation or recycling facility spent fluorescent and high-intensity discharge lamps from households and from small businesses as defined in section 645.445 that generate an average of fewer than ten spent lamps per year.

(c) A collection system must include establishing reasonably convenient locations for collecting spent lamps from households and financial incentives sufficient to encourage spent lamp generators to take the lamps to the collection locations. Financial incentives may include coupons for purchase of new fluorescent or high-intensity discharge lamps, a cash back system, or any other financial incentive or group of incentives designed to collect the maximum number of spent lamps from households and small businesses that is reasonably feasible.

(d) A public utility that provides electric service at retail to fewer than 200,000 customers, a cooperative electric association, or a municipal utility that provides electric service at retail to customers may establish a collection system under paragraphs (b) and (c) as part of conservation improvement activities required under this section.

(e) The commissioner of the Pollution Control Agency may not, unless clearly required by federal law, require a public utility, cooperative electric association, or municipality that establishes a household fluorescent and high-intensity discharge lamp collection system under this section to manage the lamps as hazardous waste as long as the lamps are managed to avoid breakage and are delivered to a recycling or reclamation facility that removes mercury and other toxic materials contained in the lamps prior to placement of the lamps in solid waste.

(f) If a public utility, cooperative electric association, or municipal utility contracts with a local government unit to provide a collection system under this subdivision, the contract must provide for payment to the local government unit of all the unit's incremental costs of collecting and managing spent lamps.

(g) All the costs incurred by a public utility, cooperative electric association, or municipal utility for promotion and collection of fluorescent and high-intensity discharge lamps under this subdivision are conservation improvement spending under this section.

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

Sec. 16. Minnesota Statutes 2016, section 216B.241, subdivision 5d, is amended to read:

Subd. 5d. **On-bill repayment programs.** (a) For the purposes of this subdivision:

(1) "utility" means a public utility, municipal utility, or cooperative electric association subject to subdivision 1c that provides electric or natural gas service to retail customers; and

(2) "on-bill repayment program" means a program in which a utility collects on a customer's bill repayment of a loan to the customer by an eligible lender to finance the customer's investment in eligible energy conservation or renewable energy projects, and remits loan repayments to the lender.

(b) A utility may include as part of its conservation improvement plan an on-bill repayment program to enable a customer to finance eligible projects with installment loans originated by an eligible lender. An eligible project is one that is either an energy conservation improvement, or a project installed on the customer's site that uses an eligible renewable energy source as that term is defined in section 216B.2411, subdivision 2, paragraph (b), but does not include mixed municipal solid waste or refuse-derived fuel from mixed municipal solid waste. An eligible renewable energy source also includes solar thermal technology that collects the sun's radiant energy and uses that energy to heat or cool air or water, and meets the requirements of section 216C.25. To be an eligible lender, a lender must:

(1) have a federal or state charter and be eligible for federal deposit insurance;

(2) be a government entity, including an entity established under chapter 469, that has authority to provide financial assistance for energy efficiency and renewable energy projects;

(3) be a joint venture by utilities established under section 452.25; or

(4) be licensed, certified, or otherwise have its lending activities overseen by a state or federal government agency.

The commissioner must allow a utility broad discretion in designing and implementing an on-bill repayment program, provided that the program complies with this subdivision.

(c) A utility may establish an on-bill repayment program for all customer classes or for a specific customer class.

(d) A public utility that implements an on-bill repayment program under this subdivision must enter into a contract with one or more eligible lenders that complies with the requirements of this subdivision and contains provisions addressing capital commitments, loan origination, transfer of loans to the public utility for on-bill repayment, and acceptance of loans returned due to delinquency or default.

(e) A public utility's contract with a lender must require the lender to comply with all applicable federal and state laws, rules, and regulations related to lending practices and consumer protection; to conform to reasonable and prudent lending standards; and to provide businesses that sell, maintain, and install eligible projects the ability to participate in an on-bill repayment program under this subdivision on a nondiscriminatory basis.

(f) A public utility's contract with a lender may provide:

(1) for the public utility to purchase loans from the lender with a condition that the lender must purchase back loans in delinquency or default; or

(2) for the lender to retain ownership of loans with the public utility servicing the loans through on-bill repayment as long as payments are current.

The risk of default must remain with the lender. The lender shall not have recourse against the public utility except in the event of negligence or breach of contract by the utility.

(g) If a public utility customer makes a partial payment on a utility bill that includes a loan installment, the partial payment must be credited first to the amount owed for utility service, including taxes and fees. A public utility may not suspend or terminate a customer's utility service for delinquency or default on a loan that is being serviced through the public utility's on-bill repayment program.

(h) An outstanding balance on a loan being repaid under this subdivision is a financial obligation only of the customer who is signatory to the loan, and not to any subsequent customer occupying the property associated with the loan. If the public utility purchases loans from the lender as authorized under paragraph (f), clause (1), the public utility must return to the lender a loan not repaid when a customer borrower no longer occupies the property.

(i) Costs incurred by a public utility under this subdivision are recoverable as provided in section 216B.16, subdivision 6b, paragraph (c), including reasonable incremental costs for billing system modifications necessary to implement and operate an on-bill repayment program and for ongoing costs to operate the program. Costs in a plan approved by the commissioner may be counted toward a utility's conservation spending requirements under subdivisions 1a and 1b. Energy savings from energy conservation improvements resulting from this section may be counted toward satisfying a utility's energy-savings goals under subdivision 1c.

(j) This subdivision does not require a utility to terminate or modify an existing financing program and does not prohibit a utility from establishing an on-bill financing program in which the utility provides the financing capital.

(k) A municipal utility or cooperative electric association that implements an on-bill repayment program shall design the program to address the issues identified in paragraphs (d) through (h) as determined by the governing board of the utility or association.

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

Sec. 17. Minnesota Statutes 2016, section 216B.241, subdivision 7, is amended to read:

Subd. 7. **Low-income programs.** (a) The commissioner shall ensure that each utility and association subject to subdivision 1c provides low-income programs. When approving spending and energy-savings goals for low-income programs, the commissioner shall consider historic spending and participation levels, energy savings for low-income programs, and the number of low-income persons residing in the utility's service territory. A municipal utility that furnishes gas service must spend at least 0.2 percent, and a public utility furnishing gas service must spend at least 0.4 percent, of its most recent three-year average gross operating revenue from residential customers in the state on low-income programs. A utility or association that furnishes electric service must spend at least 0.1 percent of its gross operating revenue from residential customers in the state on low-income programs. For a generation and transmission cooperative association, this requirement shall apply to each association's members' aggregate gross operating revenue from sale of electricity to residential customers in the state. Beginning in 2010, a utility or association that furnishes electric service must spend 0.2 percent of its gross operating revenue from residential customers in the state on low-income programs.

(b) To meet the requirements of paragraph (a), a utility or association may contribute money to the energy and conservation account. An energy conservation improvement plan must state the amount, if any, of low-income energy conservation improvement funds the utility or association will contribute to the energy and conservation account. Contributions must be remitted to the commissioner by February 1 of each year.

(c) The commissioner shall establish low-income programs to utilize money contributed to the energy and conservation account under paragraph (b). In establishing low-income programs, the commissioner shall consult political subdivisions, utilities, and nonprofit and community organizations, especially organizations engaged in providing energy and weatherization assistance to low-income persons. Money contributed to the energy and conservation account under paragraph (b) must provide programs for low-income persons, including low-income renters, in the service territory of the utility or association providing the money. The commissioner shall record and report expenditures and energy savings achieved as a result of low-income programs funded through the energy and conservation account in the report required under subdivision 1c, paragraph (g). The commissioner may contract with a political subdivision, nonprofit or community organization, public utility, municipality, or cooperative electric association to implement low-income programs funded through the energy and conservation account.

(d) A utility or association may petition the commissioner to modify its required spending under paragraph (a) if the utility or association and the commissioner have been unable to expend the amount required under paragraph (a) for three consecutive years.

(e) The costs and benefits associated with any approved low-income gas or electric conservation improvement program that is not cost-effective when considering the costs and benefits to the utility

may, at the discretion of the utility, be excluded from the calculation of net economic benefits for purposes of calculating the financial incentive to the utility. The energy and demand savings may, at the discretion of the utility, be applied toward the calculation of overall portfolio energy and demand savings for purposes of determining progress toward annual goals and in the financial incentive mechanism.

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

Sec. 18. Minnesota Statutes 2016, section 216B.2422, subdivision 2, is amended to read:

Subd. 2. **Resource plan filing and approval.** (a) A utility shall file a resource plan with the commission periodically in accordance with rules adopted by the commission. The commission shall approve, reject, or modify the plan of a public utility, as defined in section 216B.02, subdivision 4, consistent with the public interest.

(b) In the resource plan proceedings of all other utilities, the commission's order shall be advisory and the order's findings and conclusions shall constitute prima facie evidence which may be rebutted by substantial evidence in all other proceedings. With respect to utilities other than those defined in section 216B.02, subdivision 4, the commission shall consider the filing requirements and decisions in any comparable proceedings in another jurisdiction.

(c) As a part of its resource plan filing, a utility shall include the least cost plan for meeting 50 and 75 percent of all energy needs from both new and refurbished capacity needs generating facilities through a combination of conservation and renewable energy resources.

EFFECTIVE DATE. This section is effective the day following final enactment. Paragraph (c) applies to resource plans filed with the commission on or after July 1, 2017.

Sec. 19. Minnesota Statutes 2016, section 216B.2422, subdivision 4, is amended to read:

Subd. 4. **Preference for renewable energy facility.** The commission shall not approve a new or refurbished nonrenewable energy facility in an integrated resource plan or a certificate of need, pursuant to section 216B.243, nor shall the commission allow rate recovery pursuant to section 216B.16 for such a nonrenewable energy facility, unless the utility has demonstrated that a renewable energy facility is not in the public interest. When making the public interest determination, the commission must include consider:

(1) whether the resource plan helps the utility achieve the greenhouse gas reduction goals under section 216H.02, the renewable energy standard under section 216B.1691, or the solar energy standard under section 216B.1691, subdivision 2f;

(2) impacts on local and regional grid reliability;

(3) utility and ratepayer impacts resulting from the intermittent nature of renewable energy facilities, including but not limited to the costs of purchasing wholesale electricity in the market and the costs of providing ancillary services; and

(4) utility and ratepayer impacts resulting from reduced exposure to fuel price volatility, changes in transmission costs, portfolio diversification, and environmental compliance costs.

EFFECTIVE DATE. This section is effective July 1, 2017.

Sec. 20. Minnesota Statutes 2016, section 216B.2424, is amended by adding a subdivision to read:

Subd. 9. **Adjustment of biomass fuel requirement.** (a) Notwithstanding any provision in this section, the public utility subject to this section may, with respect to a facility approved under this section, file a petition with the commission for approval of:

- (1) a new or amended power purchase agreement;
- (2) the early termination of a power purchase agreement; or
- (3) the purchase and closure of the facility.

(b) The commission may approve a new or amended power purchase agreement under this subdivision, notwithstanding the fuel requirements of this section, if the commission determines that:

(1) all parties to the original power purchase agreement, or their successors or assigns, as applicable, agree to the terms and conditions of the new or amended power purchase agreement; and

(2) the new or amended power purchase agreement is in the best interest of the customers of the public utility subject to this section, taking into consideration any savings realized by customers in the new or amended power purchase agreement and any costs imposed on customers under paragraph (e). A new or amended power purchase agreement approved under this paragraph may be for any term agreed to by the parties and may govern the purchase of any amount of energy.

(c) The commission may approve the early termination of a power purchase agreement or the purchase and closure of a facility under this subdivision if it determines that:

(1) all parties to the power purchase agreement, or their successors or assigns, as applicable, agree to the early termination of the power purchase agreement or the purchase and closure of the facility; and

(2) the early termination of the power purchase agreement or the purchase and closure of the facility is in the best interest of the customers of the public utility subject to this section, taking into consideration any savings realized by customers as a result of the early termination of the power purchase agreement or the purchase and closure of the facility and any costs imposed on the customers under paragraph (e).

(d) The commission's approval of a new or amended power purchase agreement under paragraph (b) or of the termination of a power purchase agreement or the purchase and closure of a facility under paragraph (c), shall not require the public utility subject to this section to purchase replacement amounts of biomass energy to fulfill the requirements of this section.

(e) A utility may petition the commission to approve a rate schedule that provides for the automatic adjustment of charges to recover investments, expenses and costs, and earnings on the investments associated with a new or amended power purchase agreement, the early termination of

a power purchase agreement, or the purchase and closure of a facility. The commission may approve the rate schedule upon a showing that the recovery of investments, expenses and costs, and earnings on the investments is less than the costs that would have been recovered from customers had the utility continued to purchase energy under the power purchase agreement in effect before any option available under this section is approved by the commission. If approved by the commission, cost recovery under this paragraph may include all cost recovery allowed for renewable facilities under section 216B.1645, subdivisions 2 and 2a.

(f) This subdivision does not apply to a St. Paul district heating and cooling system cogeneration facility, and nothing in this subdivision precludes a public utility that operates a nuclear-power electric generating plant from filing a petition with the commission for approval of a new or amended power purchase agreement with such a facility.

(g) For the purposes of this subdivision, "facility" means a biomass facility previously approved by the commission to satisfy a portion of the biomass mandate in this section.

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

Sec. 21. Minnesota Statutes 2016, section 216C.05, subdivision 2, is amended to read:

Subd. 2. **Energy policy goals.** It is the energy policy of the state of Minnesota that:

(1) annual energy savings equal to at least 1.5 percent of annual retail energy sales of electricity and natural gas be achieved through cost-effective energy efficiency;

(2) the per capita use of fossil fuel as an energy input be reduced by 15 percent by the year 2015, through increased reliance on energy efficiency and renewable energy alternatives; ~~and~~

(3) 25 percent of the total energy used in the state be derived from renewable energy resources by the year 2025; ~~and~~

(4) retail electricity rates for each customer class be at least five percent below the national average.

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

Sec. 22. **[216C.417] PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR ENERGY PRODUCTION INCENTIVES.**

Subdivision 1. **General provisions.** Payment of a "Made in Minnesota" solar energy production incentive to an owner whose application was approved by the commissioner of commerce under section 216C.415, by May 1, 2017, must be administered under the provisions of Minnesota Statutes 2016, sections 216C.411; 216C.413; 216C.414, subdivisions 1 to 3 and 5; and 216C.415. No incentive payments may be made under this section to an owner whose application was approved by the commissioner after May 1, 2017.

Subd. 2. **Appropriation.** (a) Unspent money remaining in the account established under Minnesota Statutes 2016, section 216C.412, on July 1, 2017, must be transferred to the renewable development account in the special revenue fund established under Minnesota Statutes, section 116C.779, subdivision 1.

(b) There is annually appropriated from the renewable development account in the special revenue fund established in Minnesota Statutes, section 116C.779, to the commissioner of commerce money sufficient to make the incentive payments required under Minnesota Statutes 2016, section 216C.415. Any funds appropriated under this paragraph that are unexpended at the end of a fiscal year cancel to the renewable development account.

(c) Notwithstanding Minnesota Statutes 2016, section 216C.412, subdivision 1, none of this appropriation may be used for administrative costs.

Subd. 3. **Eligibility window; payment duration.** (a) Payments may be made under this subdivision only for solar photovoltaic module installations that meet the requirements of subdivision 1 and that first begin generating electricity between January 1, 2014, and October 31, 2018.

(b) The payment eligibility window of the incentive begins and runs consecutively from the date the solar photovoltaic modules first begins generating electricity.

(c) An owner of solar photovoltaic modules may receive payments under this section for a particular module for a period of ten years, provided that sufficient funds are available in the account.

(d) No payment may be made under this section for electricity generated after October 31, 2028.

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

Sec. 23. Minnesota Statutes 2016, section 216C.435, is amended by adding a subdivision to read:

Subd. 7a. **Multifamily residential dwelling.** "Multifamily residential dwelling" means a residential dwelling containing five or more units intended for use as a residence by tenants or lessees of the owner.

Sec. 24. Minnesota Statutes 2016, section 216H.03, subdivision 3, is amended to read:

Subd. 3. **Long-term increased emissions from power plants prohibited.** Unless preempted by federal law, until a comprehensive and enforceable state law or rule pertaining to greenhouse gases that directly limits and substantially reduces, over time, statewide power sector carbon dioxide emissions is enacted and in effect, and except as allowed in subdivisions 4 to 7, on and after August 1, 2009, no person shall:

~~(1) construct within the state a new large energy facility that would contribute to statewide power sector carbon dioxide emissions;~~

~~(2) import or commit to import from outside the state power from a new large energy facility that would contribute to statewide power sector carbon dioxide emissions; or~~

~~(3) enter into a new long-term power purchase agreement that would increase statewide power sector carbon dioxide emissions. For purposes of this section, a long-term power purchase agreement means an agreement to purchase 50 megawatts of capacity or more for a term exceeding five years.~~

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

Sec. 25. Minnesota Statutes 2016, section 216H.03, subdivision 4, is amended to read:

Subd. 4. **Exception for facilities that offset emissions.** (a) ~~The prohibitions in prohibition under~~ subdivision 3 ~~do~~ does not apply if the project proponent demonstrates to the Public Utilities Commission's satisfaction that it will offset the new contribution to statewide power sector carbon dioxide emissions with a carbon dioxide reduction project identified in paragraph (b) and in compliance with paragraph (c).

(b) A project proponent may offset in an amount equal to or greater than the proposed new contribution to statewide power sector carbon dioxide emissions in either, or a combination of both, of the following ways:

(1) by reducing an existing facility's contribution to statewide power sector carbon dioxide emissions; or

(2) by purchasing carbon dioxide allowances from a state or group of states that has a carbon dioxide cap and trade system in place that produces verifiable emissions reductions.

(c) The Public Utilities Commission shall not find that a proposed carbon dioxide reduction project identified in paragraph (b) acceptably offsets a new contribution to statewide power sector carbon dioxide emissions unless the proposed offsets are permanent, quantifiable, verifiable, enforceable, and would not have otherwise occurred. This section does not exempt emissions that have been offset under this subdivision and emissions exempted under subdivisions 5 to 7 from a cap and trade system if adopted by the state.

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

Sec. 26. Minnesota Statutes 2016, section 216H.03, subdivision 7, is amended to read:

Subd. 7. **Other exemptions.** ~~The prohibitions in prohibition under~~ subdivision 3 ~~do~~ does not apply to:

(1) a new large energy facility under consideration by the Public Utilities Commission pursuant to proposals or applications filed with the Public Utilities Commission before April 1, 2007, or to any power purchase agreement related to a facility described in this clause. The exclusion of pending proposals and applications from the prohibitions in subdivision 3 does not limit the applicability of any other law and is not an expression of legislative intent regarding whether any pending proposal or application should be approved or denied;

(2) a contract not subject to commission approval that was entered into prior to April 1, 2007, to purchase power from a new large energy facility that was approved by a comparable authority in another state prior to that date, for which municipal or public power district bonds have been issued, and on which construction has begun;

(3) a new large energy facility ~~or a power purchase agreement between a Minnesota utility and a new large energy facility~~ located outside within Minnesota that the Public Utilities Commission has determined is essential to ensure the long-term reliability of Minnesota's electric system, to allow electric service for increased industrial demand, or to avoid placing a substantial financial burden on Minnesota ratepayers. An order of the commission granting an exemption under this

clause is stayed until the June 1 following the next regular or annual session of the legislature that begins after the date of the commission's final order; or

(4) a new large energy facility with a combined electric generating capacity of less than 100 megawatts, which did not require a Minnesota certificate of need, which received an air pollution control permit to construct from an adjoining state before January 1, 2008, and on which construction began before July 1, 2008, or to any power purchase agreement related to a facility described in this clause.

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

Sec. 27. **RESIDENTIAL PACE CONSUMER PROTECTION LEGISLATION TASK FORCE.**

Subdivision 1. **Establishment.** The Residential PACE Consumer Protection Legislation Task Force shall develop recommendations for consumer protection legislation for any energy improvements financing program implemented under Minnesota Statutes, sections 216C.435 to 216C.436, for single-family residential dwellings. For purposes of this section, "residential PACE" or "PACE" means energy improvement financing programs for single-family residential dwellings authorized under Minnesota Statutes, sections 216C.435 to 216C.436.

Subd. 2. **Task force.** (a) The task force consists of 16 members as follows:

- (1) one member appointed by the Minnesota Association of Realtors;
- (2) one member appointed by the Center for Energy and Environment;
- (3) one member appointed by the Minnesota Bankers Association;
- (4) one member appointed by the Legal Services Advocacy Project;
- (5) one member appointed by the Minnesota Credit Union Network;
- (6) one member appointed by the Minnesota Solar Energy Industry Association;
- (7) one member appointed by the St. Paul Port Authority;
- (8) one member appointed by the League of Minnesota Cities;
- (9) one member appointed by the Association of Minnesota Counties;
- (10) one member appointed by AARP Minnesota;
- (11) one member appointed by Fresh Energy;
- (12) one member appointed by the Citizens Utility Board of Minnesota;
- (13) one member appointed by Clean Energy Economy Minnesota;
- (14) one member appointed by the Minnesota Land Title Association;

(15) one member appointed by an organization with experience implementing residential PACE programs in other states; and

(16) the commissioner of commerce or a designee.

(b) Any public member can designate a substitute from the same organization to replace that member at a meeting of the task force.

Subd. 3. **Duties.** The task force must develop recommendations to:

(1) address concerns regarding the possible constraints on free alienation of residential property caused by existence and amount of the PACE liens;

(2) reduce and minimize any point-of-sale confusion in transactions involving PACE-encumbered homes;

(3) ensure conspicuous and meaningful disclosure of, among other things:

(i) all costs and fees of a residential PACE loan; and

(ii) the risks, such as foreclosure and higher costs, that may be associated with residential PACE loans relative to other financing mechanisms;

(4) ensure that the ability to repay standard uses commonly accepted underwriting principles;

(5) ensure that consumer provisions required of and protections that apply to conventional loans and other financing options, including but not limited to the Truth in Lending Act and the Real Estate Settlement Procedures Act, are required of and apply to PACE financing;

(6) address any unique protections necessary for elderly, low-income homeowners and other financially vulnerable homeowners;

(7) establish criteria to ensure the cost-effectiveness of PACE-enabled clean energy improvements; and

(8) address any other issues the task force identifies that are necessary to protect consumers.

Subd. 4. **Administrative support.** The commissioner of commerce shall provide administrative support and meeting space for the task force.

Subd. 5. **Compensation.** Members serve without compensation and shall not be reimbursed for expenses.

Subd. 6. **Chair.** The commissioner of commerce or the commissioner's designee shall serve as chair.

Subd. 7. **Meetings.** The task force shall meet regularly, at the call of the chair. Meetings of the task force are subject to Minnesota Statutes, chapter 13D.

Subd. 8. **Appointments; first meeting.** Appointments must be made by June 1, 2017. The commissioner of commerce must convene the first meeting by July 15, 2017.

Subd. 9. **Report to legislature.** By January 15, 2018, the commissioner shall submit a report detailing the task force's findings and recommendations to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over energy and consumer protection policy and finance. The report must include any draft legislation necessary to implement the recommendations of the task force.

Subd. 10. **Suspension of residential PACE.** Until legislation is enacted establishing consumer protections that address, but are not limited to, the concerns identified in subdivision 3, no programs for the financing of energy improvements on a single-family residential property dwelling under Minnesota Statutes, sections 216C.435 to 216C.436, may be operated after the effective date of this section.

Subd. 11. **Expiration.** The task force expires January 15, 2018, or after submitting the report required in this section, whichever is earlier.

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

Sec. 28. **PROGRAM ADMINISTRATION; "MADE IN MINNESOTA" SOLAR THERMAL REBATES.**

(a) No rebate may be paid under Minnesota Statutes 2016, section 216C.416, to an owner of a solar thermal system whose application was approved by the commissioner of commerce after the effective date of this act.

(b) Unspent money remaining in the account established under Minnesota Statutes 2014, section 216C.416, as of July 2, 2017, must be transferred to the C-LEAF account established under Minnesota Statutes 2016, section 116C.779, subdivision 1.

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

Sec. 29. **RENEWABLE DEVELOPMENT ACCOUNT; TRANSFER OF UNEXPENDED GRANT FUNDS.**

(a) No later than 30 days after the effective date of this section, the utility subject to Minnesota Statutes, section 116C.779, subdivision 1, must notify in writing each person who received a grant funded from the renewable development account previously established under that subdivision:

(1) after January 1, 2012; and

(2) before January 1, 2012, if the funded project remains incomplete as of the effective date of this section.

The notice must contain the provisions of this section and instructions directing grant recipients how unexpended funds can be transferred to the clean energy advancement fund account.

(b) A recipient of a grant from the renewable development account previously established under Minnesota Statutes, section 116C.779, subdivision 1, must, no later than 30 days after receiving the notice required under paragraph (a), transfer any grant funds that remain unexpended as of the effective date of this section to the clean energy advancement fund account if, by that effective date, all of the following conditions are met:

(1) the grant was awarded more than five years before the effective date of this section;

(2) the grant recipient has failed to obtain control of the site on which the project is to be constructed;

(3) the grant recipient has failed to secure all necessary permits or approvals from any unit of government with respect to the project; and

(4) construction of the project has not begun.

(c) A recipient of a grant from the renewable development account previously established under Minnesota Statutes, section 116C.779, subdivision 1, must transfer any grant funds that remain unexpended five years after the grant funds are received by the grant recipient if, by that date, the conditions in paragraph (b), clauses (2) to (4), have been met. The grant recipient must transfer the unexpended funds no later than 30 days after the fifth anniversary of the receipt of the grant funds.

(d) A person who transfers funds to the clean energy advancement fund account under this section is eligible to apply for funding from the clean energy advancement fund account.

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

Sec. 30. **REPEALER.**

(a) Laws 2013, chapter 85, article 6, section 11, is repealed.

(b) Minnesota Statutes 2016, sections 216B.8109; 216B.811; 216B.812; 216B.813; and 216B.815, are repealed.

(c) Minnesota Statutes 2016, sections 3.8852; and 116C.779, subdivision 3, are repealed.

(d) Minnesota Statutes 2016, sections 174.187; 216C.411; 216C.412; 216C.413; 216C.414; 216C.415; and 216C.416, are repealed.

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

ARTICLE 11

HOUSING POLICY

Section 1. Minnesota Statutes 2016, section 327C.01, is amended by adding a subdivision to read:

Subd. 13. **Class I manufactured home park.** A "class I manufactured home park" means a park that complies with the provisions of section 327C.16.

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

Sec. 2. **[327C.16] CLASS I MANUFACTURED HOME PARK.**

Subdivision 1. **Qualifications.** (a) To qualify as a class I manufactured home park, as defined in section 327C.01, subdivision 13, a park owner, or on-site attendant as an employee of the manufactured home park, must satisfy 12 hours of qualifying education courses every three years, as prescribed in this subdivision. Park owners or on-site attendants may begin accumulating qualifying hours to qualify as a class I manufactured home park beginning in 2017.

(b) The qualifying education courses required for classification under this subdivision must be continuing education courses approved by the Department of Labor and Industry or the Department of Commerce for:

(1) continuing education in real estate; or

(2) continuing education for residential contractors and manufactured home installers.

(c) The qualifying education courses must include:

(1) two hours on fair housing, approved for real estate licensure or residential contractor licensure;

(2) one hour on the Americans with Disabilities Act, approved for real estate licensure or residential contractor licensure;

(3) four hours on legal compliance related to any of the following: landlord/tenant, licensing requirements, or home financing under chapters 58, 327, 327B, 327C, and 504B, and Minnesota Rules, chapter 1350 or 4630;

(4) three hours of general education approved for real estate, residential contractors, or manufactured home installers; and

(5) two hours of HUD-specific manufactured home installer courses as required under section 327B.041.

(d) If the qualifying owner or employee attendant is no longer the person meeting the requirements under this subdivision, but did qualify during the current assessment year, then the manufactured home park shall still qualify for the class rate provided for class 4c property classified under section 273.13, subdivision 25, paragraph (d), clause (5), item (iii).

Subd. 2. **Proof of compliance.** (a) A park owner that has met the requirements of subdivision 1 shall provide an affidavit to the park owner's county assessor certifying that the park owner, corporate officer, or on-site attendant has complied with subdivision 1 and that the park meets the definition of a class I manufactured home park as defined in this section, and is entitled to the property tax classification rate for class I manufactured home parks in section 273.13, subdivision 25. The park owner shall retain the original course completion certificates issued by the course sponsor under this section for three years and, upon written request for verification, provide these to the county assessor within 30 days.

(b) A park owner must provide the county assessor written notice of any change in compliance status of the manufactured home park no later than December 15 of the assessment year.

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

Sec. 3. Minnesota Statutes 2016, section 462.355, subdivision 4, is amended to read:

Subd. 4. **Interim ordinance.** (a) If a municipality is conducting studies or has authorized a study to be conducted or has held or has scheduled a hearing for the purpose of considering adoption or amendment of a comprehensive plan or official controls as defined in section 462.352, subdivision 15, or if new territory for which plans or controls have not been adopted is annexed to a municipality, the governing body of the municipality may adopt an interim ordinance applicable to all or part of its jurisdiction for the purpose of protecting the planning process and the health, safety and welfare of its citizens. The interim ordinance may regulate, restrict, or prohibit any use, development, or subdivision within the jurisdiction or a portion thereof for a period not to exceed one year from the date it is effective.

(b) If a proposed interim ordinance purports to regulate, restrict, or prohibit activities relating to livestock production, a public hearing must be held following a ten-day notice given by publication in a newspaper of general circulation in the municipality before the interim ordinance takes effect.

(c)(1) A statutory or home rule charter city may adopt an interim ordinance that regulates, restricts, or prohibits a housing proposal only if the ordinance is approved by majority vote of all members of the city council.

(2) Before adopting the interim ordinance, the city council must hold a public hearing after providing written notice to any person who has submitted a housing proposal, has a pending housing proposal, or has provided a written request to be notified of interim ordinances related to housing proposals. The written notice must be provided at least three business days before the public hearing. Notice also must be posted on the city's official Web site, if the city has an official Web site.

(3) The date of the public hearing shall be the earlier of the next regularly scheduled city council meeting after the notice period or within ten days of the notice.

(4) The activities proposed to be restricted by the proposed interim ordinance may not be undertaken before the public hearing.

(5) For the purposes of this paragraph, "housing proposal" means a written request for city approval of a project intended primarily to provide residential dwellings, either single family or multi-family, and involves the subdivision or development of land or the demolition, construction, reconstruction, alteration, repair, or occupancy of residential dwellings.

~~(e)~~ (d) The period of an interim ordinance applicable to an area that is affected by a city's master plan for a municipal airport may be extended for such additional periods as the municipality may deem appropriate, not exceeding a total additional period of 18 months. In all other cases, no interim ordinance may halt, delay, or impede a subdivision that has been given preliminary approval, nor may any interim ordinance extend the time deadline for agency action set forth in section 15.99 with respect to any application filed prior to the effective date of the interim ordinance. The governing body of the municipality may extend the interim ordinance after a public hearing and written findings have been adopted based upon one or more of the conditions in clause (1), (2), or (3). The public hearing must be held at least 15 days but not more than 30 days before the expiration of the interim ordinance, and notice of the hearing must be published at least ten days before the hearing. The interim ordinance may be extended for the following conditions and durations, but, except as provided in clause (3), an interim ordinance may not be extended more than an additional 18 months:

(1) up to an additional 120 days following the receipt of the final approval or review by a federal, state, or metropolitan agency when the approval is required by law and the review or approval has not been completed and received by the municipality at least 30 days before the expiration of the interim ordinance;

(2) up to an additional 120 days following the completion of any other process required by a state statute, federal law, or court order, when the process is not completed at least 30 days before the expiration of the interim ordinance; or

(3) up to an additional one year if the municipality has not adopted a comprehensive plan under this section at the time the interim ordinance is enacted.

EFFECTIVE DATE. This section is effective for interim ordinances proposed on or after August 1, 2017.

Sec. 4. Minnesota Statutes 2016, section 462A.201, subdivision 2, is amended to read:

Subd. 2. **Low-income housing.** (a) The agency may use money from the housing trust fund account to provide loans or grants for:

(1) projects for the development, construction, acquisition, preservation, and rehabilitation of low-income rental and limited equity cooperative housing units, including temporary and transitional housing;

(2) the costs of operating rental housing, as determined by the agency, that are unique to the operation of low-income rental housing or supportive housing; ~~and~~

(3) rental assistance, either project-based or tenant-based; and

(4) projects to secure stable housing for families with children eligible for enrollment in a prekindergarten through grade 12 academic program.

For purposes of this section, "transitional housing" has the meaning given by the United States Department of Housing and Urban Development. Loans or grants for residential housing for migrant farmworkers may be made under this section.

(b) The housing trust fund account must be used for the benefit of persons and families whose income, at the time of initial occupancy, does not exceed 60 percent of median income as determined by the United States Department of Housing and Urban Development for the metropolitan area. At least 75 percent of the funds in the housing trust fund account must be used for the benefit of persons and families whose income, at the time of initial occupancy, does not exceed 30 percent of the median family income for the metropolitan area as defined in section 473.121, subdivision 2. For purposes of this section, a household with a housing assistance voucher under Section 8 of the United States Housing Act of 1937, as amended, is deemed to meet the income requirements of this section.

The median family income may be adjusted for families of five or more.

(c) Rental assistance under this section must be provided by governmental units which administer housing assistance supplements or by for-profit or nonprofit organizations experienced in housing management. Rental assistance shall be limited to households whose income at the time of initial

receipt of rental assistance does not exceed 60 percent of median income, as determined by the United States Department of Housing and Urban Development for the metropolitan area. Priority among comparable applications for tenant-based rental assistance will be given to proposals that will serve households whose income at the time of initial application for rental assistance does not exceed 30 percent of median income, as determined by the United States Department of Housing and Urban Development for the metropolitan area. Rental assistance must be terminated when it is determined that 30 percent of a household's monthly income for four consecutive months equals or exceeds the market rent for the unit in which the household resides plus utilities for which the tenant is responsible. Rental assistance may only be used for rental housing units that meet the housing maintenance code of the local unit of government in which the unit is located, if such a code has been adopted, or the housing quality standards adopted by the United States Department of Housing and Urban Development, if no local housing maintenance code has been adopted.

(d) In making the loans or grants, the agency shall determine the terms and conditions of repayment and the appropriate security, if any, should repayment be required. To promote the geographic distribution of grants and loans, the agency may designate a portion of the grant or loan awards to be set aside for projects located in specified congressional districts or other geographical regions specified by the agency. The agency may adopt rules for awarding grants and loans under this subdivision.

Sec. 5. Minnesota Statutes 2016, section 462A.2035, is amended to read:

462A.2035 MANUFACTURED HOME PARK REDEVELOPMENT PROGRAM.

Subdivision 1. **Establishment.** The agency shall establish a manufactured home park redevelopment program for the purpose of making manufactured home park redevelopment grants or loans to cities, counties, ~~or~~ community action programs, nonprofit organizations, and cooperatives created under chapter 308A or 308B.

Subd. 1a. **Individual assistance grants.** ~~Cities, counties, and community action programs~~ Eligible recipients may use individual assistance grants and loans under this program to:

(1) provide current residents of manufactured home parks with buy-out assistance not to exceed \$4,000 per home with preference given to older manufactured homes; and

(2) provide down-payment assistance for the purchase of new and preowned manufactured homes that comply with the current version of the State Building Code in effect at the time of the sale, not to exceed \$10,000 per home; ~~and~~.

~~(3) make improvements in manufactured home parks as requested by the grant recipient.~~

Subd. 1b. **Park infrastructure grants.** Eligible recipients may use park infrastructure grants under this program for:

(1) improvements in manufactured home parks; and

(2) infrastructure, including storm shelters and community facilities.

Subd. 2. **Eligibility requirements.** For individual assistance grants under subdivision 1a, households assisted under this section must have an annual household income at or below 80 percent of the area median household income. Cities, counties, or community action programs receiving funds under the program must give preference to households at or below 50 percent of the area median household income. Participation in the program is voluntary and no park resident shall be required to participate.

Subd. 3. **Statewide program.** The agency shall attempt to make grants and loans in approximately equal amounts to applicants outside and within the metropolitan area. Grants and loans under this section shall be provided in a manner consistent with the agency's policies and purposes in section 462A.02.

Subd. 4. **Infrastructure repair and replacement fund.** Each recipient receiving a grant under subdivision 1b shall provide from year to year, on a cumulative basis, for adequate reserve funds to cover the repair and replacement of the private infrastructure systems serving the community.

Sec. 6. Minnesota Statutes 2016, section 462A.204, subdivision 8, is amended to read:

Subd. 8. **School stability.** (a) The agency in consultation with the Interagency ~~Task Force~~ Council on Homelessness may establish a school stability project under the family homeless prevention and assistance program. The purpose of the project is to secure stable housing for families with school-age children who have moved frequently and for unaccompanied youth. For purposes of this subdivision, "unaccompanied youth" are minors who are leaving foster care or juvenile correctional facilities, or minors who meet the definition of a child in need of services or protection under section 260C.007, subdivision 6, but for whom no court finding has been made pursuant to that statute.

(b) The agency shall make grants to family homeless prevention and assistance projects in communities with a school or schools that have a significant degree of student mobility.

(c) Each project must be designed to reduce school absenteeism; stabilize children in one home setting or, at a minimum, in one school setting; and reduce shelter usage. Each project must include plans for the following:

(1) targeting of families with children under age 12 who, in the last 12 months have either: changed schools or homes at least once or been absent from school at least 15 percent of the school year and who have either been evicted from their housing; who are eligible for a prekindergarten through grade 12 academic program and are living in overcrowded conditions in their current housing; or are paying more than 50 percent of their income for rent; or who lack a fixed, regular, and adequate nighttime residence;

(2) targeting of unaccompanied youth in need of an alternative residential setting;

(3) connecting families with the social services necessary to maintain the families' stability in their home, including but not limited to housing navigation, legal representation, and family outreach; and

(4) one or more of the following:

(i) provision of rental assistance for a specified period of time, which may exceed 24 months; or

~~(ii) development of permanent supportive housing or transitional housing~~ provision of support and case management services to improve housing stability, including but not limited to housing navigation and family outreach.

~~(d) Notwithstanding subdivision 2, grants under this section may be used to acquire, rehabilitate, or construct transitional or permanent housing~~ In selecting projects for funding under this subdivision, preference shall be given to organizations granted funding under section 462A.201, subdivision 2, paragraph (a), clause (4).

~~(e) Each grantee under the project must include representatives of the local school district or targeted schools, or both, and of the local community correction agencies on its advisory committee~~ No grantee under this subdivision is required to have an advisory committee as described in subdivision 6.

Sec. 7. [462A.39] WORKFORCE HOUSING DEVELOPMENT PROGRAM.

Subdivision 1. Establishment. The commissioner of Minnesota housing finance shall establish a workforce housing development program to award grants or deferred loans to eligible project areas to be used for qualified expenditures. Grants or deferred loans authorized under this section may be made without limitations relating to the maximum incomes of the renters.

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

(b) "Eligible project area" means a home rule charter or statutory city located outside of the metropolitan area as defined in section 473.121, subdivision 2, with a population exceeding 500; a community that has a combined population of 1,500 residents located within 15 miles of a home rule charter or statutory city located outside the metropolitan area as defined in section 473.121, subdivision 2; or an area served by a joint county-city economic development authority.

(c) "Joint county-city economic development authority" means an economic development authority formed under Laws 1988, chapter 516, section 1, as a joint partnership between a city and county and excluding those established by the county only.

(d) "Market rate residential rental properties" means properties that are rented at market value, including new modular homes, new manufactured homes, and new manufactured homes on leased land or in a manufactured home park, and may include rental developments that have a portion of income-restricted units.

(e) "Qualified expenditure" means expenditures for market rate residential rental properties including acquisition of property; construction of improvements; and provisions of loans or subsidies, grants, interest rate subsidies, public infrastructure, and related financing costs.

Subd. 3. Application. The commissioner shall develop forms and procedures for soliciting and reviewing application for grants or deferred loans under this section. At a minimum, a city must

include in its application a resolution of its governing body certifying that the matching amount as required under this section is available and committed.

Subd. 4. **Program requirements.** (a) The commissioner must not award a grant or deferred loans to an eligible project area under this section until the following determinations are made:

(1) the average vacancy rate for rental housing located in the eligible project area, and in any other city located within 15 miles or less of the boundaries of the area, has been five percent or less for at least the prior two-year period;

(2) one or more businesses located in the eligible project area, or within 25 miles of the area, that employs a minimum of 20 full-time equivalent employees in aggregate have provided a written statement to the eligible project area indicating that the lack of available rental housing has impeded their ability to recruit and hire employees; and

(3) the eligible project area has certified that the grants or deferred loans will be used for qualified expenditures for the development of rental housing to serve employees of businesses located in the eligible project area or surrounding area.

(b) Preference for grants or deferred loans awarded under this section shall be given to eligible project areas with less than 30,000 people.

(c) Among comparable proposals, preference must be given to projects with a higher proportion of units that are not income-restricted.

Subd. 5. **Allocation.** The amount of a grant or deferred loans may not exceed 25 percent of the rental housing development project cost. The commissioner shall not award a grant or deferred loans to a city without certification by the city that the amount of the grant or deferred loans shall be matched by a local unit of government, business, or nonprofit organization with \$1 for every \$2 provided in grant or deferred loans funds.

Subd. 6. **Report.** Beginning January 15, 2018, the commissioner must annually submit a report to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over taxes and workforce development specifying the projects that received grants or deferred loans under this section and the specific purposes for which the grant funds were used.

Sec. 8. [462C.16] HOUSING TRUST FUNDS FOR LOCAL HOUSING DEVELOPMENT.

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

(b) "Commissioner" means the commissioner of the Minnesota Housing Finance Agency.

(c) "Fund" means a local housing trust fund or a regional housing trust fund.

(d) "Local government" means any statutory or home rule charter city or a county.

(e) "Local housing trust fund" means a fund established by a local government with one or more dedicated sources of public revenue for housing.

(f) "Regional housing trust fund" means a fund established and administered under a joint powers agreement entered into by two or more local governments with one or more dedicated sources of public revenue for housing.

Subd. 2. **Creation and administration.** (a) A local government may establish a local housing trust fund by ordinance or participate in a joint powers agreement to establish a regional housing trust fund.

(b) A local or regional housing trust fund may be, but is not required to be, administered through a nonprofit organization. If administered through a nonprofit organization, that organization shall encourage private charitable donations to the fund.

Subd. 3. **Authorized expenditures.** Money in a local or regional housing trust fund may be used only to:

(1) pay for administrative expenses, but not more than ten percent of the balance of the fund may be spent on administration;

(2) make grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing;

(3) match other funds from federal, state, or private resources for housing projects; or

(4) provide down payment assistance, rental assistance, and homebuyer counseling services.

Subd. 4. **Funding.** (a) A local government may finance its local or regional housing trust fund with any money available to the local government, unless expressly prohibited by state law. Sources of these funds include, but are not limited to:

(1) donations;

(2) bond proceeds;

(3) grants and loans from a state, federal, or private source;

(4) appropriations by a local government to the fund;

(5) investment earnings of the fund; and

(6) housing and redevelopment authority levies.

(b) The local government may alter a source of funding for the local or regional housing trust fund, but only if, once altered, sufficient funds will exist to cover the projected debts or expenditures authorized by the fund in its budget.

Subd. 5. **Reports.** A local or regional housing trust fund established under this section must report annually to the local government that created the fund. The local government or governments must post this report on its public Web site.

Subd. 6. **Effect of legislation on existing local or regional housing trust funds.** A local or regional housing trust fund existing on the effective date of this section is not required to alter the existing terms of its governing documents or take any additional authorizing actions required by subdivision 2.

Sec. 9. **MINNESOTA HOUSING FINANCE AGENCY REPORT.**

By September 30, 2017, and September 30, 2018, the Housing Finance Agency shall provide to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over the agency a draft and final version of its affordable housing plan before and after it has been submitted to the agency board for consideration. The affordable housing plan must include information on the availability of funds within the Housing Affordability Fund, or Pool 3, the anticipated uses of those funds, and the prior year's actual uses of those funds.

ARTICLE 12

MISCELLANEOUS POLICY

Section 1. Laws 2014, chapter 211, section 13, as amended by Laws 2015, First Special Session chapter 1, article 7, section 1, and Laws 2016, chapter 189, article 7, section 42, is amended to read:

Sec. 13. **EFFECTIVE DATE.**

Sections 1 to 3 and 6 to 11 are effective July 1, ~~2017~~ 2020. Sections 4, 5, and 12 are effective July 1, 2014.

EFFECTIVE DATE. This section is effective the day following final enactment. Until July 1, 2020, any employee, employer, employee or employer organization, exclusive representative, or any other person or organization aggrieved by an unfair labor practice as defined in Minnesota Statutes, section 179A.13, may bring an action for injunctive relief and for damages caused by the unfair labor practice in the district court of the county in which the practice is alleged to have occurred.

Sec. 2. **AGENCY ACTIVITY AND EXPENDITURE REPORTS.**

(a) The commissioners of employment and economic development, housing finance, labor and industry, and commerce, as well as the Public Utilities Commission, must each submit a report, as described in paragraph (b), to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over their budget appropriations by October 15, 2018.

(b) The reports must include:

(1) the number of employees in each operational division and descriptions of the work of each employee;

(2) a description of the responsibilities that fall under each operational division;

(3) a detailed list of the source of all revenue, including any fees, taxes, or other revenues collected, as well as details of base budgets, including all prior appropriation riders;

(4) how much of each budgetary division appropriation passes through as grants, as well as the costs related to each grant program;

(5) a detailed description of the costs related to each budgetary division, as well as the statutory authority under which those costs are allocated; and

(6) the statutory authority for all expenditures."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for jobs and economic development; appropriating money for the Department of Employment and Economic Development, Housing Finance Agency, Department of Labor and Industry, Bureau of Mediation Services, Public Employment Relations Board, Workers' Compensation Court of Appeals, Department of Commerce, Public Utilities Commission, and Public Facilities Authority; making policy and housekeeping changes to labor and industry provisions; making policy changes to employment, economic development, and workforce development provisions; making policy changes to the Department of Iron Range Resources and Rehabilitation; making changes related to workers' compensation; making changes to commerce, energy, and telecommunications policy; making other housing and miscellaneous policy changes; modifying fees; requiring reports; authorizing rulemaking; amending Minnesota Statutes 2016, sections 3.732, subdivision 1; 3.736, subdivision 3; 3.8851, subdivision 1; 15.01; 15.38, subdivision 7; 15A.0815, subdivision 3; 16B.323; 43A.02, subdivision 22; 45.0135, subdivision 6; 46.131, subdivision 7, by adding a subdivision; 65B.84, subdivision 1; 80A.61; 80A.65, subdivision 2; 85.0146, subdivision 1; 116C.779, subdivision 1; 116C.7792; 116D.04, subdivision 1a; 116J.423, subdivision 2; 116J.424; 116J.8731, subdivision 2, by adding a subdivision; 116J.8748, subdivisions 1, 3, 4, 6; 116J.994, subdivisions 3, 5, 7; 116L.17, subdivision 1; 116L.665; 116M.14, subdivision 4; 116M.17, subdivision 4; 116M.18, subdivisions 1a, 4, 4a, 8; 175.45; 176.135, by adding a subdivision; 176.1362, subdivisions 1, 2; 176.275, subdivision 1; 176.285; 176.361, subdivisions 2, 3; 176.521, by adding a subdivision; 176.541, subdivisions 1, 8, by adding a subdivision; 176.611, subdivision 2; 216B.161, subdivision 1; 216B.164, subdivisions 2, 5, 9, by adding a subdivision; 216B.1691, subdivision 2f; 216B.1694, subdivisions 1, 3; 216B.241, subdivisions 1b, 1c, 1d, 2, 5, 5d, 7; 216B.2422, subdivisions 2, 4; 216B.2424, by adding a subdivision; 216B.62, subdivision 3b; 216C.05, subdivision 2; 216C.435, by adding a subdivision; 216H.03, subdivisions 3, 4, 7; 237.162, subdivisions 2, 4, 9, by adding subdivisions; 237.163, subdivisions 2, 4, 6, 7, by adding subdivisions; 276A.01, subdivisions 8, 17; 276A.06, subdivision 8; 282.38, subdivisions 1, 3; 297I.11, subdivision 2; 298.001, subdivision 8, by adding a subdivision; 298.018, subdivision 1; 298.17; 298.22, subdivisions 1, 1a, 5a, 6, 10, 11, by adding subdivisions; 298.221; 298.2211, subdivisions 3, 6; 298.2212; 298.223, subdivisions 1, 2; 298.227; 298.27; 298.28, subdivisions 7, 7a, 9c, 9d, 11; 298.292, subdivision 2; 298.296; 298.2961; 298.297; 298.46, subdivisions 2, 5, 6; 325J.06; 326B.092, subdivision 7; 326B.153, subdivision 1; 326B.37, by adding subdivisions; 326B.435, subdivision 2; 326B.50, subdivision 3, by adding subdivisions; 326B.55, subdivisions 2, 4; 326B.89, subdivisions 1, 5; 327C.01, by adding a subdivision; 345.42, by adding a subdivision; 345.49; 462.355, subdivision 4; 462A.201, subdivision 2; 462A.2035; 462A.204, subdivision 8; 466.03, subdivision 6c; 469.310, subdivision 9; 474A.02, subdivision 21; Laws 2010, chapter 389, article 5, section 7; Laws 2014, chapter 211, section 13, as amended; Laws 2014,

chapter 312, article 2, section 14, as amended; Laws 2015, First Special Session chapter 1, article 1, sections 2, subdivision 6; 5, subdivision 2; Laws 2016, chapter 189, article 7, section 46; Laws 2017, chapter 68, article 1, section 1; proposing coding for new law in Minnesota Statutes, chapters 72A; 116J; 175; 176; 216C; 239; 326B; 327C; 462A; 462C; 471; repealing Minnesota Statutes 2016, sections 3.8852; 46.131, subdivision 5; 116C.779, subdivision 3; 116J.549; 174.187; 176.541, subdivision 7; 216B.8109; 216B.811; 216B.812; 216B.813; 216B.815; 216C.411; 216C.412; 216C.413; 216C.414; 216C.415; 216C.416; 298.22, subdivision 8; 298.2213; 298.298; 326B.89, subdivision 14; Laws 2013, chapter 85, article 6, section 11; Minnesota Rules, parts 4355.0100; 4355.0200; 4355.0300; 4355.0400; 4355.0500."

We request the adoption of this report and repassage of the bill.

Senate Conferees: Jeremy R. Miller, Gary H. Dahms, David J. Osmek, Paul Anderson, Bobby Joe Champion

House Conferees: Pat Garofalo, Jim Newberger, Marion O'Neill, Joe Hoppe

Senator Miller moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1456 be now adopted, and that the bill be repassed as amended by the Conference Committee.

CALL OF THE SENATE

Senator Latz imposed a call of the Senate for the balance of the proceedings on S.F. No. 1456. The Sergeant at Arms was instructed to bring in the absent members.

Senator Latz moved that the recommendations and Conference Committee Report on S.F. No. 1456 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

The question was taken on the adoption of the Latz motion.

The roll was called, and there were yeas 31 and nays 35, as follows:

Those who voted in the affirmative were:

Bakk	Dziedzic	Hoffman	Lourey	Torres Ray
Carlson	Eaton	Isaacson	Marty	Wiger
Champion	Eken	Kent	Newton	Wiklund
Clausen	Franzen	Klein	Pappas	
Cohen	Frentz	Laine	Schoen	
Cwodzinski	Hawj	Latz	Simonson	
Dibble	Hayden	Little	Sparks	

Those who voted in the negative were:

Abeler	Eichorn	Jasinski	Mathews	Rosen
Anderson, B.	Fischbach	Jensen	Miller	Ruud
Anderson, P.	Gazelka	Johnson	Nelson	Senjem
Benson	Goggin	Kiffmeyer	Newman	Tomassoni
Chamberlain	Hall	Koran	Osmek	Utke
Dahms	Housley	Lang	Pratt	Weber
Draheim	Ingebrigtsen	Limmer	Relph	Westrom

The motion did not prevail.

Senator Miller moved that S.F. No. 1456 and the Conference Committee report thereon be laid on the table. The motion prevailed.

MEMBERS EXCUSED

Senator Bakk was excused from the Session of today from 5:45 to 6:00 p.m. and from 10:45 to 11:00 p.m. Senator Chamberlain was excused from the Session of today from 9:00 to 9:10 p.m. and from 10:45 to 11:00 p.m. Senator Gazelka was excused from the Session of today from 10:45 to 11:40 p.m. Senator Rest was excused from the Session of today at 6:10 a.m.

ADJOURNMENT

Senator Gazelka moved that the Senate do now adjourn until 7:00 a.m., Monday, May 22, 2017. The motion prevailed.

Cal R. Ludeman, Secretary of the Senate