A bill for an act

relating to state government; appropriating money for activities of the Science Museum, the Zoological Board, the Departments of Commerce, Natural Resources, and Health, the Pollution Control Agency, the Public Utilities Commission, the Board of Water and Soil Resources, the Metropolitan Council, and the Minnesota Conservation Corps; providing for grants and fund transfers; modifying disposition of certain revenue; authorizing certain sales; modifying and creating certain accounts; modifying and establishing certain fees and surcharges; establishing an off-highway vehicle safety and conservation program; defining certain terms; providing for venison donation; providing for prairie establishment guidance; creating the Cuyuna Country State Recreation Area Citizens Advisory Council; restricting certain off-road vehicle trails; modifying state park permit requirements; modifying timber sale provisions; exempting certain exchanged land from the tax-forfeited land assurance fee; authorizing certain leases of tax-forfeited lands; modifying definition of public official; modifying agency service requirements; creating a grant program; designating a state wildlife management area; improving oversight of local government water management; modifying authority of watershed district board of managers and soil and water conservation board of supervisors; modifying provisions for wetland conservation; modifying requirements for ditch buffers; modifying provisions for individual sewage treatment systems; providing for civil enforcement; modifying provisions for regulating genetically engineered organisms; establishing requirements for acquisition of easements; modifying access to certain wetlands; modifying trail designation requirements; eliminating sunset of sustainable forest resources provisions; authorizing rulemaking; providing for voluntary termination of timber sale permits; modifying county environmental trust fund provisions; naming an island in Pelican Lake; modifying or adding provisions relating to financial institutions, investments of health savings accounts, mortgage originators, the Vehicle Protection Product Act, long-term care insurance, automobile insurance, an electronic licensing system and technology fees, allowable forms of collateral, securities regulation, charges billed by licensed health professionals, allocation of petroleum inspection fee for low-income weatherization assistance, delivery of home heating fuel, debt management services, the state energy city, energy savings, renewable energy research, a renewable hydrogen initiative, the Legislative Electric Energy Task Force, Clean Energy Resource Teams, landfill gas recovery, on-farm biogas recovery, nuisance liability of wind energy conversion systems, rural wind energy, petroleum violation escrow funds for K-12 school energy projects, renewable energy studies and reports, standards for hydrogen and fuel cells, hydrogen refueling stations, off-site renewable distributed generation, biofuel production permits, terrestrial and geologic carbon sequestration, dry cask storage at a nuclear power plant, utility charges and residential customers, the cold weather rule, a propane prepurchase program, and intervenor compensation for participants in proceedings before the Public Utilities Commission; requiring studies and reports; providing civil penalties; making technical and clarifying changes; amending Minnesota Statutes 2006, sections 10A.01, subdivision 35; 13.712, by adding a subdivision; 15.99, subdivision 3; 16A.531, subdivision 1a; 45.011, subdivision 1; 46.04, subdivision 1; 46.05; 46.131, subdivision 2; 47.19; 47.59, subdivision 6; 47.60, subdivision 2; 47.62, subdivision 1; 47.75, subdivision 1; 48.15, subdivision 4; 58.04, subdivisions 1, 2; 58.05; 58.06, subdivision 2, by adding a subdivision; 58.08, subdivision 3; 58.10, subdivision 1; 60K.55, subdivision 2; 65B.44, subdivisions 2, 3, 4, 5; 65B.47, subdivision 7; 65B.54, subdivision 1, by adding a subdivision; 80A.28, subdivision 1; 80A.65, subdivision 1; 82.24, subdivisions 1, 4; 82B.09, subdivision 1; 84.025, subdivision 9; 84.026, subdivision 1; 84.0272, by adding a subdivision; 84.0855, subdivisions 1, 2; 84.780; 84.927, subdivision 2; 84.963; 84D.02, by adding a subdivision; 84D.13, subdivision 7; 85.054, subdivision 12, by adding a subdivision; 86B.706, subdivision 2; 89.22, subdivision 2; 90.161, by adding a subdivision; 93.22, subdivision 1; 97A.055, subdivision 4; 97A.065, by adding a subdivision; 97A.133, by adding a subdivision; 97A.475, subdivision 7, by adding a subdivision; 97A.485, subdivision 7; 97C.081, subdivision 3; 103B.101, by adding a subdivision; 103C.321, by adding a subdivision; 103D.325, by adding a subdivision; 103E.021, subdivisions 1, 2, 3, by adding a subdivision; 103E.315, subdivision 8; 103E.321, subdivision 1; 103E.701, by adding a subdivision; 103E.705, subdivisions 1, 2, 3; 103E.728, subdivision 2; 103G.222, subdivisions 1, 3; 103G.2241, subdivisions 1, 2, 3, 6, 9, 11; 103G.2242, subdivisions 2, 2a, 9, 12, 15; 103G.2243, subdivision 2; 103G.235; 103G.301, subdivision 2; 115.55, subdivisions 1, 2, 3, by adding a subdivision; 116C.779, subdivision 2; 116C.92; 116C.94, subdivision 1; 116C.97, subdivision 2; 118A.03, subdivision 2; 148.102, by adding a subdivision; 216B.097, subdivisions 1, 3; 216B.098, subdivision 4; 216B.16, subdivisions 10, 15; 216B.241, subdivision 6; 216B.812, subdivisions 1, 2; 216C.051, subdivisions 2, 9; 216C.41, subdivisions 1, 2, 3; 239.101, subdivision 3; 282.04, subdivision 1; 325E.311, subdivision 6; 325N.01; 332.54, subdivision 7; Laws 1998, chapter 389, article 16, section 31, subdivision 4, as amended; Laws 2003, chapter 128, article 1, section 169; Laws 2006, chapter 236, article 1, section 21; proposing coding for new law in Minnesota Statutes, chapters 1; 16C; 17; 45; 58; 60K; 84; 84D; 85; 89; 97B; 103B; 103E; 216B; 216C; 325E; 561; proposing coding for new law as Minnesota Statutes, chapters 59C; 332A; repealing Minnesota Statutes 2006, sections 46.043; 47.62, subdivision 5; 58.08, subdivision 1; 89A.11; 103G.2241, subdivision 8; 216B.095; 332.12; 332.13; 332.14; 332.15; 332.16; 332.17; 332.18; 332.19; 332.20; 332.21; 332.22; 332.23; 332.24; 332.25; 332.26; 332.27; 332.28; 332.29; Minnesota Rules, parts 7831.0100; 7831.0200; 7831.0300; 7831.0400; 7831.0500; 7831.0600; 7831.0700; 7831.0800.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

ARTICLE 1
ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

		2008		2009		Total
General	$	134,588,000	$	137,139,000	$	271,727,000
State Government Special Revenue		48,000		48,000		96,000
Environmental		61,425,000		61,622,000		123,047,000
Natural Resources		79,496,000		80,188,000		159,684,000
Game and Fish		90,073,000		92,032,000		182,105,000
Remediation		11,666,000		11,186,000		22,852,000
Permanent School		200,000		200,000		400,000
Total	**$**	**377,496,000**	**$**	**382,415,000**	**$**	**759,911,000**

Sec. 2. **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 "2008" and "2009" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for the fiscal year ending June 30, 2007, are effective the day following final enactment.

		APPROPRIATIONS Available for the Year Ending June 30 2008		2009
Sec. 3. **POLLUTION CONTROL AGENCY**				
Subdivision 1. **Total Appropriation**	**$**	**100,271,000**	**$**	**99,989,000**

Appropriations by Fund

	2008	2009
General	27,232,000	27,233,000
State Government Special Revenue	48,000	48,000
Environmental	61,425,000	61,622,000
Remediation	11,566,000	11,086,000

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

Subd. 2. **Water**	42,928,000	42,248,000

Appropriations by Fund		
General	23,326,000	23,266,000
State Government Special Revenue	48,000	48,000
Remediation	550,000	-0-
Environmental	19,004,000	18,934,000

$2,348,000 the first year and $2,348,000 the second year are for the clean water partnership program. Any balance remaining in the first year does not cancel and is available for the second year. This appropriation may be used for grants to local units of government for the purpose of restoring impaired waters listed under section 303(d) of the federal Clean Water Act in accordance with adopted total maximum daily loads (TMDL's), including implementation of approved clean water partnership diagnostic study work plans that will assist in restoration of such impaired waters.

$2,324,000 the first year and $2,324,000 the second year are for grants to delegated counties to administer the county feedlot program. The commissioner, in consultation with the Minnesota Association of County Feedlot Officers executive team, may use up to five percent of the annual appropriation for initiatives to enhance existing delegated county feedlot programs, information and education, or technical assistance to reduce feedlot-related pollution hazards. Any unexpended balance in the first year does not cancel but is available in the second year.

$335,000 the first year and $335,000 the second year are for community technical assistance and education, including grants and technical assistance to communities for local and basinwide water quality protection.

$405,000 the first year and $405,000 the second year are for individual sewage treatment system (ISTS) administration and grants. Of this amount, $86,000 each year is for assistance to counties through grants for ISTS program administration. Any unexpended balance in the first year does not cancel but is available in the second year.

$480,000 the first year and $480,000 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. Of this amount, $48,000 each year is for administration of individual septic tank fees.

$375,000 the first year and $375,000 the second year are to monitor and analyze endocrine disruptors in surface waters in at least 20 additional sites. The data must be placed on the agency's Web site.

$15,317,000 the first year and $15,317,000 the second year are to implement the requirements of Minnesota Statutes, chapter 114D. Of this amount, $6,317,000 each year is for completion of ten percent of the needed statewide assessments of surface water quality and trends and $9,000,000 each year is to develop TMDL's and TMDL implementation plans for waters listed on the United States Environmental Protection Agency approved impaired waters list. The agency shall complete an average of ten percent of the TMDL's each year over the next ten years.

$690,000 the first year and $690,000 the second year are from the environmental fund to provide regulatory services to the ethanol, mining, and other developing economic sectors. This is a onetime appropriation.

$88,000 the first year is for the endocrine disruptors report required to be completed under article 2.

$550,000 is appropriated in fiscal year 2008 from the remediation fund to the commissioner of the Pollution Control Agency for transfer to the commissioner of health to conduct an evaluation of point of use water treatment units at removing perfluorooctanoic acid, perfluorooctane sulfonate, and perfluorobutanoic acid from known concentrations of these compounds in drinking water. The evaluation shall be completed by December 31, 2007, and the commissioner of health may contract for services to complete the evaluation.

By January 15, 2008, the commissioner shall amend agency rules and, where legislative action is necessary, provide recommendations to the house of representatives and senate divisions on environmental finance on water and air fee changes that will result in revenue to the environmental fund to pay for regulatory services to the ethanol, mining, and other developing economic sectors.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2009, for clean water partnership, individual sewage treatment systems (ISTS), Minnesota River, total maximum daily loads (TMDL's), stormwater contracts or grants, and local and basinwide water quality protection contracts or grants in this subdivision are available until June 30, 2011.

Subd. 3. **Air**	10,623,000	10,890,000

Appropriations by Fund		
Environmental	10,623,000	10,890,000

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.

$200,000 the first year and $200,000 the second year are from the environmental fund for a monitoring program under Minnesota Statutes, section 116.454.

$125,000 the first year and $125,000 the second year are from the environmental fund for monitoring ambient air for hazardous pollutants in the metropolitan area.

$760,000 the first year and $760,000 the second year are from the environmental fund to provide regulatory services to the ethanol, mining, and other developing economic sectors. This is a onetime appropriation.

Subd. 4. **Land**			18,081,000	18,151,000
Appropriations by Fund				
Environmental	7,065,000	7,065,000		
Remediation	11,016,000	11,086,000		

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 finance and the house and senate chairs of environment and natural resources finance that maximizes the utilization of resources and appropriately allocates the money between the two departments. This appropriation is available until June 30, 2009.

$3,616,000 the first year and $3,616,000 the second year are transferred from the petroleum tank fund to the remediation fund for appropriation to the commissioner for purposes of the leaking underground storage tank program to protect the land.

$252,000 the first year and $252,000 the second year are from the remediation fund to be transferred to the Department of Health for health assessments, drinking water advisories, and public information activities for areas contaminated by hazardous releases.

Subd. 5. **Multimedia**	4,879,000	4,911,000

Appropriations by Fund		
General	2,288,000	2,320,000
Environmental	2,591,000	2,591,000

$550,000 the first year and $550,000 the second year are from the environmental fund to provide regulatory services to the ethanol, mining, and other developing economic sectors. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2009, for total maximum daily load (TMDL) contracts or grants are available until June 30, 2011.

Subd. 6. **Environmental Assistance**	22,142,000	22,142,000

$14,000,000 each year is from the environmental fund for SCORE block grants to counties.

Any unencumbered grant and loan balances in the first year do not cancel but are available for grants and loans in the second year.

All money deposited in the environmental fund for the metropolitan solid waste landfill fee under Minnesota Statutes, section 473.843, and not otherwise appropriated, is appropriated to the agency for the purposes of Minnesota Statutes, section 473.844.

$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.

$1,200,000 the first year and $1,200,000 the second year are from the environmental fund to retrofit school buses statewide, including buses for preschool children, and for loans to small trucking firms to install equipment to reduce fuel consumption. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2009, for environmental assistance grants awarded under Minnesota Statutes, section 115A.0716, and for 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, 2011.

Subd. 7. **Administrative Support**		1,618,000		1,647,000

The commissioner may transfer money from the environmental fund to the remediation fund as necessary for the purposes of the remediation fund under Minnesota Statutes, section 116.155, subdivision 2.

Sec. 4. **NATURAL RESOURCES**

Subdivision 1. **Total Appropriation**	**$**	**245,396,000**	**$**	**250,238,000**

Appropriations by Fund

	2008	2009
General	80,587,000	82,778,000
Natural Resources	74,436,000	75,128,000
Game and Fish	90,073,000	92,032,000
Remediation	100,000	100,000
Permanent School	200,000	200,000

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

Subd. 2. **Land and Mineral Resources Management**			11,461,000	11,448,000

Appropriations by Fund		
General	6,347,000	6,406,000
Natural Resources	3,551,000	3,447,000
Game and Fish	1,363,000	1,395,000
Permanent School	200,000	200,000

$475,000 the first year and $475,000 the second year are for iron ore cooperative research. Of this amount, $200,000 each year is from the minerals management account in the natural resources fund and $275,000 each year is from the general fund. $237,500 the first year and $237,500 the second year are available only as matched by $1 of nonstate money for each $1 of state money. The match may be cash or in-kind.

$86,000 the first year and $86,000 the second year are for minerals cooperative environmental research, of which $43,000 the first year and $43,000 the second year are available only as matched by $1 of nonstate money for each $1 of state money. The match may be cash or in-kind.

$2,800,000 the first year and $2,696,000 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).

$200,000 the first year and $200,000 the second year are from the state forest suspense account in the permanent school fund to accelerate land exchanges, land sales, and commercial leasing of school trust lands and to identify, evaluate, and lease construction aggregate located on school trust lands. This appropriation is to be used for securing maximum long-term economic return from the school trust lands consistent with fiduciary responsibilities and sound natural resources conservation and management principles.

$15,000 the first year is for a report by February 1, 2008, to the house and senate committees with jurisdiction over environment and natural resources on proposed minimum legal and conservation standards that could be applied to conservation easements acquired with public money.

$701,000 the first year and $701,000 the second year are to support the land records management system. Of this amount, $326,000 the first year and $326,000 the second year are from the game and fish fund and $375,000 the first year and $375,000 the second year are from the natural resources fund.

Subd. 3. **Water Resources Management**	12,931,000	13,116,000

Appropriations by Fund

General	12,651,000	12,836,000
Natural Resources	280,000	280,000

$310,000 the first year and $310,000 the second year are for grants for up to 50 percent of the cost of implementing the Red River mediation agreement.

$65,000 the first year and $65,000 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.

$5,000 the first year and $5,000 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.

$200,000 the first year and $200,000 the second year are for the construction of ring dikes under Minnesota Statutes, section 103F.161. The ring dikes may be publicly or privately owned. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. If the appropriation in the first year is insufficient, the appropriation for the second year is available in the first year.

$1,280,000 the first year and $1,280,000 the second year are to support the identification of impaired waters and develop plans to address those impairments, as required by the federal Clean Water Act. This is a onetime appropriation.

Subd. 4. **Forest Management**	41,098,000	41,830,000

Appropriations by Fund

General	22,858,000	23,273,000
Natural Resources	17,983,000	18,293,000
Game and Fish	257,000	264,000

$7,217,000 the first year and $7,217,000 the second year are for prevention, presuppression, and suppression costs of emergency firefighting and other costs incurred under Minnesota Statutes, section 88.12. If the appropriation for either year is insufficient to cover all costs of presuppression and suppression, the amount necessary to pay for these costs during the biennium is appropriated from the general fund.

By November 15 of each year, the commissioner of natural resources shall submit a report to the chairs 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 shall be deposited into the general fund.

$17,983,000 the first year and $18,293,000 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.

$780,000 the first year and $780,000 the second year are for the Forest Resources Council for implementation of the Sustainable Forest Resources Act.

$350,000 the first year and $350,000 the second year are for the FORIST timber management information system, other information systems, and for increased forestry management. The amount in the second year is also available in the first year.

$257,000 the first year and $264,000 the second year are from the game and fish fund to implement ecological classification systems (ECS) standards on forested landscapes. This appropriation is from revenue deposited in the game and fish fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

$55,000 the first year and $55,000 the second year are to develop and implement a statewide information and education campaign regarding the proposed statewide ban on the transport, storage, or use of nonapproved firewood on state administered land.

$75,000 the first year is to the Forest Resources Council for a task force on forest protection and $75,000 the second year is appropriated to the commissioner for grants to cities, counties, townships, special recreation areas, and park and recreation boards in cities of the first class for the identification, removal, disposal, and replacement of dead or dying shade trees lost to forest pests or disease. For purposes of this section, "shade tree" means a woody perennial grown primarily for aesthetic or environmental purposes with minimal to residual timber value. The commissioner shall consult with municipalities; park and recreation boards in cities of the first class; nonprofit organizations; and other interested parties in developing eligibility criteria.

Subd. 5. **Parks and Recreation Management**			35,141,000	35,959,000

Appropriations by Fund

General	20,560,000	20,923,000
Natural Resources	14,581,000	15,036,000

$640,000 the first year and $640,000 the second year are from the water recreation account in the natural resources fund for state park water access projects.

$3,996,000 the first year and $3,996,000 the second year are from the natural resources fund for state 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).

$5,000 each year is for payment of expenses of the Cuyuna Country State Recreation Area Citizens Advisory Council.

The commissioner of natural resources, in consultation with the local elected officials and citizens of Meeker County, shall develop a plan for Greenleaf Lake State Recreation Area. The commissioner shall submit the plan to the legislative committees with jurisdiction over state parks and capital investment by February 1, 2008.

The appropriation in Laws 2003, chapter 128, article 1, section 5, subdivision 6, from the water recreation account in the natural resources fund for a cooperative project with the United States Army Corps of Engineers to develop the Mississippi Whitewater Park is available until June 30, 2009.

Subd. 6. **Trails and Waterways Management** 29,727,000 29,822,000

Appropriations by Fund		
General	2,528,000	2,548,000
Natural Resources	25,080,000	25,080,000
Game and Fish	2,119,000	2,194,000

$8,424,000 the first year and $8,424,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for snowmobile grants-in-aid. The additional money under this paragraph may be used for new grant-in-aid trails. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

$925,000 the first year and $825,000 the second year are from the natural resources fund for off-highway vehicle grants-in-aid. Of this amount, $575,000 the first year and $575,000 the second year are from the all-terrain vehicle account; $150,000 each year is from the off-highway motorcycle account; and $200,000 the first year and $100,000 the second year are 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.

$261,000 the first year and $261,000 the second year are from the water recreation account in the natural resources fund for a safe harbor program on Lake Superior.

$742,000 the first year and $760,000 the second year are from the natural resources fund for state trail operations and maintenance. The money may be used for trail maintenance, signage, mapping, interpretation, native prairie restoration using best management practices, and maintenance of nonmotorized forest trails. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (2).

$32,000 the first year and $107,000 the second year are from the game and fish fund and is added to the base for expenditures on water access sites according to the requirements of the federal sport and fish restoration program.

Subd. 7. **Fish and Wildlife Management**			67,072,000	68,394,000

Appropriations by Fund		
General	3,255,000	3,255,000
Natural Resources	1,876,000	1,876,000
Game and Fish	61,941,000	63,263,000

$410,000 the first year and $418,000 the second year are for resource population surveys in the 1837 treaty area. Of this amount, $274,000 the first year and $288,000 the second year are from the game and fish fund.

$8,061,000 the first year and $8,167,000 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). Of this amount, $1,175,000 the first year and $1,175,000 the second year are for preserving, restoring, and enhancing grassland/wetland complexes on public lands.

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.

$8,000 the first year and $8,000 the second year are appropriated from the game and fish fund for transfer to the wild turkey management account for purposes specified in Minnesota Statutes, section 97A.075, subdivision 5.

$108,000 the first year and $108,000 the second year are from the game and fish fund for costs associated with administering fishing contest permits.

$182,000 the first year and $132,000 the second year are to accelerate wildlife health programs and to prevent the spread of disease from livestock and poultry to the wildlife population. $50,000 in the first year is for fencing cattle-feeding areas in bovine tuberculosis control zones, under the emergency deterrent materials assistance program in Minnesota Statutes, section 97A.028, subdivision 3. This appropriation is available until June 30, 2009. $66,000 of this amount is permanent.

$575,000 the first year and $575,000 the second year are for preserving, restoring, and enhancing grassland/wetland complexes on public lands.

$150,000 the first year and $150,000 the second year are from the game and fish fund to expand the roadsides for wildlife program.

$175,000 the first year and $175,000 the second year are appropriated from the game and fish fund to the commissioner of natural resources for grants to Let's Go Fishing of Minnesota to promote opportunities for fishing. The grants must be matched equally with cash or in-kind contributions from nonstate sources. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2009, for aquatic restoration grants and wildlife habitat grants are available until June 30, 2010.

Subd. 8. **Ecological Services**			14,201,000	15,404,000

Appropriations by Fund

General	6,831,000	7,934,000
Natural Resources	3,488,000	3,519,000
Game and Fish	3,882,000	3,951,000

$1,192,000 the first year and $1,223,000 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 information, education, and promotion.

$1,612,000 the first year and $1,636,000 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), on public lands.

$2,765,000 in the first year and $3,985,000 in the second year, of which $1,795,000 the first year and $1,795,000 the second year are from the invasive species account in the natural resources fund for law enforcement and water access inspection to prevent the spread of invasive species, grants to manage invasive plants in public waters, technical assistance to grant applicants for improving lake quality, and management of terrestrial invasive species on state-administered lands. Priority shall be given to preventing the spread of aquatic invertebrates. Of this amount, $250,000 the first year and $250,000 the second year are for a zebra mussel pilot program. This is a onetime appropriation. An applicant for a grant to manage invasive plants in public waters must have a workable plan for improving water quality and reducing the need for additional treatment. Grants may not be made for chemicals that are likely endocrine disruptors. A plan to prevent the introduction of asian carp into Minnesota waters must be made available to the public by November 1, 2007.

$125,000 the first year is to support a technical advisory committee and for land management units that manage grass lands in order to develop plans to optimize native prairie seed harvest and replanting on state-owned lands. The work must use best management practices with an outcome of ensuring the survival of the native prairie remaining in Minnesota and to estimate the value of the seeds. Maximizing seed harvest may include allowing seed producers to keep a portion of the seed as compensation for supplying equipment and labor. The Department of Natural Resources in cooperation with the Department of Agriculture and the Board of Water and Soil Resources shall establish the technical advisory committee which has the expertise to develop (1) criteria to identify public and private marginal lands which could be used to produce native prairie seeds of a local eco-type or restore native prairies that could be used to produce clean energy, (2) guidelines for production that ensure high carbon sequestration, protection of wildlife and waters, and minimization of inputs and that do not compromise the survival of the native prairie remaining in Minnesota, and (3) recommendations for incentives that will result in the production of native prairie seeds of a local eco-type or restore native prairies. In addition to agency members, the advisory committee shall have one member from each of two farm organizations, one member from a sustainable farmer organization, one member each from three rural economic development organizations, one member each from three environmental organizations, and one member each from three wildlife or conservation organizations. The technical committee shall work with the NextGen Energy Board to develop a clean energy program. A report on outcomes from the technical committee is due December 15, 2007, to the legislative finance chairs on environment and natural resources.

$50,000 in the first year is for the commissioner, in consultation with the Environmental Quality Board, to report to the house and senate committees having jurisdiction over environmental policy and finance by February 1, 2008, on the Mississippi River critical area program. The report shall include the status of critical area plans, zoning ordinances, the number and types of revisions anticipated, and the nature and number of variances sought. The report shall include recommendations that adequately protect and manage the aesthetic integrity and natural environment of the river corridor.

$1,500,000 the first year and $1,500,000 the second year are to support the identification of impaired waters and develop plans to address those impairments, as required by the federal Clean Water Act. This is a onetime appropriation.

Subd. 9. **Enforcement**			29,971,000	30,490,000
	Appropriations by Fund			
General	3,336,000	3,392,000		
Natural Resources	7,113,000	7,113,000		
Game and Fish	19,422,000	19,885,000		
Remediation	100,000	100,000		

$100,000 each year is for a conservation officer position to be stationed at Mississippi Headwaters State Forest to work with local jurisdictions in enforcing state law along the Mississippi River from Lake Itasca downstream to Lake Bemidji and in the Bemidji region.

$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.

$100,000 the first year and $100,000 the second year are from the remediation fund for solid waste enforcement activities under Minnesota Statutes, section 116.073.

$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.

$1,164,000 the first year and $1,164,000 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).

$225,000 the first year and $225,000 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, $213,000 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.

$15,000 the first year and $5,000 the second year are from the off-road vehicle account in the natural resources fund to establish the off-road vehicle environment and safety education and training program under Minnesota Statutes, section 84.8015.

Overtime must be distributed to conservation officers at historical levels; however, a reasonable reduction or addition may be made to the officer's allocation, if justified, based on an individual officer's workload. If funding for enforcement is reduced because of an unallotment, the overtime bank may be reduced in proportion to reductions made in other areas of the budget.

Subd. 10. **Operations Support**			3,794,000	3,775,000

Appropriations by Fund		
General	2,221,000	2,211,000
Natural Resources	484,000	484,000
Game and Fish	1,089,000	1,080,000

$38,000 in the first year is from the game and fish fund for the study on the natural stands of wild rice required in article 2.

$270,000 the first year and $270,000 the second year are from the natural resources fund for grants to be divided equally between the city of St. Paul for the Como Zoo and Conservatory and the city of Duluth for the Duluth Zoo. This appropriation is from the revenue deposited to the fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (5).

$55,000 in the first year and $7,000 in the second year are to be transferred to the Environmental Quality Board to fulfill the requirement of Minnesota Statutes, sections 116C.92 and 116C.94.

Sec. 5. **BOARD OF WATER AND SOIL RESOURCES**	**$**	**22,369,000**	**$**	**22,728,000**

$4,102,000 the first year and $4,102,000 the second year are for natural resources block grants to local governments. 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. 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 that would be raised by a levy under Minnesota Statutes, section 103B.3369.

$3,566,000 the first year and $3,566,000 the second year are for grants requested by soil and water conservation districts for general purposes, nonpoint engineering, and implementation of the reinvest in Minnesota conservation reserve program. Upon approval of the board, expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts. Any district requesting a grant under this paragraph shall create and maintain a Web page that publishes, at a minimum, its annual plan, annual report, annual audit, and annual budget, including membership dues and meeting notices and minutes.

$3,250,000 the first year and $3,250,000 the second year are for grants to soil and water conservation districts for cost-sharing contracts for erosion control and water quality management. Of this amount, at least $1,200,000 the first year and $1,200,000 the second year are for grants for cost-sharing contracts to establish and maintain vegetation buffers of restored native prairie and restored prairie using seeds of a local ecotype region. $300,000 the first year and $300,000 the second year are available to begin county cooperative weed management programs on natural lands and private lands enrolled in state and federal conservation programs and to restore native plants in selected invasive species management sites by providing local native seeds and plants to landowners for implementation. This appropriation is available until expended. If the appropriation in either year is insufficient, the appropriation in the other year is available for it. Notwithstanding Minnesota Statutes, section 103C.501, any balance in the board's cost-share program that remains from the fiscal year 2007 appropriation is available in an amount up to $2,000 for a grant to the Faribault Soil and Water Conservation District to pay for erosion repair on the Blue Earth River, and up to $40,000 is available for grants to soil and water conservation districts for Web site development and reporting; and $100,000 in fiscal years 2008 and 2009 is for evaluating and reporting on performance, financial, and activity information of local water management entities as provided for in article 2, section 37.

The board shall develop a forestry practice docket for cost-share money. The board shall develop standards or policies for cost-share practices for the following purposes: (1) establishment and maintenance of vegetated buffers of restored prairie or restored native prairie using seeds of a local ecotype; (2) establishment of cooperative weed management programs on private natural lands and lands enrolled in state and federal conservation programs and restoration of native plants in selected invasive species management sites by providing local native seeds and plants to landowners; and (3) establishment of soil and water conservation and ecological improvement practices on private forest lands.

$100,000 the first year and $100,000 the second year are for a grant to the Red River Basin Commission to develop a Red River basin plan and to coordinate water management activities in the states and provinces bordering the Red River. The unencumbered balance in the first year does not cancel but is available for the second year.

$5,450,000 the first year and $5,450,000 the second year are for implementation of the Clean Water Legacy Act as follows:

(1) $1,500,000 each year is for targeted nonpoint restoration cost-share and incentive payments, of which up to $1,400,000 each year is available for grants. Of this amount, $250,000 each year must be contracted for services with the Minnesota Conservation Corps. The grant funds are available until expended;

(2) $2,000,000 each year is for targeted nonpoint restoration and protection and technical, compliance, and engineering assistance activities, of which up to $1,325,000 the first year and $1,700,000 the second year are available for grants, of which $225,000 the first year is to inventory wetland mitigation opportunities and water quality and watershed improvement projects in a greater than 80 percent area and of which $150,000 the first year is to conduct a regionwide wetland mitigation siting analysis for greater than 80 percent areas. The $225,000 amount shall include an inventory of the wetland and water resources that have been developed on former mine lands and an analysis of the functions and values of those wetland and water resources. This is a onetime appropriation and is available until June 30, 2009. The $150,000 amount for analysis shall (i) evaluate wetland mitigation opportunities in each watershed and wetland bank service area, (ii) develop goals for maintaining water quality in the greater than 80 percent areas, and (iii) identify wetland mitigation opportunities in other regions with a greater loss of wetlands or with impaired waters. This is a onetime appropriation and is available until June 30, 2009. A report on the analysis outcomes shall be given to the house and senate chairs of the environment and natural resources policy and finance committees by January 15, 2009;

(3) $200,000 each year is for reporting and evaluating applied soil and water conservation practices;

(4) $1,000,000 each year is for grants to implement county individual sewage treatment system programs. Of this amount, after a county has complied with requirements to adopt ordinances pursuant to Minnesota Statutes, section 115.55, subdivision 2, the county may request grants of up to $60,000 the first year and $60,000 the second year to inventory properties with individual sewage treatment systems that are an imminent threat to public health or safety due to water discharges of untreated sewage, and require compliance under an applicable ordinance. The grant amount shall be proportional to the number of properties expected to be inventoried. Each county receiving an appropriation under this paragraph shall report the number of inspections and the number determined to be an imminent threat to public health or safety to the Pollution Control Agency by February 1 of each year;

(5) $650,000 each year is for feedlot water quality grants for feedlots under 300 animal units where there are impaired waters; and

(6) $100,000 each year is to the Minnesota River Basin Joint Powers Board, also known as the Minnesota River Board, for operating expenses to measure and report the results of projects in the 12 major watersheds within the Minnesota River basin.

If the appropriations in clauses (1) to (6) in either year are insufficient, the appropriation in the other year is available for it. All of the money appropriated in clauses (1) to

(6) as grants to local governments shall be administered through the Board of Water and Soil Resources' local water resources protection and management program under Minnesota Statutes, section 103B.3369.

$140,000 the first year and $140,000 the second year are for a grant to Area II, Minnesota River Basin Projects, for floodplain management, including administration of programs.

$1,120,000 the first year and $1,060,000 the second year may be spent for the following purposes to support implementation of the Wetland Conservation Act: $500,000 each year is to make grants to local units of governments to improve response to major wetland violations; $500,000 each year is for staffing to provide adequate state oversight and technical support to local governments administering the Wetland Conservation Act; $60,000 each year is for staff to monitor and enforce wetland replacement and wetland bank sites; and $60,000 the first year is for rulemaking required by changes to the Wetland Conservation Act.

$450,000 the first year and $800,000 the second year are to implement recommendations of the Drainage Work Group to enhance public drainage and modernization as follows: $150,000 the first year is to develop guidelines for drainage records preservation and modernization; $500,000 the second year is for cost-share grants to local governments for public drainage records modernization; and

$300,000 each year is to provide assistance to local drainage management officials, to facilitate the work of the Drainage Work Group, to staff a drainage assistance team, and to update the Minnesota Public Drainage Manual. All of the money appropriated in this paragraph as grants to local governments shall be administered through the Board of Water and Soil Resources' local water resources protection and management program under Minnesota Statutes, section 103B.3369.

In addition to other authorities, the Board of Water and Soil Resources may reduce, withhold, or redirect grants and other funding if the local water management entity has not corrected deficiencies as prescribed in a notice from the board within one year from the date of the notice.

Sec. 6. **METROPOLITAN COUNCIL** **$ 8,620,000 $ 8,620,000**

Appropriations by Fund

	2008	2009
General	4,050,000	4,050,000
Natural Resources	4,570,000	4,570,000

$4,050,000 the first year and $4,050,000 the second year are for metropolitan parks operations.

$4,570,000 the first year and $4,570,000 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. 7. **MINNESOTA CONSERVATION CORPS** $ **840,000** $ **840,000**

Appropriations by Fund

	2008	2009
General	350,000	350,000
Natural Resources	490,000	490,000

The Minnesota Conservation Corps may receive money appropriated from the natural resources fund under this section only as provided in an agreement with the commissioner of natural resources.

ARTICLE 2
ENVIRONMENT AND NATURAL RESOURCES POLICY

Section 1. Minnesota Statutes 2006, section 10A.01, subdivision 35, is amended to read:

Subd. 35. **Public official.** "Public official" means any:

(1) member of the legislature;

(2) individual employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house, revisor of statutes, or researcher, legislative analyst, or attorney in the Office of Senate Counsel and Research or House Research;

(3) constitutional officer in the executive branch and the officer's chief administrative deputy;

(4) solicitor general or deputy, assistant, or special assistant attorney general;

(5) commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06, or the state chief information officer;

(6) member, chief administrative officer, or deputy chief administrative officer of a state board or commission that has either the power to adopt, amend, or repeal rules under chapter 14, or the power to adjudicate contested cases or appeals under chapter 14;

(7) individual employed in the executive branch who is authorized to adopt, amend, or repeal rules under chapter 14 or adjudicate contested cases under chapter 14;

(8) executive director of the State Board of Investment;

(9) deputy of any official listed in clauses (7) and (8);

(10) judge of the Workers' Compensation Court of Appeals;

(11) administrative law judge or compensation judge in the State Office of Administrative Hearings or referee in the Department of Employment and Economic Development;

(12) member, regional administrator, division director, general counsel, or operations manager of the Metropolitan Council;

(13) member or chief administrator of a metropolitan agency;

(14) director of the Division of Alcohol and Gambling Enforcement in the Department of Public Safety;

(15) member or executive director of the Higher Education Facilities Authority;

(16) member of the board of directors or president of Minnesota Technology, Inc.;

(17) member of the board of directors or executive director of the Minnesota State High School League;

(18) member of the Minnesota Ballpark Authority established in section 473.755; ~~or~~

(19) citizen member of the Legislative-Citizen Commission on Minnesota Resources~~.~~;

(20) manager of a watershed district or member of a watershed management organization; or

(21) supervisor of a soil and water conservation district.

Sec. 2. Minnesota Statutes 2006, section 15.99, subdivision 3, is amended to read:

Subd. 3. **Application; extensions.** (a) The time limit in subdivision 2 begins upon the agency's receipt of a written request containing all information required by law or by a previously adopted rule, ordinance, or policy of the agency, including the applicable application fee. If an agency receives a written request that does not contain all required information, the 60-day limit starts over only if the agency sends written notice within 15 business days of receipt of the request telling the requester what information is missing.

(b) If a request relating to zoning, septic systems, watershed district review, soil and water conservation district review, or expansion of the metropolitan urban service area requires the approval of more than one state agency in the executive branch, the 60-day period in subdivision 2 begins to run for all executive branch agencies on the day a request containing all required information is received by one state agency. The agency receiving the request must forward copies to other state agencies whose approval is required.

(c) An agency response, including an approval with conditions, meets the 60-day time limit if the agency can document that the response was sent within 60 days of receipt of the written request. Failure to satisfy the conditions, if any, may be a basis to revoke or rescind the approval by the agency and will not give rise to a claim that the 60-day limit was not met.

(d) The time limit in subdivision 2 is extended if a state statute, federal law, or court order requires a process to occur before the agency acts on the request, and the time periods prescribed in the state statute, federal law, or court order make it impossible to act on the request within 60 days. In cases described in this paragraph, the deadline is extended to 60 days after completion of the last process required in the applicable statute, law, or order. Final approval of an agency receiving a request is not considered a process for purposes of this paragraph.

(e) The time limit in subdivision 2 is extended if: (1) a request submitted to a state agency requires prior approval of a federal agency; or (2) an application submitted to a city, county, town, school district, metropolitan or regional entity, or other political subdivision requires prior approval of a state or federal agency. In cases described in this paragraph, the deadline for agency action is extended to 60 days after the required prior approval is granted.

(f) An agency may extend the time limit in subdivision 2 before the end of the initial 60-day period by providing written notice of the extension to the applicant. The notification must state the reasons for the extension and its anticipated length, which may not exceed 60 days unless approved by the applicant.

(g) An applicant may by written notice to the agency request an extension of the time limit under this section.

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

Sec. 3. Minnesota Statutes 2006, section 16A.531, subdivision 1a, is amended to read:

Subd. 1a. **Revenues.** The following revenues must be deposited in the environmental fund:

(1) all revenue from the motor vehicle transfer fee imposed under section 115A.908;

(2) all fees collected under section 116.07, subdivision 4d;

(3) all money collected by the Pollution Control Agency in enforcement matters as provided in section 115.073;

(4) all revenues from license fees for individual sewage treatment systems under section 115.56;

(5) all loan repayments deposited under section 115A.0716;

(6) all revenue from pollution prevention fees imposed under section 115D.12;

(7) all loan repayments deposited under section 116.994;

(8) all fees collected under section 116C.834;

(9) revenue collected from the solid waste management tax pursuant to chapter 297H;

(10) fees collected under section 473.844; ~~and~~

(11) interest accrued on the fund; and

(12) money received in the form of gifts, grants, reimbursement, or appropriation from any source for any of the purposes provided in subdivision 2, except federal grants.

Sec. 4. **[17.035] VENISON DISTRIBUTION AND REIMBURSEMENT.**

Subdivision 1. **Reimbursement.** A meat processor holding a license under chapter 28A may apply to the commissioner of agriculture for reimbursement of $70 towards the cost of processing a deer donated according to subdivision 1. The meat processor shall deliver the deer, processed into cuts or ground meat, to a charitable organization that is registered under chapter 309 and with the commissioner of agriculture and that operates a food assistance program. To request reimbursement, the processor shall submit an application, on a form prescribed by the commissioner of agriculture, the tag number under which the deer was taken, and a receipt for the deer from the charitable organization.

Subd. 2. **Distribution.** (a) The commissioner of agriculture shall ensure the equitable statewide distribution of processed deer by requiring the charitable organization to allocate and distribute processed deer according to the allocation formula used in the distribution of United States Department of Agriculture commodities under the federal emergency food assistance program. The charitable organization 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 amount of processed deer received and the organizations to which the meat was distributed.

(b) The commissioner of agriculture may adopt rules to implement this section.

Sec. 5. Minnesota Statutes 2006, section 84.025, subdivision 9, is amended to read:

Subd. 9. **Professional services support account.** The commissioner of natural resources may bill the various programs carried out by the commissioner for the costs of providing them with professional support services. Except as provided under section 89.421, receipts must be credited to a special account in the state treasury and are appropriated to the commissioner to pay the costs for which the billings were made.

The commissioner of natural resources shall submit to the commissioner of finance before the start of each fiscal year a work plan showing the estimated work to be done during the coming year, the estimated cost of doing the work, and the positions and fees that will be necessary. This account is exempted from statewide and agency indirect cost payments.

Sec. 6. **[84.02] DEFINITIONS.**

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

Subd. 2. **Best management practice for native prairie restoration.** "Best management practice for native prairie restoration" means using seeds collected from a native prairie within the same county or within 25 miles of the county's border, but not across the boundary of an ecotype region.

Subd. 3. **Created grassland.** "Created grassland" means a restoration using seeds or plants with origins outside of the state of Minnesota.

Subd. 4. **Ecotype region.** "Ecotype region" means the following ecological subsections and counties based on the Department of Natural Resources map, "County Landscape Groupings Based on Ecological Subsections," dated February 15, 2007.

Ecotype Region	Counties or portions thereof:
Rochester Plateau, Blufflands, and Oak Savanna	Houston, Winona, Fillmore, Wabasha, Goodhue, Mower, Freeborn, Steele, Olmsted, Rice, Waseca, Dakota, Dodge
Anoka Sand Plain, Big Woods, and St. Paul Baldwin Plains and Moraines	Anoka, Hennepin, Ramsey, Washington, Chisago, Scott, Carver, McLeod, Wright, Benton, Isanti, Le Sueur, Sherburne
Inner Coteau and Coteau Moraines	Lincoln, Lyon, Pipestone, Rock, Murray, Nobles, Jackson, Cottonwood
Red River Prairie (South)	Traverse, Wilkin, Clay, Becker
Red River Prairie (North) and Aspen Parklands	Kittson, Roseau, Red Lake, Pennington, Marshall, Clearwater, Mahnomen, Polk, Norman
Minnesota River Prairie (North)	Big Stone, Pope, Stevens, Grant, Swift, Chippewa, Meeker, Kandiyohi, Renville, Lac qui Parle, Yellow Medicine
Minnesota River Prairie (South)	Nicollet, Redwood, Brown, Watonwan, Martin, Faribault, Blue Earth, Sibley
Hardwood Hills	Douglas, Morrison, Otter Tail, Stearns, Todd

Subd. 5. **Native prairie.** "Native prairie" means land that has never been plowed where native prairie vegetation originating from the site currently predominates or, if disturbed, is predominantly covered with native prairie vegetation that originated from the site. Unbroken pasture land used for livestock grazing can be considered native prairie if it has predominantly native vegetation originating from the site and conservation practices have maintained biological diversity.

Subd. 6. **Native prairie species of a local ecotype.** "Native prairie species of a local ecotype" means a genetically differentiated population of a species that has at least one trait (morphological, biochemical, fitness, or phenological) that is evolutionarily adapted to local environmental conditions, notably plant competitors, pathogens, pollinators, soil microorganisms, growing season length, climate, hydrology, and soil.

Subd. 7. **Restored native prairie.** "Restored native prairie" means a restoration using at least 25 representative and biologically diverse native prairie plant species of a local ecotype originating in the same county as the restoration site or within 25 miles of the county's border, but not across the boundary of an ecotype region.

Subd. 8. **Restored prairie.** "Restored prairie" means a restoration using at least 25 representative and biologically diverse native prairie plant species originating from the same ecotype region in which the restoration occurs.

Sec. 7. Minnesota Statutes 2006, section 84.026, subdivision 1, is amended to read:

Subdivision 1. **Contracts.** The commissioner of natural resources is authorized to enter into contractual agreements with any public or private entity for the provision of statutorily prescribed natural resources services by the department. The contracts shall specify the services to be provided. Except as provided under section 89.421, funds generated in a contractual agreement made pursuant to this section shall be deposited in the special revenue fund and are appropriated to the department for purposes of providing the services specified in the contracts. The commissioner shall report revenues collected and expenditures made under this subdivision to the chairs of the Committees on Ways and Means in the house and Finance in the senate by January 1 of each odd-numbered year.

Sec. 8. Minnesota Statutes 2006, section 84.0272, is amended by adding a subdivision to read:

Subd. 5. **Easement information.** Parties to an easement purchased under the authority of the commissioner must:

(1) specify in the easement all provisions that are perpetual in nature;

(2) file the easement with the county recorder or registrar of titles in the county in which the land is located; and

(3) submit an electronic copy of the easement to the commissioner.

Sec. 9. Minnesota Statutes 2006, section 84.0855, subdivision 1, is amended to read:

Subdivision 1. **Sales authorized; gift certificates.** The commissioner may sell natural resources-related publications and maps; forest resource assessment products; federal migratory waterfowl, junior duck, and other federal stamps; and other nature-related merchandise, and may rent or sell items for the convenience of persons using Department of Natural Resources facilities or services. The commissioner may sell gift certificates for any items rented or sold. Notwithstanding section 16A.1285, a fee charged by the commissioner under this section may include a reasonable amount in excess of the actual cost to support Department of Natural Resources programs. The commissioner may advertise the availability of a program or item offered under this section.

Sec. 10. Minnesota Statutes 2006, section 84.0855, subdivision 2, is amended to read:

Subd. 2. **Receipts; appropriation.** Except as provided under section 89.421, money received by the commissioner under this section or to buy supplies for the use of volunteers, may be credited to one or more special accounts in the state treasury and is appropriated to the commissioner for the purposes for which the money was received. Money received from sales at the state fair shall be available for state fair related costs. Money received from sales of intellectual property and software products or services shall be available for development, maintenance, and support of software products and systems.

Sec. 11. Minnesota Statutes 2006, section 84.780, is amended to read:

84.780 OFF-HIGHWAY VEHICLE DAMAGE ACCOUNT.

(a) The off-highway vehicle damage account is created in the natural resources fund. Money in the off-highway vehicle damage account is appropriated to the commissioner of natural resources for the repair or restoration of property damaged by the operation of off-highway vehicles in an ~~unpermitted~~ illegal area after August 1, 2003, and for the costs of administration for this section. Before the commissioner may make a payment from this account, the commissioner must determine whether the damage to the property was caused by the ~~unpermitted~~ illegal use of off-highway vehicles, that the applicant has made reasonable efforts to identify the responsible individual and obtain payment from the individual, and that the applicant has made reasonable efforts to prevent reoccurrence. ~~By June 30, 2008, the commissioner of finance must transfer the remaining balance in the account to the off-highway motorcycle account under section 84.794, the off-road vehicle account under section 84.803, and the all-terrain vehicle account under section 84.927. The amount transferred to each account must be proportionate to the amounts received in the damage account from the relevant off-highway vehicle accounts.~~

(b) Determinations of the commissioner under this section may be made by written order and are exempt from the rulemaking provisions of chapter 14. Section 14.386 does not apply.

(c) ~~This section expires July 1, 2008~~ These funds are available until expended.

Sec. 12. **[84.8045] RESTRICTIONS ON OFF-ROAD VEHICLE TRAILS.**

Notwithstanding any provision of sections 84.797 to 84.805 or other law to the contrary, the commissioner shall not permit land administered by the commissioner in Beltrami, Cass, Crow Wing, and Hubbard Counties to be used or developed for trails primarily for off-road vehicles as defined in section 84.797, subdivision 7, except:

(1) upon approval by the legislature; or

(2) in designated off-road vehicle use areas.

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

Sec. 13. **[84.9011] OFF-HIGHWAY VEHICLE SAFETY AND CONSERVATION PROGRAM.**

Subdivision 1. **Creation.** The commissioner of natural resources shall establish a program to promote the safe and responsible operation of off-highway vehicles in a manner that does not harm the environment. The commissioner shall coordinate the program through the regional offices of the Department of Natural Resources.

Subd. 2. **Purpose.** The purpose of the program is to encourage off-highway vehicle clubs to assist, on a volunteer basis, in improving, maintaining, and monitoring of trails on state forest land and other public lands.

Subd. 3. **Agreements.** (a) The commissioner shall enter into informal agreements with off-highway vehicle clubs for volunteer services to maintain, make improvements to, and monitor trails on state forest land and other public lands. The off-highway vehicle clubs shall promote the operation of off-highway vehicles in a safe and responsible manner that complies with the laws and rules that relate to the operation of off-highway vehicles.

(b) The off-highway vehicle clubs may provide assistance to the department in locating, recruiting, and training instructors for off-highway vehicle training programs.

(c) The commissioner may provide assistance to enhance the comfort and safety of volunteers and to facilitate the implementation and administration of the safety and conservation program.

Subd. 4. **Worker displacement prohibited.** The commissioner may not enter into any agreement that has the purpose of or results in the displacement of public employees by volunteers participating in the off-highway safety and conservation program under this section. The commissioner must certify to the appropriate bargaining agent that the work performed by a volunteer will not result in the displacement of currently employed workers or workers on seasonal layoff or layoff from a substantially equivalent position, including partial displacement such as reduction in hours of nonovertime work, wages, or other employment benefits.

Sec. 14. Minnesota Statutes 2006, section 84.927, subdivision 2, is amended to read:

Subd. 2. **Purposes.** Subject to appropriation by the legislature, money in the all-terrain vehicle account may only be spent for:

(1) the education and training program under section 84.925;

(2) administration, enforcement, and implementation of sections 84.773 to 84.929;

(3) acquisition, maintenance, and development of vehicle trails and use areas;

(4) grant-in-aid programs to counties and municipalities to construct and maintain all-terrain vehicle trails and use areas;

(5) grants-in-aid to local safety programs; ~~and~~

(6) enforcement and public education grants to local law enforcement agencies~~.~~; and

(7) maintenance of minimum-maintenance forest roads according to section 89.71, subdivision 5, and county forest roads within state forest boundaries as defined under section 89.021.

The distribution of funds made available through grant-in-aid programs must be guided by the statewide comprehensive outdoor recreation plan.

Sec. 15. Minnesota Statutes 2006, section 84.963, is amended to read:

84.963 PRAIRIE PLANT SEED PRODUCTION AREAS.

(a) The commissioner of natural resources shall study the feasibility of establishing private or public prairie plant seed production areas within prairie land locations. If prairie plant seed production is feasible, the commissioner may aid the establishment of production areas. The commissioner may enter cost-share or sharecrop agreements with landowners having easements for conservation purposes of ten or more years on their land to commercially produce prairie plant seed of Minnesota origin. The commissioner may only aid prairie plant seed production areas on agricultural land used to produce crops before December 23, 1985, and cropped three out of five years between 1981 and 1985.

(b) The commissioner shall compile, prepare, and electronically disseminate to the public prairie establishment guidance materials and resources. The resources must provide information and guidance on project planning, seed selection including ecotype and species mix, site preparation, seeding, maintenance, and technical service providers. The commissioner shall use actual prairie restoration projects under development on state-owned land to illustrate and demonstrate the practices described.

Sec. 16. Minnesota Statutes 2006, section 84D.02, is amended by adding a subdivision to read:

Subd. 7. **Contracts for services for emergency invasive species prevention work; commissions to persons employed.** The commissioner may contract for or accept the services of any persons whose aid is available, temporarily or otherwise, in emergency invasive species prevention work, either gratuitously or for compensation not in excess of the limits provided by law with respect to the employment of labor by the commissioner. The commissioner may issue a commission, or other written evidence of authority, to any person whose services are so arranged for and may thereby empower the person to act, temporarily or otherwise, in any other capacity, with powers and duties as may be specified in the commission or other written evidence of authority, but not in excess of the powers conferred by law. The commissioner of agriculture, under authority provided by law, shall cooperate with the commissioner in emergency control of invasive species prevention.

Sec. 17. Minnesota Statutes 2006, section 84D.13, subdivision 7, is amended to read:

Subd. 7. **Satisfaction of civil penalties.** A civil penalty is due and a watercraft license suspension is effective 30 days after issuance of the civil citation. A civil penalty collected under this section is payable to the commissioner and must be credited to the ~~water recreation account~~ invasive species account.

Sec. 18. **[84D.15] INVASIVE SPECIES ACCOUNT.**

Subdivision 1. **Creation.** The invasive species account is created in the state treasury in the natural resources fund.

Subd. 2. **Receipts.** Money received from surcharges on watercraft licenses under section 86B.415, subdivision 7, and civil penalties under section 84D.13 shall be deposited in the invasive species account. Each year, the commissioner of finance shall transfer from the game and fish fund to the invasive species account, the annual surcharge collected on nonresident fishing licenses under section 97A.475, subdivision 7, paragraph (b).

Subd. 3. **Use of money in account.** Money credited to the invasive species account in subdivision 2 shall be used for management of invasive species and implementation of this chapter as it pertains to invasive species, including control, public awareness, law enforcement, assessment and monitoring, management planning, and research.

Sec. 19. **[85.0146] CUYUNA COUNTRY STATE RECREATION AREA; CITIZENS ADVISORY COUNCIL.**

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 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.

Subd. 2. **Administration.** (a) The advisory council must meet at least four times annually. The council shall elect a chair and meetings shall be at the call of the chair.

(b) Members of the advisory council shall serve as volunteers for two-year terms with the ability to be reappointed. Members shall accept no per diem.

(c) The state recreation area manager may attend the council meetings and advise the council of issues in management of the recreation area.

(d) Before a major decision is implemented in the Cuyuna Country State Recreation Area, the area manager must consult with the council and take into consideration any council comments or advice that may impact the major decision.

Sec. 20. Minnesota Statutes 2006, section 85.054, subdivision 12, is amended to read:

Subd. 12. **Soudan Underground Mine State Park.** A state park permit is not required and a fee may not be charged for motor vehicle entry ~~or~~, parking at the visitor parking area of Soudan Underground Mine State Park, or for tours of the High Energy Physics Lab by supervised kindergarten through grade 12 school classes during the school year.

Sec. 21. Minnesota Statutes 2006, section 85.054, is amended by adding a subdivision to read:

Subd. 13. **Cuyuna Country State Recreation Area.** A state park permit is not required and a fee may not be charged for motor vehicle entry or parking at Croft Mine Historical Park and Portsmouth Mine Lake Overlook in Cuyuna Country State Recreation Area, except for overnight camping.

Sec. 22. Minnesota Statutes 2006, section 86B.706, subdivision 2, is amended to read:

Subd. 2. **Money deposited in account.** The following shall be deposited in the state treasury and credited to the water recreation account:

(1) fees ~~and surcharges~~ from titling and licensing of watercraft under this chapter;

(2) fines, installment payments, and forfeited bail according to section 86B.705, subdivision 2;

(3) ~~civil penalties according to section 84D.13;~~

~~(4)~~ mooring fees and receipts from the sale of marine gas at state-operated or state-assisted small craft harbors and mooring facilities according to section 86A.21;

~~(5)~~ (4) the unrefunded gasoline tax attributable to watercraft use under section 296A.18; and

~~(6)~~ (5) fees for permits issued to control or harvest aquatic plants other than wild rice under section 103G.615, subdivision 2.

Sec. 23. Minnesota Statutes 2006, section 89.22, subdivision 2, is amended to read:

Subd. 2. **Receipts to ~~natural resources~~ special revenue fund.** Fees collected under subdivision 1 shall be credited to ~~a forest land use account in the natural resources fund~~ the special revenue fund and are annually appropriated to the commissioner to recoup the costs of developing, operating, and maintaining facilities necessary for the specified uses in subdivision 1 or to prevent or mitigate resource impacts of those uses.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to fees collected according to Minnesota Statutes, section 89.22, subdivision 1, after August 1, 2006.

Sec. 24. **[89.421] FOREST RESOURCE ASSESSMENT PRODUCTS AND SERVICES ACCOUNT.**

Subdivision 1. **Creation.** The forest resource assessment products and services account is created in the state treasury in the natural resources fund.

Subd. 2. **Receipts.** Money received from forest resource assessment product sales and services provided by the commissioner under sections 84.025, subdivision 9; 84.026; and 84.0855 shall be credited to the forest resource assessment products and services account. Forest resource assessment products and services include the sale of aerial photography, remote sensing, and satellite imagery products and services.

Subd. 3. **Use of money in account.** Money credited to the forest resource assessment products and services account under subdivision 2 is appropriated for fiscal years 2008 and 2009 to the commissioner and shall be used to maintain the staff and facilities producing the aerial photography, remote sensing, and satellite imagery products and services.

Sec. 25. **[89.62] SHADE TREE PEST CONTROL; GRANT PROGRAM.**

Subdivision 1. **Grants.** The commissioner may make grants to aid in the control of a shade tree pest. To be eligible, a grantee must have a pest control program approved by the commissioner that:

(1) defines tree ownership and who is responsible for the costs associated with control measures;

(2) defines the zone of infestation within which the control measures are to be applied;

(3) includes a tree inspector certified under section 89.63 and having the authority to enter and inspect private lands;

(4) has the means to enforce measures needed to limit the spread of shade tree pests; and

(5) provides that grant money received will be deposited in a separate fund to be spent only for the purposes authorized by this section.

Subd. 2. **Grant eligibility.** The following are eligible for grants under this section:

(1) a home rule charter or statutory city or a town that exercises municipal powers under section 368.01 or any general or special law;

(2) a special park district organized under chapter 398;

(3) a special-purpose park and recreation board;

(4) a soil and water conservation district;

(5) a county; or

(6) any other organization with the legal authority to enter into contractual agreements.

Subd. 3. **Rules; applicability to municipalities.** The rules and procedures adopted under this section by the commissioner apply in a municipality unless the municipality adopts an ordinance determined by the commissioner to be more stringent than the rules and procedures of the commissioner. The rules and procedures of the commissioner or the municipality apply to all state agencies, special purpose districts, and metropolitan commissions as defined in section 473.121, subdivision 5a, that own or control land adjacent to or within a zone of infestation.

Sec. 26. Minnesota Statutes 2006, section 90.161, is amended by adding a subdivision to read:

Subd. 4. **Change of security.** Prior to any harvest activity, or activities incidental to the preparation for harvest, a purchaser having posted a bond for 100 percent of the purchase price of a sale may request the release of the bond and the commissioner shall grant such release upon cash payment to the commissioner of the down payment requirement of the sale, plus interest.

Sec. 27. Minnesota Statutes 2006, section 93.22, subdivision 1, is amended to read:

Subdivision 1. **Generally.** (a) All payments under sections 93.14 to 93.285 shall be made to the Department of Natural Resources and shall be credited according to this section.

~~(a) If the lands or minerals and mineral rights covered by a lease are held by the state by virtue of an act of Congress, payments made under the lease shall be credited to the permanent fund of the class of land to which the leased premises belong.~~

~~(b) If a lease covers the bed of navigable waters, payments made under the lease shall be credited to the permanent school fund of the state.~~

~~(c) If the lands or minerals and mineral rights covered by a lease are held by the state in trust for the taxing districts, payments made under the lease shall be distributed annually on the first day of September as follows:~~

~~(1) 20 percent to the general fund; and~~

~~(2) 80 percent to the respective counties in which the lands lie, to be apportioned among the taxing districts interested therein as follows: county, three-ninths; town or city, two-ninths; and school district, four-ninths.~~

~~(d) Except as provided under this section and except where the disposition of payments may be otherwise directed by law, all payments shall be paid into the general fund of the state.~~

(b) Twenty percent of all payments under sections 93.14 to 93.285 shall be credited to the minerals management account in the natural resources fund as costs for the administration and management of state mineral resources by the commissioner of natural resources.

(c) The remainder of the payments shall be credited as follows:

(1) if the lands or minerals and mineral rights covered by a lease are held by the state by virtue of an act of Congress, payments made under the lease shall be credited to the permanent fund of the class of land to which the leased premises belong;

(2) if a lease covers the bed of navigable waters, payments made under the lease shall be credited to the permanent school fund of the state;

(3) if the lands or minerals and mineral rights covered by a lease are held by the state in trust for the taxing districts, payments made under the lease shall be distributed annually on the first day of September to the respective counties in which the lands lie, to be apportioned among the taxing districts interested therein as follows: county, three-ninths; town or city, two-ninths; and school district, four-ninths;

(4) if the lands or mineral rights covered by a lease became the absolute property of the state under the provisions of chapter 84A, payments made under the lease shall be distributed as follows: county containing the land from which the income was derived, five-eighths; and general fund of the state, three-eighths; and

(5) except as provided under this section and except where the disposition of payments may be otherwise directed by law, payments made under a lease shall be paid into the general fund of the state.

Sec. 28. Minnesota Statutes 2006, section 97A.055, subdivision 4, is amended to read:

Subd. 4. **Game and fish annual reports.** (a) By December 15 each year, the commissioner shall submit to the legislative committees having jurisdiction over appropriations and the environment and natural resources reports on each of the following:

(1) the amount of revenue from the following and purposes for which expenditures were made:

(i) the small game license surcharge under section 97A.475, subdivision 4;

(ii) the Minnesota migratory waterfowl stamp under section 97A.475, subdivision 5, clause (1);

(iii) the trout and salmon stamp under section 97A.475, subdivision 10;

(iv) the pheasant stamp under section 97A.475, subdivision 5, clause (2); ~~and~~

(v) the turkey stamp under section 97A.475, subdivision 5, clause (3); and

(vi) the deer license surcharge under section 97A.475, subdivision 3a;

(2) the amounts available under section 97A.075, subdivision 1, paragraphs (b) and (c), and the purposes for which these amounts were spent;

(3) money credited to the game and fish fund under this section and purposes for which expenditures were made from the fund;

(4) outcome goals for the expenditures from the game and fish fund; and

(5) summary and comments of citizen oversight committee reviews under subdivision 4b.

(b) The report must include the commissioner's recommendations, if any, for changes in the laws relating to the stamps and surcharge referenced in paragraph (a).

Sec. 29. Minnesota Statutes 2006, section 97A.065, is amended by adding a subdivision to read:

Subd. 6. **Deer license surcharge.** The surcharge collected under section 97A.475, subdivision 3a, shall be deposited in a special revenue account and is appropriated for fiscal years 2008 and 2009 to the commissioner for deer management, including for grants or payments to agencies, organizations, or individuals for assisting with the cost of processing deer taken for population management purposes for venison donation programs. None of the additional license fees shall be transferred to any other agency for administration of programs other than venison donation. If any money transferred by the commissioner is not used for a venison donation program, it shall be returned to the commissioner.

Sec. 30. Minnesota Statutes 2006, section 97A.133, is amended by adding a subdivision to read:

Subd. 66. Vermillion Highlands Wildlife Management Area, Dakota County.

Sec. 31. Minnesota Statutes 2006, section 97A.475, is amended by adding a subdivision to read:

Subd. 3a. **Deer license surcharge.** (a) Fees for annual resident and nonresident licenses to take deer by firearms or archery established under subdivisions 2, clauses (4), (5), (9), and (11), and 3, clauses (2), (3), and (7), must be increased by a surcharge of $1, except as provided under section 97A.065, subdivision 6. An additional commission may not be assessed on the surcharge and the following statement must be included in the annual deer hunting regulations: "The $1 deer license surcharge is being paid by hunters for deer management, including assisting with the costs of processing deer donated for charitable purposes."

(b) The commissioner shall report to the legislature on the participation in and effectiveness of the venison donation program by February 1, 2010.

Sec. 32. Minnesota Statutes 2006, 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) to take fish by angling, $34;

(2) to take fish by angling limited to seven consecutive days selected by the licensee, $24;

(3) to take fish by angling for a 72-hour period selected by the licensee, $20;

(4) 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, $46;

(5) to take fish by angling for a 24-hour period selected by the licensee, $8.50; and

(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, $35.

(b) A $2 surcharge shall be added to all nonresident fishing licenses, except licenses issued under paragraph (a), clause (5). An additional commission may not be assessed on this surcharge.

EFFECTIVE DATE. This section is effective March 1, 2008.

Sec. 33. Minnesota Statutes 2006, section 97A.485, subdivision 7, is amended to read:

Subd. 7. **Electronic licensing system commission.** The commissioner shall retain for the operation of the electronic licensing system the commission established under section 84.027, subdivision 15, and issuing fees collected by the commissioner on all license fees collected, excluding:

(1) the small game surcharge; ~~and~~

(2) the deer license surcharge; and

(3) $2.50 of the license fee for the licenses in section 97A.475, subdivisions 6, clauses (1), (2), and (4), 7, 8, 12, and 13.

Sec. 34. **[97B.303] VENISON DONATIONS.**

An individual who legally takes a deer may donate the deer, for distribution to charitable food assistance programs, to a meat processor that is licensed under chapter 28A. An individual donating a deer must supply the processor with the tag number under which the deer was taken.

Sec. 35. Minnesota Statutes 2006, section 97C.081, subdivision 3, is amended to read:

Subd. 3. **Contests requiring a permit.** (a) A person must have a permit from the commissioner to conduct a fishing contest that does not meet the criteria in subdivision 2.

~~Permits shall be issued without a fee.~~ 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. Receipts collected from this fee shall be credited to the game and fish fund. 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.

(b) 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, the commissioner may require the applicant to furnish the commissioner evidence of financial responsibility in the form of a surety bond or bank letter of credit in the amount of $25,000.

(c) The permit fee for any individual contest may not exceed the following amounts:

(1) $120 for an open water contest not exceeding 100 participants and without off-site weigh-in;

(2) $400 for an open water contest with more than 100 participants and without off-site weigh-in;

(3) $500 for an open water contest not exceeding 100 participants with off-site weigh-in;

(4) $1,000 for an open water contest with more than 100 participants with off-site weigh-in; or

(5) $120 for an ice fishing contest with more than 150 participants.

Sec. 36. Minnesota Statutes 2006, section 103B.101, is amended by adding a subdivision to read:

Subd. 12. **Authority to issue penalty orders.** The board may issue an order requiring violations to be corrected and administratively assessing monetary penalties for violations of this chapter and chapters 103C, 103D, 103E, 103F, and 103G, any rules adopted under those chapters, and any standards, limitations, or conditions established by the board.

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

Sec. 37. **[103B.102] LOCAL WATER MANAGEMENT ACCOUNTABILITY AND OVERSIGHT.**

Subdivision 1. **Findings; improving accountability and oversight.** The legislature finds that a process is needed to monitor the performance and activities of local water management entities. The process should be preemptive so that problems can be identified early and systematically. Underperforming entities should be provided assistance and direction for improving performance in a reasonable time frame.

Subd. 2. **Definitions.** For the purposes of this section, "local water management entities" means watershed districts, soil and water conservation districts, metropolitan water management organizations, and counties operating separately or jointly in their role as local water management authorities under chapter 103B, 103C, 103D, or 103G and chapter 114D.

Subd. 3. **Evaluation and report.** The Board of Water and Soil Resources shall evaluate performance, financial, and activity information for each local water management entity. The board shall evaluate the entities' progress in accomplishing their adopted plans on a regular basis, but not less than once every five years. The board shall maintain a summary of local water management entity performance on the board's Web site. Beginning February 1, 2008, and annually thereafter, the board shall provide an analysis of local water management entity performance to the chairs of the house and senate committees having jurisdiction over environment and natural resources policy.

Subd. 4. **Corrective actions.** (a) In addition to other authorities, the Board of Water and Soil Resources may, based on its evaluation in subdivision 3, reduce, withhold, or redirect grants and other funding if the local water management entity has not corrected deficiencies as prescribed in a notice from the board within one year from the date of the notice.

(b) The board may defer a decision on a termination petition filed under section 103B.221, 103C.225, or 103D.271 for up to one year to conduct or update the evaluation under subdivision 3 or to communicate the results of the evaluation to petitioners or to local and state government agencies.

Sec. 38. Minnesota Statutes 2006, section 103C.321, is amended by adding a subdivision to read:

Subd. 6. **Credit card use.** The supervisors may authorize the use of a credit card by any soil and water conservation district officer or employee otherwise authorized to make a purchase on behalf of the soil and water conservation district. If a soil and water conservation district officer or employee makes a purchase by credit card that is not approved by the supervisors, the officer or employee is personally liable for the amount of the purchase. A purchase by credit card must otherwise comply with all statutes, rules, or soil and water conservation district policy applicable to soil and water conservation district purchases.

Sec. 39. Minnesota Statutes 2006, section 103D.325, is amended by adding a subdivision to read:

Subd. 4. **Credit card use.** The managers may authorize the use of a credit card by any watershed district officer or employee otherwise authorized to make a purchase on behalf of the watershed district. If a watershed district officer or employee makes a purchase by credit card that is not approved by the managers, the officer or employee is personally liable for the amount of the purchase. A purchase by credit card must otherwise comply with all statutes, rules, or watershed district policy applicable to watershed district purchases.

Sec. 40. Minnesota Statutes 2006, section 103E.021, subdivision 1, is amended to read:

Subdivision 1. **Spoil banks must be spread and ~~grass planted~~ permanent vegetation established.** In any proceeding to establish, construct, improve, or do any work affecting a public drainage system under any law that appoints viewers to assess benefits and damages, the authority having jurisdiction over the proceeding shall order spoil banks to be spread consistent with the plan and function of the drainage system. The authority shall order that permanent grass, other than a noxious weed, be planted on the ~~banks~~ ditch side slopes and ~~on a strip~~ that a permanent strip of perennial vegetation approved by the drainage authority be established on each side of the ditch. Preference should be given to planting native species of a local ecotype. The approved perennial vegetation shall not impede future maintenance of the ditch. The permanent strips of perennial vegetation shall be 16-1/2 feet in width measured outward from the top edge of the constructed channel resulting from the proceeding, or to the crown of the leveled spoil bank, whichever is the greater, ~~on each side of the top edge of the channel of the ditch.~~ except for an action by a drainage authority that results only in a redetermination of benefits and damages, for which the required width shall be 16-1/2 feet. Drainage system rights-of-way for the acreage and additional property required for the ~~planting~~ permanent strips must be acquired by the authority having jurisdiction.

Sec. 41. Minnesota Statutes 2006, section 103E.021, subdivision 2, is amended to read:

Subd. 2. **Reseeding and harvesting ~~grass~~ perennial vegetation.** The authority having jurisdiction over the repair and maintenance of the drainage system shall supervise all necessary reseeding. The permanent ~~grass~~ strips of perennial vegetation must be maintained in the same manner as other drainage system repairs. Harvest of the ~~grass~~ vegetation from the ~~grass~~ permanent strip in a manner not harmful to the ~~grass~~ vegetation or the drainage system is the privilege of the fee owner or assigns. The ~~county~~ drainage inspector shall establish rules for the fee owner and assigns to harvest the ~~grass~~ vegetation.

Sec. 42. Minnesota Statutes 2006, section 103E.021, subdivision 3, is amended to read:

Subd. 3. **Agricultural practices prohibited.** Agricultural practices, other than those required for the maintenance of a permanent growth of ~~grass~~ perennial vegetation, are not permitted on any portion of the property acquired for ~~planting~~ perennial vegetation.

Sec. 43. Minnesota Statutes 2006, section 103E.021, is amended by adding a subdivision to read:

Subd. 6. **Incremental implementation of vegetated ditch buffer strips and side inlet controls.** (a) Notwithstanding other provisions of this chapter requiring appointment of viewers and redetermination of benefits and damages, a drainage authority may implement permanent buffer strips of perennial vegetation approved by the drainage authority or side inlet controls, or both, adjacent to a public drainage ditch, where necessary to control erosion and sedimentation, improve water quality, or maintain the efficiency of the drainage system. Preference should be given to planting native species of a local ecotype. The approved perennial vegetation shall not impede future maintenance of the ditch. The permanent strips of perennial vegetation shall be 16-1/2 feet in width measured outward from the top edge of the existing constructed channel. Drainage system rights-of-way for the acreage and additional property required for the permanent strips must be acquired by the authority having jurisdiction.

(b) A project under this subdivision shall be implemented as a repair according to section 103E.705, except that the drainage authority may appoint an engineer to examine the drainage system and prepare an engineer's repair report for the project.

(c) Damages shall be determined by the drainage authority, or viewers, appointed by the drainage authority, according to section 103E.315, subdivision 8. A damages statement shall be prepared, including an explanation of how the damages were determined for each property affected by the project, and filed with the auditor or watershed district. Within 30 days after the damages statement is filed, the auditor or watershed district shall prepare property owners' reports according to section 103E.323, subdivision 1, clauses (1), (2), (6), (7), and (8), and mail a copy of the property owner's report and damages statement to each owner of property affected by the proposed project.

(d) After a damages statement is filed, the drainage authority shall set a time, by order, not more than 30 days after the date of the order, for a hearing on the project. At least ten days before the hearing, the auditor or watershed district shall give notice by mail of the time and location of the hearing to the owners of property and political subdivisions likely to be affected by the project.

(e) The drainage authority shall make findings and order the repairs to be made if the drainage authority determines from the evidence presented at the hearing and by the viewers and engineer, if appointed, that the repairs are necessary for the drainage system and the costs of the repairs are within the limitations of section 103E.705.

Sec. 44. **[103E.067] DITCH BUFFER STRIP ANNUAL REPORTING.**

The drainage authority shall annually submit a report to the Board of Water and Soil Resources for the calendar year including:

(1) the number and types of actions for which viewers were appointed;

(2) the number of miles of buffer strips established according to section 103E.021;

(3) the number of drainage system inspections conducted; and

(4) the number of violations of section 103E.021 identified and enforcement actions taken.

Sec. 45. Minnesota Statutes 2006, section 103E.315, subdivision 8, is amended to read:

Subd. 8. **Extent of damages.** Damages to be paid may include:

(1) the fair market value of the property required for the channel of an open ditch and the permanent ~~grass~~ strip of perennial vegetation under section 103E.021;

(2) the diminished value of a farm due to severing a field by an open ditch;

(3) loss of crop production during drainage project construction; ~~and~~

(4) the diminished productivity or land value from increased overflow~~.~~; and

(5) costs to restore a perennial vegetative cover or structural practice existing under a federal or state conservation program adjacent to the permanent drainage system right-of-way and damaged by the drainage project.

Sec. 46. Minnesota Statutes 2006, section 103E.321, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** The viewers' report must show, in tabular form, for each lot, 40-acre tract, and fraction of a lot or tract under separate ownership that is benefited or damaged:

(1) a description of the lot or tract, under separate ownership, that is benefited or damaged;

(2) the names of the owners as they appear on the current tax records of the county and their addresses;

(3) the number of acres in each tract or lot;

(4) the number and value of acres added to a tract or lot by the proposed drainage of public waters;

(5) the damage, if any, to riparian rights;

(6) the damages paid for the permanent ~~grass~~ strip of perennial vegetation under section 103E.021;

(7) the total number and value of acres added to a tract or lot by the proposed drainage of public waters, wetlands, and other areas not currently being cultivated;

(8) the number of acres and amount of benefits being assessed for drainage of areas which before the drainage benefits could be realized would require a public waters work permit to work in public waters under section 103G.245 to excavate or fill a navigable water body under United States Code, title 33, section 403, or a permit to discharge into waters of the United States under United States Code, title 33, section 1344;

(9) the number of acres and amount of benefits being assessed for drainage of areas that would be considered conversion of a wetland under United States Code, title 16, section 3821, if the area was placed in agricultural production;

(10) the amount of right-of-way acreage required; and

(11) the amount that each tract or lot will be benefited or damaged.

Sec. 47. Minnesota Statutes 2006, section 103E.701, is amended by adding a subdivision to read:

Subd. 7. **Restoration; disturbance or destruction by repair.** If a drainage system repair disturbs or destroys a perennial vegetative cover or structural practice existing under a federal or state conservation program adjacent to the permanent drainage system right-of-way, the practice must be restored according to the applicable practice plan or as determined by the drainage authority, if a practice plan is not available. Restoration costs shall be paid by the drainage system.

Sec. 48. Minnesota Statutes 2006, section 103E.705, subdivision 1, is amended to read:

Subdivision 1. **Inspection.** After the construction of a drainage system has been completed, the drainage authority shall maintain the drainage system that is located in its jurisdiction, including ~~grass~~ the permanent strips of perennial vegetation under section 103E.021, and provide the repairs necessary to make the drainage system efficient. The drainage authority shall have the drainage system inspected on a regular basis by an inspection committee of the drainage authority or a drainage inspector appointed by the drainage authority. Open drainage ditches shall be inspected at a minimum of every five years when no violation of section 103E.021 is found and annually when a violation of section 103E.021 is found, until one year after the violation is corrected.

Sec. 49. Minnesota Statutes 2006, section 103E.705, subdivision 2, is amended to read:

Subd. 2. **~~Grass~~ Permanent strip of perennial vegetation inspection and compliance notice.** (a) The drainage authority having jurisdiction over a drainage system must inspect the drainage system for violations of section 103E.021. If an inspection committee of the drainage authority or a drainage inspector determines that permanent ~~grass~~ strips of perennial vegetation are not being maintained in compliance with section 103E.021, a compliance notice must be sent to the property owner.

(b) The notice must state:

(1) the date the ditch was inspected;

(2) the persons making the inspection;

(3) that spoil banks are to be spread in a manner consistent with the plan and function of the drainage system and that the drainage system has acquired a ~~grass~~ permanent strip ~~16-1/2 feet in width or to the crown of the spoil bank, whichever is greater~~ of perennial vegetation, according to section 103E.021;

(4) the violations of section 103E.021;

(5) the measures that must be taken by the property owner to comply with section 103E.021 and the date when the property must be in compliance; and

(6) that if the property owner does not comply by the date specified, the drainage authority will perform the work necessary to bring the area into compliance with section 103E.021 and charge the cost of the work to the property owner.

(c) If a property owner does not bring an area into compliance with section 103E.021 as provided in the compliance notice, the inspection committee or drainage inspector must notify the drainage authority.

(d) This subdivision applies to property acquired under section 103E.021.

Sec. 50. Minnesota Statutes 2006, section 103E.705, subdivision 3, is amended to read:

Subd. 3. **Drainage inspection report.** For each drainage system that the board designates and requires the drainage inspector to examine, the drainage inspector shall make a drainage inspection report in writing to the board after examining a drainage system, designating portions that need repair or maintenance of ~~grass~~ the permanent strips of perennial vegetation and the location and nature of the repair or maintenance.

The board shall consider the drainage inspection report at its next meeting and may repair all or any part of the drainage system as provided under this chapter. The ~~grass~~ permanent strips of perennial vegetation must be maintained in compliance with section 103E.021.

Sec. 51. Minnesota Statutes 2006, section 103E.728, subdivision 2, is amended to read:

Subd. 2. **Additional assessment for agricultural practices on ~~grass~~ permanent strip of perennial vegetation.** (a) The drainage authority may, after notice and hearing, charge an additional assessment on property that has agricultural practices on or otherwise violates provisions related to the permanent ~~grass~~ strip of perennial vegetation acquired under section 103E.021.

(b) The drainage authority may determine the cost of the repair per mile of open ditch on the ditch system. Property that is in violation of the grass requirement shall be assessed a cost of 20 percent of the repair cost per open ditch mile multiplied by the length of open ditch in miles on the property in violation.

(c) After the amount of the additional assessment is determined and applied to the repair cost, the balance of the repair cost may be apportioned pro rata as provided in subdivision 1.

Sec. 52. Minnesota Statutes 2006, 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 restoring or creating wetland areas of 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. Mining reclamation plans shall apply the same principles and standards for replacing wetlands by restoration or creation of wetland areas that are applicable to mitigation plans approved as provided in section 103G.2242. 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 a deed restriction is placed on the altered wetland prohibiting nonagricultural use for at least ten years.

(d) If a wetland is drained under section 103G.2241, subdivision 2, the local government unit may require a deed restriction that prohibits nonagricultural use for at least ten years unless the drained wetland is replaced as provided under this section. 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 stormwater 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.

~~(e)~~ (f) Except as provided in paragraph ~~(f)~~ (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.

~~(f)~~ (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.

~~(g)~~ (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.

~~(h)~~ (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 in a statewide banking program established in 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 enrollment in a statewide wetlands bank.

~~(i)~~ (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.

~~(j)~~ (k) This section and sections 103G.223 to 103G.2242, 103G.2364, and 103G.2365 apply to the state and its departments and agencies.

~~(k)~~ (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.

~~(l)~~ (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.

~~(m)~~ (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.

~~(n)~~ (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.

~~(o)~~ (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 ~~(n)~~ (o) or provide a reason why the petition is denied.

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

Sec. 53. Minnesota Statutes 2006, section 103G.222, subdivision 3, is amended to read:

Subd. 3. **Wetland replacement siting.** (a) Siting wetland replacement must follow this priority order:

(1) on site or in the same minor watershed as the affected wetland;

(2) in the same watershed as the affected wetland;

(3) in the same county as the affected wetland;

(4) for replacement by wetland banking, in the same wetland bank service area as the impacted wetland, except that impacts in a 50 to 80 percent area must be replaced in a 50 to 80 percent area and impacts in a less than 50 percent area must be replaced in a less than 50 percent area;

(5) for project specific replacement, in an adjacent watershed ~~or county~~ to the affected wetland, or for replacement by wetland banking, in an adjacent wetland bank service area, except that impacts in a 50 to 80 percent area must be replaced in a 50 to 80 percent area and impacts in a less than 50 percent area must be replaced in a less than 50 percent area; and

~~(5)~~ (6) statewide~~, only for wetlands affected in greater than 80 percent areas and~~ for public transportation projects, except that wetlands affected in less than 50 percent areas must be replaced in less than 50 percent areas, and wetlands affected in the seven-county metropolitan area must be replaced at a ratio of two to one in: (i) the affected county or, (ii) in another of the seven metropolitan counties, or (iii) in one of the major watersheds that are wholly or partially within the seven-county metropolitan area, but at least one to one must be replaced within the seven-county metropolitan area.

(b) Notwithstanding paragraph (a), siting wetland replacement in greater than 80 percent areas may follow the priority order under this paragraph: (1) by wetland banking after evaluating on-site replacement and replacement within the watershed; (2) replaced in an adjacent wetland bank service area if wetland bank credits are not reasonably available in the same wetland bank service area as the affected wetland, as determined by the local government unit or by a comprehensive inventory approved by the board; and (3) statewide.

(c) Notwithstanding paragraph (a), siting wetland replacement in the seven-county metropolitan area must follow the priority order under this paragraph: (1) in the affected county; (2) in another of the seven metropolitan counties; or (3) in one of the major watersheds that are wholly or partially within the seven-county metropolitan area, but at least one to one must be replaced within the seven-county metropolitan area.

(d) The exception in paragraph (a), clause ~~(5)~~ (6), does not apply to replacement completed using wetland banking credits established by a person who submitted a complete wetland banking application to a local government unit by April 1, 1996.

~~(c)~~ (e) 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.

~~(d)~~ (f) 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.

~~(e)~~ (g) Regulatory agencies, local government units, and other entities involved in wetland restoration shall collaborate to identify potential replacement opportunities within their jurisdictional areas.

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

Sec. 54. Minnesota Statutes 2006, section 103G.2241, subdivision 1, is amended to read:

Subdivision 1. **Agricultural activities.** ~~(a)~~ A replacement plan for wetlands is not required for:

~~(1) activities in a wetland that was planted with annually seeded crops, was in a crop rotation seeding of pasture grass or legumes, or was required to be set aside to receive price support or other payments under United States Code, title 7, sections 1421 to 1469, in six of the last ten years prior to January 1, 1991;~~

~~(2) activities in a wetland that is or has been enrolled in the federal conservation reserve program under United States Code, title 16, section 3831, that:~~

~~(i) was planted with annually seeded crops, was in a crop rotation seeding, or was required to be set aside to receive price support or payment under United States Code, title 7, sections 1421 to 1469, in six of the last ten years prior to being enrolled in the program; and~~

~~(ii) has not been restored with assistance from a public or private wetland restoration program;~~

~~(3) activities in a wetland that has received a commenced drainage determination provided for by the federal Food Security Act of 1985, that was made to the county Agricultural Stabilization and Conservation Service office prior to September 19, 1988, and a ruling and any subsequent appeals or reviews have determined that drainage of the wetland had been commenced prior to December 23, 1985;~~

~~(4) activities in a type 1 wetland on agricultural land, except for bottomland hardwood type 1 wetlands, and activities in a type 2 or type 6 wetland that is less than two acres in size and located on agricultural land;~~

(1) activities in a wetland conducted as part of normal farming practices. For purposes of this clause, "normal farming practices" means farming, silvicultural, grazing, and ranching activities such as plowing, seeding, cultivating, and harvesting for the production of feed, food, fuel, fiber, and forest products, but does not include activities that result in the draining or filling of wetlands in whole or part;

(2) soil and water conservation practices approved by the soil and water conservation district, after review by the Technical Evaluation Panel;

~~(5)~~ (3) aquaculture activities including pond excavation and construction and maintenance of associated access roads and dikes authorized under, and conducted in accordance with, a permit issued by the United States Army Corps of Engineers under section 404 of the federal Clean Water Act, United States Code, title 33, section 1344, but not including construction or expansion of buildings; or

~~(6)~~ (4) wild rice production activities, including necessary diking and other activities authorized under a permit issued by the United States Army Corps of Engineers under section 404 of the federal Clean Water Act, United States Code, title 33, section 1344~~;~~.

~~(7) normal agricultural practices to control noxious or secondary weeds as defined by rule of the commissioner of agriculture, in accordance with applicable requirements under state and federal law, including established best management practices; and~~

~~(8) agricultural activities in a wetland that is on agricultural land:~~

~~(i) annually enrolled in the federal Agriculture Improvement and Reform Act of 1996 and is subject to United States Code, title 16, sections 3821 to 3823, in effect on January 1, 2000; or~~

~~(ii) subject to subsequent federal farm program restrictions that meet minimum state standards under this chapter and sections 103A.202 and 103B.3355 and that have been approved by the Board of Water and Soil Resources, the commissioners of natural resources and agriculture, and the Pollution Control Agency.~~

~~(b) Land enrolled in a federal farm program under paragraph (a), clause (8), is eligible for easement participation for those acres not already compensated under a federal program.~~

~~(c) The exemption under paragraph (a), clause (4), may be expanded to additional acreage, including types 1, 2, and 6 wetlands that are part of a larger wetland system, when the additional acreage is part of a conservation plan approved by the local soil and water conservation district, the additional draining or filling is necessary for efficient operation of the farm, the hydrology of the larger wetland system is not adversely affected, and wetlands other than types 1, 2, and 6 are not drained or filled.~~

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

Sec. 55. Minnesota Statutes 2006, section 103G.2241, subdivision 2, is amended to read:

Subd. 2. **Drainage.** (a) For the purposes of this subdivision, "public drainage system" means a drainage system as defined in section 103E.005, subdivision 12, and any ditch or tile lawfully connected to the drainage system. If wetlands drained under this subdivision are converted to uses prohibited under paragraph (b), clause (2), during the ten-year period following drainage, the wetlands must be replaced according to section 103G.222.

(b) A replacement plan is not required for draining of type 1 wetlands, or up to five acres of type 2 or 6 wetlands, in an unincorporated area on land that has been assessed drainage benefits for a public drainage system, provided that:

(1) during the 20-year period that ended January 1, 1992:

(i) there was an expenditure made from the drainage system account for the public drainage system;

(ii) the public drainage system was repaired or maintained as approved by the drainage authority; or

(iii) no repair or maintenance of the public drainage system was required under section 103E.705, subdivision 1, as determined by the public drainage authority; and

(2) the wetlands are not drained for conversion to:

(i) platted lots;

(ii) planned unit, commercial, or industrial developments; or

(iii) any development with more than one residential unit per 40 acres.

~~If wetlands drained under this paragraph are converted to uses prohibited under clause (2) during the ten-year period following drainage, the wetlands must be replaced under section 103G.222.~~

(c) A replacement plan is not required for draining or filling of wetlands, except for draining types 3, 4, and 5 wetlands that have been in existence for more than 25 years, resulting from maintenance and repair of existing public drainage systems.

(d) A replacement plan is not required for draining or filling of wetlands, except for draining wetlands that have been in existence for more than 25 years, resulting from maintenance and repair of existing drainage systems other than public drainage systems.

~~(e) A replacement plan is not required for draining or filling of wetlands resulting from activities conducted as part of a public drainage system improvement project that received final approval from the drainage authority before July 1, 1991, and after July 1, 1986, if:~~

~~(1) the approval remains valid;~~

~~(2) the project remains active; and~~

~~(3) no additional drainage will occur beyond that originally approved.~~

(e) A replacement plan is not required for draining agricultural land that: (1) was planted with annually seeded crops before June 10, except for crops that are normally planted after that date, in eight out of the ten most recent years prior to the impact; (2) was in a crop rotation seeding of pasture grass or legumes in eight out of the ten most recent years prior to the impact; or (3) was enrolled in a state or federal land conservation program and met the requirements of clause (1) or (2) before enrollment.

(f) The public drainage authority may, as part of the repair, install control structures, realign the ditch, construct dikes along the ditch, or make other modifications as necessary to prevent drainage of the wetland.

(g) Wetlands of all types that would be drained as a part of a public drainage repair project are eligible for the permanent wetlands preserve under section 103F.516. The board shall give priority to acquisition of easements on types 3, 4, and 5 wetlands that have been in existence for more than 25 years on public drainage systems and other wetlands that have the greatest risk of drainage from a public drainage repair project.

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

Sec. 56. Minnesota Statutes 2006, section 103G.2241, subdivision 3, is amended to read:

Subd. 3. **Federal approvals.** A replacement plan for wetlands is not required for~~:~~

~~(1) activities exempted from federal regulation under United States Code, title 33, section 1344(f), as in effect on January 1, 1991;~~

~~(2) activities authorized under, and conducted in accordance with, an applicable general permit issued by the United States Army Corps of Engineers under section 404 of the federal Clean Water Act, United States Code, title 33, section 1344, except the nationwide permit in Code of Federal Regulations, title 33, section 330.5, paragraph (a), clauses (14), limited to when a new road crosses a wetland, and (26), as in effect on January 1, 1991; or~~

~~(3)~~ activities authorized under the federal Clean Water Act, section 404, or the Rivers and Harbors Act, section 10, regulations that meet minimum state standards under this chapter and sections 103A.202 and 103B.3355 and that have been approved by the Board of Water and Soil Resources, the commissioners of natural resources and agriculture, and the Pollution Control Agency.

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

Sec. 57. Minnesota Statutes 2006, section 103G.2241, subdivision 6, is amended to read:

Subd. 6. **Utilities; public works.** (a) A replacement plan for wetlands is not required for:

~~(1) placement, maintenance, repair, enhancement, or replacement of utility or utility-type service if:~~

~~(i) the impacts of the proposed project on the hydrologic and biological characteristics of the wetland have been avoided and minimized to the extent possible; and~~

~~(ii) the proposed project significantly modifies or alters less than one-half acre of wetlands;~~

~~(2) activities associated with routine maintenance of utility and pipeline rights-of-way, provided the activities do not result in additional intrusion into the wetland;~~

~~(3) alteration of a wetland associated with the operation, maintenance, or repair of an interstate pipeline within all existing or acquired interstate pipeline rights-of-way;~~

~~(4) emergency repair and normal maintenance and repair of existing public works, provided the activity does not result in additional intrusion of the public works into the wetland and does not result in the draining or filling, wholly or partially, of a wetland;~~

~~(5) normal maintenance and minor repair of structures causing no additional intrusion of an existing structure into the wetland, and maintenance and repair of private crossings that do not result in the draining or filling, wholly or partially, of a wetland; or~~

~~(6) repair and updating of existing individual sewage treatment systems as necessary to comply with local, state, and federal regulations.~~

(1) new placement or maintenance, repair, enhancement, or replacement of existing utility or utility-type service, including pipelines, if:

(i) the direct and indirect impacts of the proposed project have been avoided and minimized to the extent possible; and

(ii) the proposed project significantly modifies or alters less than one-half acre of wetlands;

(2) activities associated with operation, routine maintenance, or emergency repair of existing utilities and public work structures, including pipelines, provided the activities do not result in additional wetland intrusion or additional draining or filling of a wetland either wholly or partially; or

(3) repair and updating of existing individual sewage treatment systems necessary to comply with local, state, and federal regulations.

(b) For maintenance, repair, and replacement, the local government unit may issue a seasonal or annual exemption certification or the utility may proceed without local government unit certification if the utility is carrying out the work according to approved best management practices. Work of an emergency nature may proceed as necessary and any drain or fill activities shall be addressed with the local government unit after the emergency work has been completed.

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

Sec. 58. Minnesota Statutes 2006, section 103G.2241, subdivision 9, is amended to read:

Subd. 9. **De minimis.** (a) Except as provided in paragraphs (b) and (c), a replacement plan for wetlands is not required for draining or filling the following amounts of wetlands as part of a project:

(1) 10,000 square feet of type 1, 2, 6, or 7 wetland, excluding white cedar and tamarack wetlands, outside of the shoreland wetland protection zone in a greater than 80 percent area;

(2) ~~5,000~~ 2,500 square feet of type 1, 2, 6, or 7 wetland, excluding white cedar and tamarack wetlands, outside of the shoreland wetland protection zone in a 50 to 80 percent area;

(3) ~~2,000~~ 1,000 square feet of type 1, 2, or 6 wetland, outside of the shoreland wetland protection zone in a less than 50 percent area;

(4) ~~400~~ 100 square feet of wetland types not listed in clauses (1) to (3) outside of the building setback zone of the shoreland wetland protection zones in all counties; ~~or~~

(5) 400 square feet of ~~type 1, 2, 3, 4, 5, 6, 7, or 8~~ wetland types listed in clauses (1) to (3), ~~in~~ beyond the building setback zone, as defined in the local shoreland management ordinance, but within the shoreland wetland protection zone~~, except that~~. In a greater than 80 percent area, the local government unit may increase the de minimis amount up to 1,000 square feet ~~in the shoreland protection zone in areas beyond the building setback~~ if the wetland is isolated and is determined to have no direct surficial connection to the public water. To the extent that a local shoreland management ordinance is more restrictive than this provision, the local shoreland ordinance applies; or

(6) up to 20 square feet of wetland, regardless of type or location.

(b) The amounts listed in paragraph (a), clauses (1) to ~~(5)~~ (6), may not be combined on a project.

(c) This exemption no longer applies to a landowner's portion of a wetland when the cumulative area drained or filled of the landowner's portion since January 1, 1992, is the greatest of:

(1) the applicable area listed in paragraph (a), if the landowner owns the entire wetland;

(2) five percent of the landowner's portion of the wetland; or

(3) 400 square feet.

(d) This exemption may not be combined with another exemption in this section on a project.

(e) Property may not be divided to increase the amounts listed in paragraph (a).

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

Sec. 59. Minnesota Statutes 2006, section 103G.2241, subdivision 11, is amended to read:

Subd. 11. **Exemption conditions.** (a) A person conducting an activity in a wetland under an exemption in subdivisions 1 to 10 shall ensure that:

(1) appropriate erosion control measures are taken to prevent sedimentation of the water;

(2) the activity does not block fish passage in a watercourse; and

(3) the activity is conducted in compliance with all other applicable federal, state, and local requirements, including best management practices and water resource protection requirements established under chapter 103H.

(b) An activity is exempt if it qualifies for any one of the exemptions, even though it may be indicated as not exempt under another exemption.

(c) Persons proposing to conduct an exempt activity are encouraged to contact the local government unit or the local government unit's designee for advice on minimizing wetland impacts.

(d) The board shall develop rules that address the application and implementation of exemptions and that provide for estimates and reporting of exempt wetland impacts, including those in section 103G.2241, subdivisions 2, 6, and 9.

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

Sec. 60. Minnesota Statutes 2006, 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, wetland banking plan, 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) Persons conducting wetland or public waters boundary delineations or type determinations are exempt from the requirements of chapter 326. ~~By January 15, 2001, the board, in consultation with the Minnesota Association of Professional Soil Scientists,~~

~~the University of Minnesota, and the Wetland Delineators' Association, shall submit a plan for a professional wetland delineator certification program to the legislature.~~ The board may develop a professional wetland delineator certification program.

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

Sec. 61. Minnesota Statutes 2006, section 103G.2242, subdivision 2a, is amended to read:

Subd. 2a. **Wetland boundary or type determination.** (a) A landowner may apply for a wetland boundary or type determination from the local government unit. The landowner applying for the determination is responsible for submitting proof necessary to make the determination, including, but not limited to, wetland delineation field data, observation well data, topographic mapping, survey mapping, and information regarding soils, vegetation, hydrology, and groundwater both within and outside of the proposed wetland boundary.

(b) A local government unit that receives an application under paragraph (a) may seek the advice of the Technical Evaluation Panel as described in subdivision 2, and, if necessary, expand the Technical Evaluation Panel. The local government unit may delegate the decision authority for wetland boundary or type determinations ~~with the zoning administrator~~ to designated staff, or establish other procedures it considers appropriate.

(c) The local government unit decision must be made in compliance with section 15.99. Within ten calendar days of the decision, the local government unit decision must be mailed to the landowner, members of the Technical Evaluation Panel, the watershed district or watershed management organization, if one exists, and individual members of the public who request a copy.

(d) Appeals of decisions made by designated local government staff must be made to the local government unit. Notwithstanding any law to the contrary, a ruling on an appeal must be made by the local government unit within 30 days from the date of the filing of the appeal.

(e) The local government unit decision is valid for three years unless the Technical Evaluation Panel determines that natural or artificial changes to the hydrology, vegetation, or soils of the area have been sufficient to alter the wetland boundary or type.

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

Sec. 62. Minnesota Statutes 2006, section 103G.2242, subdivision 9, is amended to read:

Subd. 9. **Appeal.** (a) Appeal of a replacement plan, exemption, wetland banking, wetland boundary or type determination, ~~or~~ no-loss decision, or restoration order may be obtained by mailing a petition and payment of a filing fee ~~of $200~~, which shall be retained by the board to defray administrative costs, to the board within 30 days after the postmarked date of the mailing specified in subdivision 7. If appeal is not sought within 30 days, the decision becomes final. ~~The local government unit may require the petitioner to post a letter of credit, cashier's check, or cash in an amount not to exceed $500.~~ If the petition for hearing is accepted, the amount posted must be returned to the petitioner. Appeal may be made by:

(1) the wetland owner;

(2) any of those to whom notice is required to be mailed under subdivision 7; or

(3) 100 residents of the county in which a majority of the wetland is located.

(b) Within 30 days after receiving a petition, the board shall decide whether to grant the petition and hear the appeal. The board shall grant the petition unless the board finds that:

(1) the appeal is meritless, trivial, or brought solely for the purposes of delay;

(2) the petitioner has not exhausted all local administrative remedies;

(3) expanded technical review is needed;

(4) the local government unit's record is not adequate; or

(5) the petitioner has not posted a letter of credit, cashier's check, or cash if required by the local government unit.

(c) In determining whether to grant the appeal, the board shall also consider the size of the wetland, other factors in controversy, any patterns of similar acts by the local government unit or petitioner, and the consequences of the delay resulting from the appeal.

(d) All appeals must be heard by the committee for dispute resolution of the board, and a decision made within 60 days of filing the local government unit's record and the written briefs submitted for the appeal. The decision must be served by mail on the parties to the appeal, and is not subject to the provisions of chapter 14. A decision whether to grant a petition for appeal and a decision on the merits of an appeal must be considered the decision of an agency in a contested case for purposes of judicial review under sections 14.63 to 14.69.

(e) Notwithstanding section 16A.1283, the board shall establish a fee schedule to defray the administrative costs of appeals made to the board under this subdivision. Fees established under this authority shall not exceed $1,000. Establishment of the fee is not subject to the rulemaking process of chapter 14 and section 14.386 does not apply.

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

Sec. 63. Minnesota Statutes 2006, section 103G.2242, subdivision 12, is amended to read:

Subd. 12. **Replacement credits.** (a) No public or private wetland restoration, enhancement, or construction may be allowed for replacement unless specifically designated for replacement and paid for by the individual or organization performing the wetland restoration, enhancement, or construction, and is completed prior to any draining or filling of the wetland.

(b) Paragraph (a) does not apply to a wetland whose owner has paid back with interest the individual or organization restoring, enhancing, or constructing the wetland.

(c) Notwithstanding section 103G.222, subdivision 1, paragraph ~~(h)~~ (i), the following actions, and others established in rule, that are consistent with criteria in rules adopted by the board in conjunction with the commissioners of natural resources and agriculture, are eligible for replacement credit as determined by the local government unit, including enrollment in a statewide wetlands bank:

(1) reestablishment of permanent native, noninvasive vegetative cover on a wetland on agricultural land that was planted with annually seeded crops, was in a crop rotation seeding of pasture grasses or legumes, or was in a land retirement program during the past ten years;

(2) buffer areas of permanent native, noninvasive vegetative cover established or preserved on upland adjacent to replacement wetlands;

(3) wetlands restored for conservation purposes under terminated easements or contracts; and

(4) water quality treatment ponds constructed to pretreat storm water runoff prior to discharge to wetlands, public waters, or other water bodies, provided that the water quality treatment ponds must be associated with an ongoing or proposed project that will impact a wetland and replacement credit for the treatment ponds is based on the replacement of wetland functions and on an approved stormwater management plan for the local government.

(d) Notwithstanding section 103G.222, subdivision 1, paragraphs ~~(e)~~ (f) and ~~(f)~~ (g), the board may establish by rule different replacement ratios for restoration projects with exceptional natural resource value.

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

Sec. 64. Minnesota Statutes 2006, section 103G.2242, subdivision 15, is amended to read:

Subd. 15. **Fees paid to board.** All fees established in ~~subdivision~~ subdivisions 9 and 14 must be paid to the Board of Water and Soil Resources ~~and credited to the general fund~~ to be used for the purpose of administration of the wetland bank and to process appeals under section 103G.2242, subdivision 9.

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

Sec. 65. Minnesota Statutes 2006, section 103G.2243, subdivision 2, is amended to read:

Subd. 2. **Plan contents.** A comprehensive wetland protection and management plan may:

(1) provide for classification of wetlands in the plan area based on:

(i) an inventory of wetlands in the plan area;

(ii) an assessment of the wetland functions listed in section 103B.3355, using a methodology chosen by the Technical Evaluation Panel from one of the methodologies established or approved by the board under that section; and

(iii) the resulting public values;

(2) vary application of the sequencing standards in section 103G.222, subdivision 1, paragraph (b), for projects based on the classification and criteria set forth in the plan;

(3) vary the replacement standards of section 103G.222, subdivision 1, paragraphs ~~(c)~~ (f) and ~~(f)~~ (g), based on the classification and criteria set forth in the plan, for specific wetland impacts provided there is no net loss of public values within the area subject to the plan, and so long as:

(i) in a 50 to 80 percent area, a minimum acreage requirement of one acre of replaced wetland for each acre of drained or filled wetland requiring replacement is met within the area subject to the plan; and

(ii) in a less than 50 percent area, a minimum acreage requirement of two acres of replaced wetland for each acre of drained or filled wetland requiring replacement is met within the area subject to the plan, except that replacement for the amount above a 1:1 ratio can be accomplished as described in section 103G.2242, subdivision 12; and

(4) in a greater than 80 percent area, allow replacement credit, based on the classification and criteria set forth in the plan, for any project that increases the public value of wetlands, including activities on adjacent upland acres~~; and~~.

~~(5) in a greater than 80 percent area, based on the classification and criteria set forth in the plan, expand the application of the exemptions in section 103G.2241, subdivision 1, paragraph (a), clause (4), to also include nonagricultural land, provided there is no net loss of wetland values.~~

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

Sec. 66. Minnesota Statutes 2006, section 103G.235, is amended to read:

103G.235 RESTRICTIONS ON ACCESS TO ~~PUBLIC WATERS~~ WETLANDS.

Subdivision 1. **Wetlands adjacent to roads.** To protect the public health or safety, local units of government may by ordinance restrict public access to public waters wetlands from municipality, county, or township roads that abut public waters wetlands.

Subd. 2. **Privately restored or created wetlands.** When a landowner creates a new wetland or restores a formerly existing wetland on private land that is adjacent to public land or a public road right-of-way, there is no public access to the created or restored wetland if posted by the landowner.

Sec. 67. Minnesota Statutes 2006, section 103G.301, subdivision 2, is amended to read:

Subd. 2. **Permit application fees.** (a) A permit application fee to defray the costs of receiving, recording, and processing the application must be paid for a permit authorized under this chapter and for each request to amend or transfer an existing permit.

(b) The fee to apply for a permit to appropriate water by a nonpublic applicant or a nonagricultural irrigation applicant must be assessed to recover the reasonable costs of preparing and issuing the permit. Fees collected under this paragraph must be credited to an account in the natural resources fund and are appropriated for fiscal years 2008 and 2009 to the commissioner.

~~(b)~~ (c) The fee to apply for a permit to appropriate water, other than a permit subject to the fee under paragraph (b); a permit to construct or repair a dam that is subject to dam safety inspection~~,~~; or a state general permit or to apply for the state water bank program is $150. The application fee for a permit to work in public waters or to divert waters for mining must be at least $150, but not more than $1,000, according to a schedule of fees adopted under section 16A.1285.

Sec. 68. Minnesota Statutes 2006, section 115.55, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to sections 115.55 to 115.56.

(b) "Advisory committee" means the Advisory Committee on Individual Sewage Treatment Systems established under the individual sewage treatment system rules. The advisory committee must be appointed to ensure geographic representation of the state and include elected public officials.

(c) "Applicable requirements" means:

(1) local ordinances that comply with the individual sewage treatment system rules, as required in subdivision 2; or

(2) in areas not subject to the ordinances described in clause (1), the individual sewage treatment system rules.

(d) "City" means a statutory or home rule charter city.

(e) "Commissioner" means the commissioner of the Pollution Control Agency.

(f) "Dwelling" means a building or place used or intended to be used by human occupants as a single-family or two-family unit.

(g) "Individual sewage treatment system" or "system" means a sewage treatment system, or part thereof, ~~serving a dwelling, other establishment, or group thereof,~~ that uses subsurface soil treatment and disposal, or a holding tank, serving a dwelling, other establishment, or a group thereof.

(h) "Individual sewage treatment system professional" means an inspector, installer, site evaluator or designer, or pumper.

(i) "Individual sewage treatment system rules" means rules adopted by the agency that establish minimum standards and criteria for the design, location, installation, use, and maintenance of individual sewage treatment systems.

(j) "Inspector" means a person who inspects individual sewage treatment systems for compliance with the applicable requirements.

(k) "Installer" means a person who constructs or repairs individual sewage treatment systems.

(l) "Local unit of government" means a township, city, or county.

(m) "Performance-based system" means a system that is designed specifically for a site and the environmental conditions on that site and designed to adequately protect the public health and the environment and provide long-term performance. At a minimum, a performance based system must ensure that applicable water quality standards are met in both ground and surface water that ultimately receive the treated wastewater.

(n) "Pumper" means a person who maintains components of individual sewage treatment systems including, but not limited to, septic, aerobic, and holding tanks.

~~(n)~~ (o) "Seasonal dwelling" means a dwelling that is occupied or used for less than 180 days per year and less than 120 consecutive days.

~~(o)~~ (p) "Septic system tank" means any covered receptacle designed, constructed, and installed as part of an individual sewage treatment system.

~~(p)~~ (q) "Site evaluator or designer" means a person who:

(1) investigates soils and site characteristics to determine suitability, limitations, and sizing requirements; and

(2) designs individual sewage treatment systems.

~~(q)~~ (r) "Straight-pipe system" means a sewage disposal system that includes toilet waste and transports raw or partially settled sewage directly to a lake, a stream, a drainage system, or ground surface.

Sec. 69. Minnesota Statutes 2006, section 115.55, subdivision 2, is amended to read:

Subd. 2. **Local ordinances.** (a) All counties ~~that did not adopt ordinances by May 7, 1994, or that do not have ordinances,~~ must adopt ordinances that comply with revisions to the individual sewage treatment system rules ~~by January 1, 1999, unless all towns and cities in the county have adopted such ordinances~~ within two years of the final adoption by the agency. County ordinances must apply to all areas of the county other than cities or towns that have adopted ordinances that comply with this section and are as strict as the applicable county ordinances. ~~Any ordinance adopted by a local unit of government before May 7, 1994, to regulate individual sewage treatment systems must be in compliance with the individual sewage treatment system rules by January 1, 1998.~~

(b) A copy of each ordinance adopted under this subdivision must be submitted to the commissioner upon adoption.

(c) A local unit of government must make available to the public upon request a written list of any differences between its ordinances and rules adopted under this section.

Sec. 70. Minnesota Statutes 2006, section 115.55, subdivision 3, is amended to read:

Subd. 3. **Rules.** (a) The agency shall adopt rules containing minimum standards and criteria for the design, location, installation, use, and maintenance of individual sewage treatment systems. The rules must include:

(1) how the agency will ensure compliance under subdivision 2;

(2) how local units of government shall enforce ordinances under subdivision 2, including requirements for permits and inspection programs;

(3) how the advisory committee will participate in review and implementation of the rules;

(4) provisions for ~~alternative~~ nonstandard systems and performance-based systems;

(5) provisions for handling and disposal of effluent;

(6) provisions for system abandonment; and

(7) procedures for variances, including the consideration of variances based on cost and variances that take into account proximity of a system to other systems.

(b) The agency shall consult with the advisory committee before adopting rules under this subdivision.

(c) Notwithstanding the repeal of the agency rule under which the commissioner has established a list of warrantied individual sewage treatment systems, the warranties for all systems so listed as of the effective date of the repeal shall continue to be valid for the remainder of the warranty period.

(d) The rules required in paragraph (a) must also address the following:

(1) a definition of redoximorphic features and other criteria that can be used by system designers and inspectors;

(2) direction on the interpretation of observed soil features that may be redoximorphic and their relation to zones of seasonal saturation; and

(3) procedures on how to resolve professional disagreements on seasonally saturated soils.

These rules must be in place by March 31, 2006.

Sec. 71. Minnesota Statutes 2006, section 115.55, is amended by adding a subdivision to read:

Subd. 12. **Advisory committee; county individual sewage treatment system management plan.** (a) A county may adopt an individual sewage treatment system management plan that describes how the county plans on carrying out individual sewage treatment system needs. The commissioner of the Pollution Control Agency shall form an advisory committee to determine what the plans should address. The advisory committee shall be made up of representatives of the Association of Minnesota Counties, Pollution Control Agency, Board of Water and Soil Resources, Department of Health, and other public agencies or local units of government that have an interest in individual sewage treatment systems.

(b) The advisory committee shall advise the agency on the standards, management, monitoring, and reporting requirements for performance-based systems.

Sec. 72. Minnesota Statutes 2006, section 116C.92, is amended to read:

116C.92 COORDINATION OF ACTIVITIES.

Subdivision 1. **State coordinating organization.** The Environmental Quality Board is designated the state coordinating organization for state and federal regulatory activities relating to genetically engineered organisms.

Subd. 2. **Notice of nationwide action.** The board shall notify interested parties if a permit to release genetically engineered wild rice is issued anywhere in the United States. For purposes of this subdivision, "interested parties" means:

(1) the state's wild rice industry;

(2) the legislature;

(3) federally recognized tribes within Minnesota; and

(4) individuals who request to be notified.

Sec. 73. Minnesota Statutes 2006, section 116C.94, subdivision 1, is amended to read:

Subdivision 1. **General authority.** (a) Except as provided in paragraph (b), the board shall adopt rules consistent with sections 116C.91 to 116C.96 that require an environmental assessment worksheet and otherwise comply with chapter 116D and rules adopted under it for a proposed release and a permit for a release. The board may place conditions on a permit and may deny, modify, suspend, or revoke a permit.

(b) The board shall adopt rules that require an environmental impact statement and otherwise comply with chapter 116D and rules adopted under it for a proposed release and a permit for a release of genetically engineered wild rice. The board may place conditions on the permit and may deny, modify, suspend, or revoke the permit.

Sec. 74. Minnesota Statutes 2006, section 116C.97, subdivision 2, is amended to read:

Subd. 2. **Federal oversight.** (a) If the board determines, upon its own volition or at the request of any person, that a federal program exists for regulating the release of certain genetically engineered organisms and the federal oversight under the program is adequate to protect human health or the environment, then any person may release such genetically engineered organisms after obtaining the necessary federal approval and without obtaining a state release permit or a significant environmental permit or complying with the other requirements of sections 116C.91 to 116C.96 and the rules of the board adopted pursuant to section 116C.94.

(b) If the board determines the federal program is adequate to meet only certain requirements of sections 116C.91 to 116C.96 and the rules of the board adopted pursuant to section 116C.94, the board may exempt such releases from those requirements.

(c) A person proposing a release for which a federal authorization is required may apply to the board for an exemption from the board's permit or to a state agency with a significant environmental permit for the proposed release for an exemption from the agency's permit. The proposer must file with the board or state agency a written request for exemption with a copy of the federal application and the information necessary to determine if there is a potential for significant environmental effects under chapter 116D and rules adopted under it. The board or state agency shall give public notice of the request in the first available issue of the EQB Monitor and shall provide an opportunity for public comment on the environmental review process consistent with chapter 116D and rules adopted under it. The board or state agency may grant the exemption if the board or state agency finds that the federal authorization issued is adequate to meet the requirements of chapter 116D and rules adopted under it and any other requirement of the board's or state agency's authority regarding the release of genetically engineered organisms. The board or state agency must grant or deny the exemption within 45 days after the receipt of the written request and the information required by the board or state agency.

(d) This subdivision does not apply to genetically engineered organisms for which an environmental impact statement is required under sections 116C.91 to 116C.96.

Sec. 75. Minnesota Statutes 2006, section 282.04, subdivision 1, is amended to read:

Subdivision 1. **Timber sales; land leases and uses.** (a) The county auditor 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 ~~require final settlement on the basis of a scale of cut products~~ 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 in appraised valuation 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, stumpage, 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, upon the conditions and for the consideration and for the period of time, not exceeding 15 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. 76. Laws 1998, chapter 389, article 16, section 31, subdivision 4, as amended by Laws 1999, chapter 180, section 3, and Laws 2001, chapter 164, section 5, and Laws 2005, First Special Session chapter 1, article 2, section 149, is amended to read:

Subd. 4. **County environmental trust fund.** Notwithstanding the provisions of Minnesota Statutes, chapter 282, and any other law relating to the apportionment of proceeds from the sale of tax-forfeited land, and except as otherwise provided in this section, a county board must deposit the money received from the sale of land under subdivision 3 into an environmental trust fund established by the county under this subdivision. The county board may: (1) deposit part or all of the environmental trust fund money as provided in Minnesota Statutes, chapter 118A; or (2) enter into an agreement with the State Board of Investment to invest all or part of the money in investments under Minnesota Statutes, section 11A.24, subdivisions 1 to 5, on behalf of the county. The following may be withheld by a county board and are not required to be deposited into an environmental trust fund: the costs of appraisal, abstracts, and surveys; money received from a sale which is attributable to land owned by a county in fee; amounts paid to lessees for improvements; amounts paid to acquire land which is included in a county plan for exchange and is conveyed to the state in the exchange, including the purchase price, appraisal, abstract, survey, and closing costs; and the costs of sale to lessees or other parties, including the costs of advertising, realtors, and closing services. If the proceeds from the sale of tax-forfeited land in a county are $250,000 or more, the amount the county may spend from the fund each calendar year may not exceed 5-1/2 percent of the market value of the fund on January 1 of the preceding calendar year, and the county board may spend money from the fund only for purposes related to the improvement of natural resources. To the extent money received from the sale is attributable to tax-forfeited land from another county, the money must be deposited in an environmental trust fund established under this section by that county board. <u>The county board must not delegate to an appointed official or any other person any decision required or permitted to be made under this subdivision.</u>

Sec. 77. Laws 2003, chapter 128, article 1, section 169, is amended to read:

Sec. 169. **CONTINUOUS TRAIL DESIGNATION.**

(a) The commissioner of natural resources shall locate, plan, design, map, construct, designate, and sign a new trail for use by all-terrain vehicles and off-highway motorcycles of not less than 70 continuous miles in length on any land owned by the state or in cooperation with any county on land owned by that county or on a combination of any of these lands. This new trail shall be ready for use by ~~April 1, 2007~~ <u>June 30, 2009</u>.

(b) All funding for this new trail shall come from the all-terrain vehicle dedicated account and is appropriated each year as needed.

(c) This new trail shall have at least two areas of access complete with appropriate parking for vehicles and trailers and enough room for loading and unloading all-terrain vehicles. Some existing trails, that are strictly all-terrain vehicle trails, and are not inventoried forest roads, may be incorporated into the design of this new all-terrain vehicle trail. This new trail may be of a continuous loop design and shall provide for spurs to other all-terrain vehicle trails as long as those spurs do not count toward the 70 continuous miles of this new all-terrain vehicle trail. Four rest areas shall be provided along the way.

Sec. 78. Laws 2006, chapter 236, article 1, section 21, is amended to read:

Sec. 21. **EXCHANGE OF TAX-FORFEITED LAND; PRIVATE SALE; ITASCA COUNTY.**

(a) For the purpose of a land exchange for use in connection with a proposed steel mill in Itasca County referenced in Laws 1999, chapter 240, article 1, section 8, subdivision 3, title examination and approval of the land described in paragraph (b) shall be undertaken as a condition of exchange of the land for class B land, and shall be governed by Minnesota Statutes, section 94.344, subdivisions 9 and 10, and the provisions of this section. Notwithstanding the evidence of title requirements in Minnesota Statutes, section 94.344, subdivisions 9 and 10, the county attorney shall examine one or more title reports or title insurance commitments prepared or underwritten by a title insurer licensed to conduct title insurance business in this state, regardless of whether abstracts were created or updated in the preparation of the title reports or commitments. The opinion of the county attorney, and approval by the attorney general, shall be based on those title reports or commitments.

(b) The land subject to this section is located in Itasca County and is described as:

(1) Sections 3, 4, 7, 10, 14, 15, 16, 17, 18, 20, 21, 22, 23, 26, 28, and 29, Township 56 North, Range 22 West;

(2) Sections 3, 4, 9, 10, 13, and 14, Township 56 North, Range 23 West;

(3) Section 30, Township 57 North, Range 22 West; and

(4) Sections 25, 26, 34, 35, and 36, Township 57 North, Range 23 West.

(c) Riparian land given in exchange by Itasca County for the purpose of the steel mill referenced in paragraph (a), is exempt from the restrictions imposed by Minnesota Statutes, section 94.342, subdivision 3.

(d) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Itasca County may sell, by private sale, any land received in exchange for the purpose of the steel mill referenced in paragraph (a), under the remaining provisions of Minnesota Statutes, chapter 282. The sale must be in a form approved by the attorney general.

(e) Notwithstanding Minnesota Statutes, section 284.28, subdivision 8, or any other law to the contrary, land acquired through an exchange under this section is exempt from payment of three percent of the sales price required to be collected by the county auditor at the time of sale for deposit in the state treasury.

Sec. 79. **VOLUNTARY TERMINATION OF TIMBER SALE PERMITS.**

(a) Notwithstanding Minnesota Statutes, sections 90.161, 90.173, and 90.211, or other law to the contrary, the commissioner of natural resources shall, in the case of nontrust land, terminate the permit for an eligible sale of timber without penalty according to this section and upon request of the permit holder. In the case of a permit relating to trust land, the commissioner shall terminate the permit for an eligible sale of timber according to this section only if termination of the permit would secure the maximum long-term economic return from the land consistent with the fiduciary responsibilities imposed by law in regard to the trust lands.

(b) An "eligible sale" means a sale for timber:

(1) the permit for which was issued on or after October 1, 2004, but before March 31, 2006;

(2) that contains aspen as the predominant timber species;

(3) for which the aspen was sold for $40 per cord or more; and

(4) for which no harvest activities or activities incidental to harvest have occurred.

(c) The maximum amount available for voluntary turn back under this section is 7,500 cords of all species for each permittee.

(d) In the case of a 100 percent secured sale, the permittee may choose to be released from the security of any permit consistent with paragraph (b), except that the permittee must pay 15 percent of the appraised value of the permit, plus eight percent interest from date of purchase to date of conversion under this paragraph, in cash, to the commissioner.

(e) In the case of any sale, including a sale under paragraph (d), for which the commissioner has received a 15 percent down payment and that meets the criteria in paragraph (b), the permit holder may request a credit equal to two-thirds of the down payment. Amounts credited to permittees under this paragraph must first be applied to any existing sales that remain in the permittee's account and may then be used toward future timber purchases. Credits under this paragraph expire two years after the effective date of the permit termination.

(f) All permit terminations under this section must be completed by December 31, 2007. The commissioner of natural resources must proceed expeditiously to reoffer for sale any timber subject of a turn back under this section.

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

Sec. 80. **ENDOCRINE DISRUPTOR REPORT.**

The commissioner of the Pollution Control Agency shall prepare a report on strategies to prevent the entry of endocrine disruptors into waters of the state. The report must include an estimate for each strategy of the proportion of endocrine disruptors that are prevented from entering the waters of the state. The commissioner shall submit the report to the house and senate committees having jurisdiction over environment and natural resources policy and finance by January 15, 2008.

Sec. 81. **EASEMENT REPORT REQUIRED.**

By January 1, 2008, the commissioner of natural resources must report to the house and senate committees with jurisdiction over environment and natural resources finance with proposed minimum legal and conservation standards that could be applied to conservation easements acquired with public money.

Sec. 82. **TAX-FORFEITED LANDS LEASE; ITASCA COUNTY.**

Notwithstanding Minnesota Statutes, section 282.04, or other law to the contrary, the Itasca County auditor may lease tax-forfeited land to Minnesota Steel for a period of 20 years, for use as a tailings basin and buffer area. A lease entered under this section is renewable.

Sec. 83. **WILD RICE STUDY.**

By February 15, 2008, the commissioner of natural resources must prepare a study for natural wild rice that includes:

(1) the current location and estimated acreage and area of natural stands;

(2) identified threats to natural stands, including, but not limited to, development pressure, water levels, pollution, invasive species, and genetic strains; and

(3) recommendations to the house and senate committees with jurisdiction over natural resources on protecting and increasing natural wild rice stands in the state.

In developing the study, the commissioner must contact and ask for comments from the state's wild rice industry, the commissioner of agriculture, local officials with significant areas of wild rice within their jurisdictions, tribal leaders within affected federally recognized tribes, and interested citizens.

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

Sec. 84. **CONSTRUCTION.**

Nothing in sections 72, 73, 74, and 83 affects, alters, or modifies the authorities, responsibilities, obligations, or powers of the state or any political subdivision thereof or any federally recognized tribe.

Sec. 85. **SEPTIC BEST PRACTICES ASSISTANCE.**

The commissioner of the Pollution Control Agency shall establish a database of best practices regarding the installation, management, and maintenance of individual sewage treatment systems. The database must be made available to any interested public or private party.

Sec. 86. **RULEMAKING.**

Within 90 days of the effective date of this section, the Board of Water and Soil Resources shall adopt rules that amend Minnesota Rules, chapter 8420, to incorporate statute changes and to address the related wetland exemption provisions in Minnesota Rules, parts 8420.0115 to 8420.0210, and the wetland replacement and banking provisions in Minnesota Rules, parts 8420.0500 to 8420.0760. These rules are exempt from the rulemaking provisions of Minnesota Statutes, chapter 14, except that Minnesota Statutes, section 14.386, applies and the proposed rules must be submitted to the senate and house committees having jurisdiction over environment and natural resources at least 30 days prior to being published in the State Register. The amended rules are effective for two years from the date of publication in the State Register unless they are superseded by permanent rules.

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

Sec. 87. **VERMILLION HIGHLANDS WILDLIFE MANAGEMENT AREA.**

(a) The following area is established and designated as the Vermillion Highlands Wildlife Management Area, subject to the special permitted uses authorized in this section:

The approximately 2,840 acres owned by the University of Minnesota lying within the area legally described as approximately the southerly 3/4 of the Southwest 1/4 of Section 1, the Southeast 1/4 of Section 2, the East 1/2 of Section 10, Section 11, the

West 1/2 of Section 12, Section 13, and Section 14, all in Township 114 North, Range 19 West, Dakota County.

(b) Notwithstanding Minnesota Statutes, section 86A.05, subdivision 8, paragraph (c), permitted uses in the Vermillion Highlands Wildlife Management Area include:

(1) education, outreach, and agriculture with the intent to eventually phase out agriculture leases and plant and restore native prairie;

(2) research by the University of Minnesota or other permitted researchers;

(3) hiking, hunting, fishing, trapping, and other compatible wildlife-related recreation of a natural outdoors experience, without constructing new hard surface trails or roads, and supporting management and improvements;

(4) designated trails for hiking, horseback riding, biking, and cross-country skiing and necessary trailhead support with minimal impact on the permitted uses in clause (3);

(5) shooting sports facilities for sporting clays, skeet, trapshooting, and rifle and pistol shooting, including sanctioned events and training for responsible handling and use of firearms;

(6) grant-in-aid snowmobile trails; and

(7) leases for small-scale farms to market vegetable farming.

(c) With the concurrence of representatives of the University of Minnesota and Dakota County, the commissioner of natural resources may, by posting or rule, restrict the permitted uses as follows:

(1) temporarily close areas or trails, by posting at the access points, to facilitate hunting. When temporarily closing trails under this clause, the commissioner shall avoid closing all trail loops simultaneously whenever practical; or

(2) limit other permitted uses to accommodate hunting and trapping after providing advance public notice. Research conducted by the university may not be limited unless mutually agreed by the commissioner and the University of Minnesota.

(d) Road maintenance within the wildlife management area shall be minimized, with the intent to abandon interior roads when no longer needed for traditional agriculture purposes.

(e) Money collected on leases from lands within the wildlife management area must be kept in a separate account and spent within the wildlife management area under direction of the representatives listed in paragraph (c). $200,000 of this money may be transferred to the commissioner of natural resources for a master planning process and resource inventory of the land identified in Minnesota Statutes, section 137.50, subdivision 6, in order to provide needed prairie and wetland restoration. The commissioner must work with affected officials from the University of Minnesota and Dakota County to complete these requirements and inform landowners and lessees about the planning process.

(f) Notwithstanding Minnesota Statutes, sections 97A.061 and 477A.11, the state of Minnesota shall not provide payments in lieu of taxes for the lands described in paragraph (a).

Sec. 88. **STRAND'S STATE ISLAND.**

Notwithstanding Minnesota Statutes, section 83A.02, the commissioner of natural resources shall change the name of Big Island in Pelican Lake in St. Louis County to Strand's State Island.

Sec. 89. **REPEALER.**

(a) Minnesota Statutes 2006, section 89A.11, is repealed.

(b) Minnesota Statutes 2006, section 103G.2241, subdivision 8, is repealed.

EFFECTIVE DATE. Paragraph (a) of this section is effective July 1, 2007. Paragraph (b) of this section is effective the day following final enactment.

ARTICLE 3
SCIENCE MUSEUM AND STATE ZOO

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations by fund made in this article.

		2008		2009		Total
General	$	8,313,000	$	8,440,000	$	16,753,000
Natural Resources		137,000		138,000		275,000
Total	**$**	**8,450,000**	**$**	**8,578,000**	**$**	**17,028,000**

Sec. 2. **SCIENCE MUSEUM OF MINNESOTA**	**$**	**1,250,000**	**$**	**1,250,000**

The base budget for the Science Museum of Minnesota is $1,000,000 each year in the 2010-2011 biennium.

Sec. 3. **ZOOLOGICAL BOARD**	**$**	**7,200,000**	**$**	**7,328,000**

Appropriations by Fund

	2008	2009

General	7,063,000	7,190,000
Natural Resources	137,000	138,000

$137,000 the first year and $138,000 the second year are from the natural resources fund from the revenue deposited under Minnesota Statutes, section 297A.94, paragraph (e), clause (5). This is a onetime appropriation.

The general fund base budget for the Zoological Board is $6,940,000 each year in the 2010-2011 biennium.

ARTICLE 4
ENERGY APPROPRIATIONS

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

		2008		2009		Total
General	$	51,752,000	$	33,542,000	$	85,294,000
Petroleum Tank Cleanup		1,084,000		1,084,000		2,168,000
Workers' Compensation		835,000		835,000		1,670,000
Special Revenue		5,600,000		4,600,000		10,200,000
Total	**$**	**59,271,000**	**$**	**40,061,000**	**$**	**99,332,000**

Sec. 2. **ENERGY FINANCE 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 "2008" and "2009" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for the fiscal year ending June 30, 2007, are effective the day following final enactment.

	APPROPRIATIONS Available for the Year Ending June 30	
	2008	**2009**

Sec. 3. **DEPARTMENT OF COMMERCE.**

Subdivision 1. **Total Appropriation**	**$**	**51,721,000** **$**	**33,695,000**

Appropriations by Fund

	2008	2009
General	44,202,000	27,176,000
Petroleum Cleanup	1,084,000	1,084,000
Workers' Compensation	835,000	835,000
Special Revenue	5,600,000	4,600,000

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

Subd. 2. **Financial Examinations**	6,432,000	6,519,000
Subd. 3. **Petroleum Tank Release Cleanup Board**	1,084,000	1,084,000

This appropriation is from the petroleum tank release cleanup fund.

Subd. 4. **Administrative Services**	4,477,000	4,540,000
Subd. 5. **Market Assurance**	6,902,000	6,999,000

Appropriations by Fund

General	6,067,000	6,164,000
Workers' Compensation	835,000	835,000

Subd. 6. **Energy and Telecommunications**	32,726,000	14,453,000

Appropriations by Fund

General	27,226,000	9,953,000
Special Revenue	5,500,000	4,500,000

$2,000,000 the first year and $2,000,000 the second year are for E85 cost-share grants. Notwithstanding Minnesota Statutes, section 16A.28, this appropriation is available until expended. The base appropriation for these grants is $2,000,000 each year in the 2010-2011 biennium. Funding for these grants ends June 30, 2011. Up to ten percent of the funds may be used for cost-share grants for pumps dispensing fuel that contains at least ten percent biodiesel fuel by volume.

The utility subject to Minnesota Statutes, section 116C.779, shall transfer $2,500,000 in fiscal year 2008 and $2,500,000 in fiscal year 2009 to the Department of Commerce on a schedule to be determined by the commissioner of commerce. The funds must be deposited in the special revenue fund and are appropriated to the commissioner for grants to promote renewable energy projects and community energy outreach and assistance. Of the amounts identified:

(1) $500,000 each year for capital grants for on-farm biogas recovery facilities; eligible projects will be selected in coordination with the Department of Agriculture and the Pollution Control Agency;

(2) $500,000 each year to provide financial rebates to new solar electricity projects;

(3) $500,000 each year for continued funding of community energy technical assistance and outreach on renewable energy and energy efficiency; and

(4) $1,000,000 each year for technical analysis and demonstration funding for automotive technology projects, with a special focus on plug-in hybrid electric vehicles.

The utility subject to Minnesota Statutes, section 116C.779, shall transfer $3,000,000 in fiscal year 2008 and $2,000,000 in fiscal year 2009 to the Department of Commerce on a schedule to be determined by the commissioner of commerce. The funds must be deposited in the special revenue fund and are appropriated to the commissioner for grants to provide competitive, cost-share grants to fund renewable energy research in Minnesota. These grants must be awarded by a three-member panel made up of the commissioners of commerce, pollution control, and agriculture, or their designees. Grant applications must be ranked and grants issued according to how well the applications meet state energy policy research goals established by the commissioners, the quality and experience of the research teams, the cross-interdisciplinary and cross-institutional nature of the research teams, and the ability of the research team to leverage nonstate funds.

$3,000,000 the second year is for a grant to the Board of Regents of the University of Minnesota for the Initiative for Renewable Energy and the Environment. The grant is for the purposes set forth in Minnesota Statutes, section 216B.241, subdivision 6. The appropriation is available until spent. The base budget for this grant to the Board of Regents of the University of Minnesota for the Initiative for Renewable Energy and the Environment is $5,000,000 each year in the 2010-2011 fiscal biennium.

As a condition of this grant, beginning in the 2010-2011 biennium, the Initiative for Renewable Energy and the Environment must set aside at least 15 percent of the funds received annually under the grant for qualified projects conducted at a rural campus or experiment station. Any amount of the set aside funds that has not been awarded to a rural campus or experiment station at the end of the fiscal year must revert back to the initiative for its exclusive use.

$10,000,000 the first year is for the renewable hydrogen initiative in Minnesota Statutes, section 216B.813, to fund the competitive grant program included in that section. The commissioner may use up to two percent of the competitive grant program appropriation for grant administration and to develop and implement the renewable hydrogen road map. This is a onetime appropriation and is available until expended.

$3,100,000 the first year is for deposit in the rural wind energy development revolving loan fund under Minnesota Statutes, section 216C.39. This appropriation does not cancel. This is a onetime appropriation.

$1,000,000 the first year and $1,000,000 the second year are for a grant to the Center for Rural Policy and Development for the rural wind energy development program in article 3. This is a onetime appropriation and is available until expended.

$50,000 the first year is a onetime appropriation for a comprehensive technical, economic, and environmental analysis of the benefits to be derived from greater use in this state of geothermal heat pump systems for heating and cooling air and heating water. The analysis must:

(1) estimate the extent of geothermal heat pump systems currently installed in this state

in residential, commercial, and institutional buildings;

(2) estimate energy and economic savings of geothermal heat pump systems in comparison with fossil fuel-based heating and cooling systems, including electricity use, on a capital cost and life-cycle cost basis, for both newly constructed and retrofitted residential, commercial, and institutional buildings;

(3) compare the emission of pollutants and greenhouse gases from geothermal heat pump systems and fossil fuel-based heating and cooling systems;

(4) identify financial assistance available from state and federal sources and Minnesota utilities to defray the costs of installing geothermal heat pump systems;

(5) identify Minnesota firms currently manufacturing or installing the physical components of geothermal heat pump systems and estimate the economic development potential in this state if demand for such systems increases significantly;

(6) identify the barriers to more widespread adoption of geothermal heat pump systems in this state and suggest strategies to overcome those barriers; and

(7) make recommendations for legislative action.

Not later than March 15, 2008, the commissioner shall submit the results of the analysis in a report to the chairs of the senate and house of representatives committees with primary jurisdiction over energy policy.

$45,000 the first year is a onetime appropriation for a grant to Linden Hills Power and Light for preliminary engineering design work and other technical and legal services required for a community digester and neighborhood district heating and cooling system demonstration project in the Linden Hills neighborhood of Minneapolis. Funds may be expended upon a determination by the commissioner of commerce that the project is technically and economically feasible. A portion of the appropriation may be used to expand the scope of the project feasibility study to include portions of adjacent communities including St. Louis Park and Edina.

$3,000,000 the first year is for the purpose of the propane prepurchase program under Minnesota Statutes, section 216B.0951. This is a onetime appropriation and is available for the biennium.

$4,000,000 the first year is for a onetime grant to the St. Paul Port Authority for environmental review and permitting, preliminary engineering, and development of a steam-producing facility to be located in St. Paul using fuels consistent with eligible energy technologies as defined in Minnesota Statutes, section 216B.243, subdivision 3a.

Grant funds for the project may only be expended when the commissioner of commerce has reviewed and approved a project plan that includes the following elements:

(i) total project cost estimates;

(ii) cost estimates for project design and engineering tasks;

(iii) a preliminary plan for fuel source procurement from a renewable energy source as defined in Minnesota Statutes, section 216B.243, subdivision 3a; and

(iv) a preliminary financing plan for the entire project.

$150,000 the first year is appropriated to the commissioner of commerce for grants for demonstration projects of electric vehicles with advanced transmission technologies incorporating, if feasible, batteries, converters, and other components developed in Minnesota. Funds may be expended under the grants only if grantees enter into agreements specifying that commercial production of these vehicles and components will, to the extent possible, take place in Minnesota.

Subd. 7. **Telecommunications Access Minnesota**	100,000	100,000

$100,000 the first year and $100,000 the second year are appropriated to the commissioner of commerce for transfer to the commissioner of human services to supplement the ongoing operational expenses of the Minnesota Commission Serving Deaf and Hard-of-Hearing People. This appropriation is from the telecommunication access Minnesota fund, and is added to the commission's base.

Sec. 4. **PUBLIC UTILITIES COMMISSION**	**$ 5,315,000**	**$ 5,366,000**

Sec. 5. **DEPARTMENT OF NATURAL RESOURCES**	**$**	**535,000**	**$**	**0**

$475,000 the first year is a onetime appropriation for terrestrial and geologic carbon sequestration reports and studies in article 4. Of this amount, the commissioner shall make payments of $385,000 to the Board of Regents of the University of Minnesota for the purposes of terrestrial carbon sequestration activities, and $90,000 to the Minnesota Geological Survey for the purposes of geologic carbon sequestration assessment.

$60,000 the first year is a onetime appropriation to the commissioner of natural resources to conduct a feasibility study in conjunction with U.S. Army Corps of Engineers on the foundation and hydraulics of the Rapidan Dam in Blue Earth County. This appropriation must be equally matched by Blue Earth County, and is available until expended.

Sec. 6. **POLLUTION CONTROL AGENCY**	**$**	**700,000**	**$**	**0**

$400,000 the first year is a onetime appropriation for a grant to the Koochiching Economic Development Authority for a feasibility study for a plasma torch gasification facility that converts municipal solid waste into energy and slag.

$300,000 the first year is for the biomass gasification facilities air emissions study for the purpose of fully characterizing the air emissions exerted from biomass gasification facilities across a range of feedstocks. This is a onetime appropriation.

Sec. 7. **DEPARTMENT OF HEALTH**	$	1,000,000 $	1,000,000

$1,000,000 the first year and $1,000,000 the second year are appropriated to the commissioner of health for grants for lead environmental risk assessment conducted by local units of government, as required under Minnesota Statutes, section 144.9504, subdivision 2, and lead cleanup. Of these amounts, $500,000 the first year and $500,000 the second year must be awarded to the federally designated nonprofit organization operating the Clear Corps program. This is a onetime appropriation.

ARTICLE 5
COMMERCE

Section 1. Minnesota Statutes 2006, section 13.712, is amended by adding a subdivision to read:

Subd. 3. **Vehicle protection product warrantors.** Financial information provided to the commissioner of commerce by vehicle protection product warrantors is classified under section 59C.05, subdivision 3.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 2. Minnesota Statutes 2006, section 45.011, subdivision 1, is amended to read:

Subdivision 1. **Scope.** As used in chapters 45 to 83, 155A, 332, 332A, 345, and 359, and sections 325D.30 to 325D.42, 326.83 to 326.991, and 386.61 to 386.78, unless the context indicates otherwise, the terms defined in this section have the meanings given them.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 3. **[45.24] LICENSE TECHNOLOGY FEES.**

(a) The commissioner may establish and maintain an electronic licensing database system for license origination, renewal, and tracking the completion of continuing education requirements by individual licensees who have continuing education requirements, and other related purposes.

(b) The commissioner shall pay for the cost of operating and maintaining the electronic database system described in paragraph (a) through a technology surcharge imposed upon the fee for license origination and renewal, for individual licenses that require continuing education.

(c) The surcharge permitted under paragraph (b) shall be up to $40 for each two-year licensing period, except as otherwise provided in paragraph (f), and shall be payable at the time of license origination and renewal.

(d) The Commerce Department technology account is hereby created as an account in the special revenue fund.

(e) The commissioner shall deposit the surcharge permitted under this section in the account created in paragraph (d), and funds in the account are appropriated to the commissioner in the amounts needed for purposes of this section.

(f) The commissioner shall temporarily reduce or suspend the surcharge as necessary if the balance in the account created in paragraph (d) exceeds $2,000,000 as of the end of any calendar year and shall increase or decrease the surcharge as necessary to keep the fund balance at an adequate level but not in excess of $2,000,000.

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

Sec. 4. Minnesota Statutes 2006, section 46.04, subdivision 1, is amended to read:

Subdivision 1. **General.** The commissioner of commerce, referred to in chapters 46 to 59A, and ~~sections 332.12 to 332.29~~ chapter 332A, as the commissioner, is vested with all the powers, authority, and privileges which, prior to the enactment of Laws 1909, chapter 201, were conferred by law upon the public examiner, and shall take over all duties in relation to state banks, savings banks, trust companies, savings associations, and other financial institutions within the state which, prior to the enactment of chapter 201, were imposed upon the public examiner. The commissioner of commerce shall exercise a constant supervision, either personally or through the examiners herein provided for, over the books and affairs of all state banks, savings banks, trust companies, savings associations, credit unions, industrial loan and thrift companies, and other financial institutions doing business within this state; and shall, through examiners, examine each financial institution at least once every 24 calendar months. In satisfying this examination requirement, the commissioner may accept reports of examination prepared by a federal agency having comparable supervisory powers and examination procedures. With the exception of industrial loan and thrift companies which do not have deposit liabilities and licensed regulated lenders, it shall be the principal purpose of these examinations to inspect and verify the assets and liabilities of each and so far investigate the character and value of the assets of each institution as to determine with reasonable certainty that the values are correctly carried on its books. Assets and liabilities shall be verified in accordance with methods of procedure which the commissioner may determine to be adequate to carry out the intentions of this section. It shall be the further purpose of these examinations to assess the adequacy of capital protection and the capacity of the institution to meet usual and reasonably anticipated deposit withdrawals and other cash commitments without resorting to excessive borrowing or sale of assets at a significant loss, and to investigate each institution's compliance with applicable laws and rules. Based on the examination findings, the commissioner shall make a determination as to whether the institution is being operated in a safe and sound manner. None of the above provisions limits the commissioner in making additional examinations as deemed necessary or advisable. The commissioner shall investigate the methods of operation and conduct of these institutions and their systems of accounting, to ascertain whether these methods and systems are in accordance with law and sound banking principles. The commissioner may make requirements as to records as deemed necessary to facilitate the carrying out of the commissioner's duties and to properly protect the public interest. The commissioner may examine, or cause to be examined by these examiners, on oath, any officer, director, trustee, owner, agent, clerk, customer, or depositor of any financial institution touching the affairs and business thereof, and may issue, or cause to be issued by the examiners, subpoenas, and administer, or cause to be administered by the examiners, oaths. In case of any refusal to obey any subpoena issued under the commissioner's direction, the refusal may at once be reported to the district court of the district in which the bank or other financial institution is located, and this court shall enforce obedience to these subpoenas in the manner provided by law for enforcing obedience to subpoenas of the court. In all matters relating to official duties, the commissioner of commerce has the power possessed by courts of law to issue subpoenas and cause them to be served and enforced, and all officers, directors, trustees, and employees of state banks, savings banks, trust companies, savings associations, and other financial institutions within the state, and all persons having dealings with or knowledge of the affairs or methods of these institutions, shall afford reasonable facilities for these examinations, make returns and reports to the commissioner of commerce as the commissioner may require; attend and answer, under oath, the commissioner's lawful inquiries; produce and exhibit any books, accounts, documents, and property as the commissioner may desire to inspect, and in all things aid the commissioner in the performance of duties.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 5. Minnesota Statutes 2006, section 46.05, is amended to read:

46.05 SUPERVISION OVER FINANCIAL INSTITUTIONS.

Every state bank, savings bank, trust company, savings association, debt management services provider, and other financial institutions shall be at all times under the supervision and subject to the control of the commissioner of commerce. If, and whenever in the performance of duties, the commissioner finds it necessary to make a special investigation of any financial institution under the commissioner's supervision, and other than a complete examination, the commissioner shall make a charge therefor to include only the necessary costs thereof. Such a fee shall be payable to the commissioner on the commissioner's making a request for payment.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 6. Minnesota Statutes 2006, section 46.131, subdivision 2, is amended to read:

Subd. 2. **Assessment authority.** Each bank, trust company, savings bank, savings association, regulated lender, industrial loan and thrift company, credit union, motor vehicle sales finance company, debt ~~prorating agency~~ management services provider and insurance premium finance company organized under the laws of this state or required to be administered by the commissioner of commerce shall pay into the state treasury its proportionate share of the cost of maintaining the Department of Commerce.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 7. Minnesota Statutes 2006, section 47.19, is amended to read:

47.19 CORPORATION MAY BE MEMBER OR STOCKHOLDER OF FEDERAL AGENCY.

Any corporation is hereby empowered and authorized to become a member of, or stockholder in, any such agency, and to that end to purchase stock in, or securities of, or deposit money with, such agency and/or to comply with any other conditions of membership or credit; to borrow money from such agency upon such rates of interest, not exceeding the contract rate of interest in this state, and upon such terms and conditions as may be agreed upon by such corporation and such agency, for the purpose of making loans, paying withdrawals, paying maturities, paying debts, and for any other purpose not inconsistent with the objects of the corporation; provided, that the aggregate amount of the indebtedness, so incurred by such corporation, which shall be outstanding at any time shall not exceed ~~25~~ 35 percent of the then total assets of the corporation; to assign, pledge and hypothecate its bonds, mortgages or other assets; and, in case of savings associations, to repledge with such agency the shares of stock in such association which any owner thereof may have pledged as collateral security, without obtaining the consent thereunto of such owner, as security for the repayment of the indebtedness so created by such corporation and as evidenced by its note or other evidence of indebtedness given for such borrowed money; and to do any and all things which shall or may be necessary or convenient in order to comply with and to obtain the benefits of the provisions of any act of Congress creating such agency, or any amendments thereto.

Sec. 8. Minnesota Statutes 2006, section 47.59, subdivision 6, is amended to read:

Subd. 6. **Additional charges.** (a) For purposes of this subdivision, "financial institution" includes a person described in subdivision 4, paragraph (a). In addition to the finance charges permitted by this section, a financial institution may contract for and receive the following additional charges that may be included in the principal amount of the loan or credit sale unpaid balances:

(1) official fees and taxes;

(2) charges for insurance as described in paragraph (b);

(3) with respect to a loan or credit sale contract secured by real estate, the following "closing costs," if they are bona fide, reasonable in amount, and not for the purpose of circumvention or evasion of this section:

(i) fees or premiums for title examination, abstract of title, title insurance, surveys, or similar purposes;

(ii) fees for preparation of a deed, mortgage, settlement statement, or other documents, if not paid to the financial institution;

(iii) escrows for future payments of taxes, including assessments for improvements, insurance, and water, sewer, and land rents;

(iv) fees for notarizing deeds and other documents;

(v) appraisal and credit report fees; and

(vi) fees for determining whether any portion of the property is located in a flood zone and fees for ongoing monitoring of the property to determine changes, if any, in flood zone status;

(4) a delinquency charge on a payment, including the minimum payment due in connection with open-end credit, not paid in full on or before the tenth day after its due date in an amount not to exceed five percent of the amount of the payment or $5.20, whichever is greater;

(5) for a returned check or returned automatic payment withdrawal request, an amount not in excess of the service charge limitation in section 604.113<u>, except that, on a loan transaction that is a consumer small loan as defined in section 47.60, subdivision 1, paragraph (a), in which cash is advanced in exchange for a personal check, the civil penalty provisions of section 604.113, subdivision 2, paragraph (b), may not be demanded or assessed against the borrower</u>; and

(6) charges for other benefits, including insurance, conferred on the borrower that are of a type that is not for credit.

(b) An additional charge may be made for insurance written in connection with the loan or credit sale contract, which may be included in the principal amount of the loan or credit sale unpaid balances:

(1) with respect to insurance against loss of or damage to property, or against liability arising out of the ownership or use of property, if the financial institution furnishes a clear, conspicuous, and specific statement in writing to the borrower setting forth the cost of the insurance if obtained from or through the financial institution and stating that the borrower may choose the person through whom the insurance is to be obtained;

(2) with respect to credit insurance or mortgage insurance providing life, accident, health, or unemployment coverage, if the insurance coverage is not required by the financial institution, and this fact is clearly and conspicuously disclosed in writing to the borrower, and the borrower gives specific, dated, and separately signed affirmative written indication of the borrower's desire to do so after written disclosure to the borrower of the cost of the insurance; and

(3) with respect to the vendor's single interest insurance, but only (i) to the extent that the insurer has no right of subrogation against the borrower; and (ii) to the extent that the insurance does not duplicate the coverage of other insurance under which loss is payable to the financial institution as its interest may appear, against loss of or damage to property for which a separate charge is made to the borrower according to clause (1); and (iii) if a clear, conspicuous, and specific statement in writing is furnished by the financial institution to the borrower setting forth the cost of the insurance if obtained from or through the financial institution and stating that the borrower may choose the person through whom the insurance is to be obtained.

(c) In addition to the finance charges and other additional charges permitted by this section, a financial institution may contract for and receive the following additional charges in connection with open-end credit, which may be included in the principal amount of the loan or balance upon which the finance charge is computed:

(1) annual charges, not to exceed $50 per annum, payable in advance, for the privilege of opening and maintaining open-end credit;

(2) charges for the use of an automated teller machine;

(3) charges for any monthly or other periodic payment period in which the borrower has exceeded or, except for the financial institution's dishonor would have exceeded, the maximum approved credit limit, in an amount not in excess of the service charge permitted in section 604.113;

(4) charges for obtaining a cash advance in an amount not to exceed the service charge permitted in section 604.113; and

(5) charges for check and draft copies and for the replacement of lost or stolen credit cards.

(d) In addition to the finance charges and other additional charges permitted by this section, a financial institution may contract for and receive a onetime loan administrative fee not exceeding $25 in connection with closed-end credit, which may be included in the principal balance upon which the finance charge is computed. This paragraph applies only to closed-end credit in an original principal amount of $4,320 or less. The determination of an original principal amount must exclude the administrative fee contracted for and received according to this paragraph.

Sec. 9. Minnesota Statutes 2006, section 47.60, subdivision 2, is amended to read:

Subd. 2. **Authorization, terms, conditions, and prohibitions.** (a) In lieu of the interest, finance charges, or fees in any other law, a consumer small loan lender may charge the following:

(1) on any amount up to and including $50, a charge of $5.50 may be added;

(2) on amounts in excess of $50, but not more than $100, a charge may be added equal to ten percent of the loan proceeds plus a $5 administrative fee;

(3) on amounts in excess of $100, but not more than $250, a charge may be added equal to seven percent of the loan proceeds with a minimum of $10 plus a $5 administrative fee;

(4) for amounts in excess of $250 and not greater than the maximum in subdivision 1, paragraph (a), a charge may be added equal to six percent of the loan proceeds with a minimum of $17.50 plus a $5 administrative fee.

(b) The term of a loan made under this section shall be for no more than 30 calendar days.

(c) After maturity, the contract rate must not exceed 2.75 percent per month of the remaining loan proceeds after the maturity date calculated at a rate of 1/30 of the monthly rate in the contract for each calendar day the balance is outstanding.

(d) No insurance charges or other charges must be permitted to be charged, collected, or imposed on a consumer small loan except as authorized in this section.

(e) On a loan transaction in which cash is advanced in exchange for a personal check, a return check charge may be charged as authorized by section 604.113, subdivision 2, paragraph (a). The civil penalty provisions of section 604.113, subdivision 2, paragraph (b), may not be demanded or assessed against the borrower.

(f) A loan made under this section must not be repaid by the proceeds of another loan made under this section by the same lender or related interest. The proceeds from a loan made under this section must not be applied to another loan from the same lender or related interest. No loan to a single borrower made pursuant to this section shall be split or divided and no single borrower shall have outstanding more than one loan with the result of collecting a higher charge than permitted by this section or in an aggregate amount of principal exceed at any one time the maximum of $350.

Sec. 10. Minnesota Statutes 2006, section 47.62, subdivision 1, is amended to read:

Subdivision 1. **General authority.** Any person may establish and maintain one or more electronic financial terminals. Any financial institution may provide for its customers the use of an electronic financial terminal by entering into an agreement with any person who has established and maintains one or more electronic financial terminals if that person authorizes use of the electronic financial terminal to all financial institutions on a nondiscriminatory basis pursuant to section 47.64. ~~Electronic financial terminals to be established and maintained in this state by financial institutions located in states other than Minnesota must file a notification to the commissioner as required in this section. The notification may be in the form lawfully required by the state regulator responsible for the examination and supervision of that financial institution. If there is no such requirement, then notification must be in the form required by this section for Minnesota financial institutions.~~

Sec. 11. Minnesota Statutes 2006, section 47.75, subdivision 1, is amended to read:

Subdivision 1. **Retirement, health savings, and medical savings accounts.** (a) A commercial bank, savings bank, savings association, credit union, or industrial loan and thrift company may act as trustee or custodian:

(1) under the Federal Self-Employed Individual Tax Retirement Act of 1962, as amended;

(2) of a medical savings account under the Federal Health Insurance Portability and Accountability Act of 1996, as amended;

(3) of a health savings account under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, as amended; and

(4) under the Federal Employee Retirement Income Security Act of 1974, as amended.

(b) The trustee or custodian may accept the trust funds if the funds are invested only in savings accounts or time deposits in the commercial bank, savings bank, savings association, credit union, or industrial loan and thrift company, except that health savings accounts may also be invested in transaction accounts. Health savings accounts invested in transaction accounts shall not be subject to the restrictions in section 48.512, subdivision 3. All funds held in the fiduciary capacity may be commingled by the financial institution in the conduct of its business, but individual records shall be maintained by the fiduciary for each participant and shall show in detail all transactions engaged under authority of this subdivision.

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

Sec. 12. Minnesota Statutes 2006, section 48.15, subdivision 4, is amended to read:

Subd. 4. **Retirement, health savings, and medical savings accounts.** (a) A state bank may act as trustee or custodian:

(1) of a self-employed retirement plan under the Federal Self-Employed Individual Tax Retirement Act of 1962, as amended;

(2) of a medical savings account under the Federal Health Insurance Portability and Accountability Act of 1996, as amended;

(3) of a health savings account under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, as amended; and

(4) of an individual retirement account under the Federal Employee Retirement Income Security Act of 1974, as amended, if the bank's duties as trustee or custodian are essentially ministerial or custodial in nature and the funds are invested only (i) in the bank's own savings or time deposits, except that health savings accounts may also be invested in transaction accounts. Health savings accounts invested in transaction accounts

shall not be subject to the restrictions in section 48.512, subdivision 3; or (ii) in any other assets at the direction of the customer if the bank does not exercise any investment discretion, invest the funds in collective investment funds administered by it, or provide any investment advice with respect to those account assets.

(b) Affiliated discount brokers may be utilized by the bank acting as trustee or custodian for self-directed IRAs, if specifically authorized and directed in appropriate documents. The relationship between the affiliated broker and the bank must be fully disclosed. Brokerage commissions to be charged to the IRA by the affiliated broker should be accurately disclosed. Provisions should be made for disclosure of any changes in commission rates prior to their becoming effective. The affiliated broker may not provide investment advice to the customer.

(c) All funds held in the fiduciary capacity may be commingled by the financial institution in the conduct of its business, but individual records shall be maintained by the fiduciary for each participant and shall show in detail all transactions engaged under authority of this subdivision.

(d) The authority granted by this section is in addition to, and not limited by, section 47.75.

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

Sec. 13. Minnesota Statutes 2006, section 58.04, subdivision 1, is amended to read:

Subdivision 1. **Residential mortgage originator licensing requirements.** (a) ~~Beginning August 1, 1999,~~ No person shall act as a residential mortgage originator, or make residential mortgage loans without first obtaining a license from the commissioner according to the licensing procedures provided in this chapter.

(b) A licensee must be either a partnership, limited liability partnership, association, limited liability company, corporation, or other form of business organization, and must have and maintain at all times one of the following: approval as a mortgagee by either the federal Department of Housing and Urban Development or the Federal National Mortgage Association; a minimum net worth, net of intangibles, of at least $250,000; or a surety bond or irrevocable letter of credit in the amount of $100,000. Net worth, net of intangibles, must be calculated in accordance with generally accepted accounting principles.

(c) The following persons are exempt from the residential mortgage originator licensing requirements:

~~(1) an employee of one mortgage originator licensee or one person holding a certificate of exemption;~~

~~(2) a person licensed as a real estate broker under chapter 82 who is not licensed to another real estate broker;~~

~~(3) an individual real estate licensee who is licensed to a real estate broker as described in clause (2) if:~~

~~(i) the individual licensee acts only under the name, authority, and supervision of the broker to whom the licensee is licensed;~~

~~(ii) the broker to whom the licensee is licensed obtains a certificate of exemption according to section 58.05, subdivision 2;~~

~~(iii) the broker does not collect an advance fee for its residential mortgage-related activities; and~~

~~(iv) the residential mortgage origination activities are incidental to the real estate licensee's primary activities as a real estate broker or salesperson;~~

~~(4) an individual licensed as a property/casualty or life/health insurance agent under chapter 60K if:~~

~~(i) the insurance agent acts on behalf of only one residential mortgage originator, which is in compliance with chapter 58;~~

~~(ii) the insurance agent has entered into a written contract with the mortgage originator under the terms of which the mortgage originator agrees to accept responsibility for the insurance agent's residential mortgage-related activities;~~

~~(iii) the insurance agent obtains a certificate of exemption under section 58.05, subdivision 2; and~~

~~(iv) the insurance agent does not collect an advance fee for the insurance agent's residential mortgage-related activities;~~

~~(5)~~ (1) a person who is not in the business of making residential mortgage loans and who makes no more than three such loans, with its own funds, during any 12-month period;

~~(6)~~ (2) a financial institution as defined in section 58.02, subdivision 10;

~~(7)~~ (3) an agency of the federal government, or of a state or municipal government;

~~(8)~~ (4) an employee or employer pension plan making loans only to its participants;

~~(9)~~ (5) a person acting in a fiduciary capacity, such as a trustee or receiver, as a result of a specific order issued by a court of competent jurisdiction; or

~~(10)~~ (6) a person exempted by order of the commissioner.

Sec. 14. Minnesota Statutes 2006, section 58.04, subdivision 2, is amended to read:

Subd. 2. **Residential mortgage servicer licensing requirements.** (a) ~~Beginning August 1, 1999,~~ No person shall engage in activities or practices that fall within the definition of "servicing a residential mortgage loan" under section 58.02, subdivision

22, without first obtaining a license from the commissioner according to the licensing procedures provided in this chapter.

(b) The following persons are exempt from the residential mortgage servicer licensing requirements:

(1) a person licensed as a residential mortgage originator;

~~(2) an employee of one licensee or one person holding a certificate of exemption based on an exemption under this subdivision;~~

~~(3)~~ (2) a person servicing loans made with ~~its~~ the person's own funds, if no more than three such loans are made in any 12-month period;

~~(4)~~ (3) a financial institution as defined in section 58.02, subdivision 10;

~~(5)~~ (4) an agency of the federal government, or of a state or municipal government;

~~(6)~~ (5) an employee or employer pension plan making loans only to its participants;

~~(7)~~ (6) a person acting in a fiduciary capacity, such as a trustee or receiver, as a result of a specific order issued by a court of competent jurisdiction; or

~~(8)~~ (7) a person exempted by order of the commissioner.

Sec. 15. Minnesota Statutes 2006, section 58.05, is amended to read:

58.05 EXEMPTIONS FROM LICENSE.

Subdivision 1. **Exempt person.** An exempt person as defined by section 58.04, subdivision 1, paragraph ~~(b)~~ (c), and subdivision 2, paragraph (b), is exempt from the licensing requirements of this chapter, but is subject to all other provisions of this chapter.

Subd. 3. **Certificate of exemption.** A person must obtain a certificate of exemption from the commissioner to qualify as an exempt person under section 58.04, subdivision 1, paragraph ~~(b)~~ (c), ~~as a real estate broker under clause (2), an insurance agent under clause (4),~~ a financial institution under clause ~~(6)~~ (2), or by order of the commissioner under clause ~~(10)~~ (6); or under section 58.04, subdivision 2, paragraph (b), as a financial institution under clause ~~(4)~~ (3), or by order of the commissioner under clause ~~(8)~~ (7).

Sec. 16. Minnesota Statutes 2006, section 58.06, subdivision 2, is amended to read:

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

(b) An applicant must submit one of the following:

(1) evidence which shows, to the commissioner's satisfaction, that either the federal Department of Housing and Urban Development or the Federal National Mortgage Association has approved the applicant as a mortgagee;

(2) a surety bond or irrevocable letter of credit in the amount of not less than $100,000 in a form approved by the commissioner, issued by an insurance company or bank authorized to do so in this state. The bond or irrevocable letter of credit must be available for the recovery of expenses, fines, and fees levied by the commissioner under this chapter and for losses incurred by borrowers. The bond or letter of credit must be submitted with the license application, and evidence of continued coverage must be submitted with each renewal. Any change in the bond or letter of credit must be submitted for approval by the commissioner within ten days of its execution; or

(3) a copy of the applicant's most recent audited financial statement, including balance sheet, statement of income or loss, statements of changes in shareholder equity, and statement of changes in financial position. Financial statements must be as of a date within 12 months of the date of application.

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

~~(a)~~ (1) an affirmation under oath that the applicant:

~~(1) will maintain competent staff and adequate staffing levels, through direct employees or otherwise, to meet the requirements of this chapter;~~ (i) is in compliance with the requirements of section 58.125;

(ii) will maintain a perpetual roster of individuals employed as residential mortgage originators, including employees and independent contractors, which includes the date that mandatory initial education was completed. In addition, the roster must be made available to the commissioner on demand, within three business days of the commissioner's request;

~~(2)~~ (iii) will advise the commissioner of any material changes to the information submitted in the most recent application within ten days of the change;

~~(3)~~ (iv) will advise the commissioner in writing immediately of any bankruptcy petitions filed against or by the applicant or licensee;

~~(4) is financially solvent;~~ (v) will maintain at all times either a net worth, net of intangibles, of at least $250,000 or a surety bond or irrevocable letter of credit in the amount of at least $100,000;

~~(5)~~ (vi) complies with federal and state tax laws; and

~~(6)~~ (vii) complies with sections 345.31 to 345.60, the Minnesota unclaimed property law; ~~and~~

~~(7) is, or that a person in control of the license applicant is, at least 18 years of age;~~

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

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

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

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

~~(f)~~ (6) other information required by the commissioner.

Sec. 17. Minnesota Statutes 2006, section 58.06, is amended by adding a subdivision to read:

Subd. 3. **Waiver.** The commissioner may, for good cause shown, waive any requirement of this section with respect to any license application or to permit a license applicant to submit substituted information in its license application in lieu of the information required by this section.

Sec. 18. Minnesota Statutes 2006, section 58.08, subdivision 3, is amended to read:

Subd. 3. **Exemption.** ~~Subdivisions 1 and~~ Subdivision 2 ~~do~~ does not apply to mortgage originators or mortgage servicers who are approved as seller/servicers by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

Sec. 19. Minnesota Statutes 2006, section 58.10, subdivision 1, is amended to read:

Subdivision 1. **Amounts.** The following fees must be paid to the commissioner:

(1) for an initial residential mortgage originator license, ~~$850~~ $2,550, $50 of which is credited to the consumer education account in the special revenue fund;

(2) for a renewal license, ~~$450~~ $1,350, $50 of which is credited to the consumer education account in the special revenue fund;

(3) for an initial residential mortgage servicer's license, $1,000;

(4) for a renewal license, $500; and

(5) for a certificate of exemption, $100.

Sec. 20. **[58.115] EXAMINATIONS.**

The commissioner has under this chapter the same powers with respect to examinations that the commissioner has under section 46.04, including the authority to charge for the direct costs of the examination, including travel and per diem expenses.

Sec. 21. **[58.126] EDUCATION REQUIREMENT.**

No individual shall engage in residential mortgage origination or make residential mortgage loans, whether as an employee or independent contractor, before the completion of 15 hours of educational training which has been approved by the commissioner, and covering state and federal laws concerning residential mortgage lending.

Sec. 22. **[59C.01] SHORT TITLE.**

This chapter may be cited as the Vehicle Protection Product Act.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 23. **[59C.02] DEFINITIONS.**

Subdivision 1. **Terms.** For purposes of this chapter, the terms defined in subdivisions 2 to 11 have the meanings given them.

Subd. 2. **Administrator.** "Administrator" means a third party other than the warrantor who is designated by the warrantor to be responsible for the administration of vehicle protection product warranties.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subd. 4. **Department.** "Department" means the Department of Commerce.

Subd. 5. **Incidental costs.** "Incidental costs" means expenses specified in the warranty incurred by the warranty holder related to the failure of the vehicle protection product to perform as provided in the warranty. Incidental costs may include, without limitation, insurance policy deductibles, rental vehicle charges, the difference between the actual value of the stolen vehicle at the time of theft and the cost of a replacement vehicle, sales taxes, registration fees, transaction fees, and mechanical inspection fees.

Subd. 6. **Service contract.** "Service contract" means a contract or agreement as regulated under chapter 59B.

Subd. 7. **Vehicle protection product.** "Vehicle protection product" means a vehicle protection device, system, or service that:

(1) is installed on or applied to a vehicle;

(2) is designed to prevent loss or damage to a vehicle from a specific cause; and

(3) includes a written warranty.

For purposes of this section, vehicle protection product includes, without limitation, alarm systems; body part marking products; steering locks; window etch products; pedal and ignition locks; fuel and ignition kill switches; and electronic, radio, and satellite tracking devices.

Subd. 8. **Vehicle protection product warranty or warranty.** "Vehicle protection product warranty" or "warranty" means, for the purposes of this chapter, a written agreement by a warrantor that provides if the vehicle protection product fails to prevent loss or damage to a vehicle from a specific cause, that the warranty holder must be paid specified incidental costs by the warrantor as a result of the failure of the vehicle protection product to perform pursuant to the terms of the warranty.

Subd. 9. **Vehicle protection product warrantor or warrantor.** "Vehicle protection product warrantor" or "warrantor," for the purposes of this chapter, means a person who is contractually obligated to the warranty holder under the terms of the vehicle protection product warranty agreement. Warrantor does not include an authorized insurer providing a warranty reimbursement insurance policy.

Subd. 10. **Warranty holder.** "Warranty holder," for the purposes of this chapter, means the person who purchases a vehicle protection product or who is a permitted transferee.

Subd. 11. **Warranty reimbursement insurance policy.** "Warranty reimbursement insurance policy" means a policy of insurance that is issued to the vehicle protection product warrantor to provide reimbursement to, or to pay on behalf of, the warrantor all covered contractual obligations incurred by the warrantor under the terms and conditions of the insured vehicle protection product warranties sold by the warrantor.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 24. **[59C.03] SCOPE AND EXEMPTIONS.**

(a) No vehicle protection product may be sold or offered for sale in this state unless the seller, warrantor, and administrator, if any, comply with the provisions of this chapter.

(b) Vehicle protection product warrantors and related vehicle protection product sellers and warranty administrators complying with this chapter are not required to comply with and are not subject to any other provision of chapters 59B to 72A, except that section 72A.20, subdivision 38, shall apply to vehicle protection product warranties in the same manner it applies to service contracts.

(c) Service contract providers who do not sell vehicle protection products are not subject to the requirements of this chapter and sales of vehicle protection products are exempt from the requirements of chapter 59B.

(d) Warranties, indemnity agreements, and guarantees that are not provided as a part of a vehicle protection product are not subject to the provisions of this chapter.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 25. **[59C.04] REGISTRATION AND FILING REQUIREMENTS OF WARRANTORS.**

Subdivision 1. **General requirement.** A person may not operate as a warrantor or represent to the public that the person is a warrantor unless the person is registered with the department on a form prescribed by the commissioner.

Subd. 2. **Registration records.** A registrant shall file a warrantor registration record annually and shall update it within 30 days of any change. A registration record must contain the following information:

(1) the warrantor's name, any fictitious names under which the warrantor does business in the state, principal office address, and telephone number;

(2) the name and address of the warrantor's agent for service of process in the state if other than the warrantor;

(3) the names of the warrantor's executive officer or officers directly responsible for the warrantor's vehicle protection product business;

(4) the name, address, and telephone number of any administrators designated by the warrantor to be responsible for the administration of vehicle protection product warranties in this state;

(5) a copy of the warranty reimbursement insurance policy or policies or other financial information required by section 59C.05;

(6) a copy of each warranty the warrantor proposes to use in this state; and

(7) a statement indicating under which provision of section 59C.05 the warrantor qualifies to do business in this state as a warrantor.

Subd. 3. **Registration fee.** The commissioner may charge each registrant a reasonable fee to offset the cost of processing the registration and maintaining the records in an amount not to exceed $250 annually. The information in subdivision 2, clauses (1) and (2), must be made available to the public.

Subd. 4. **Renewal.** If a registrant fails to register by the renewal deadline, the commissioner shall give them written notice of the failure and the registrant will have 30 days to complete the renewal of the registration before the commissioner suspends the registration.

Subd. 5. **Exception.** An administrator or person who sells or solicits a sale of a vehicle protection product but who is not a warrantor shall not be required to register as a warrantor or be licensed under the insurance laws of this state to sell vehicle protection products.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 26. **[59C.05] FINANCIAL RESPONSIBILITY.**

Subdivision 1. **General requirements.** No vehicle protection product may be sold, or offered for sale in this state unless the warrantor meets either the requirements of subdivision 2 or 3 in order to ensure adequate performance under the warranty. No other financial security requirements or financial standards for warrantors is required.

Subd. 2. **Warranty reimbursement insurance policy.** The vehicle protection product warrantor shall be insured under a warranty reimbursement insurance policy issued by an insurer authorized to do business in this state which provides that:

(1) the insurer will pay to, or on behalf of the warrantor, 100 percent of all sums that the warrantor is legally obligated to pay according to the warrantor's contractual obligations under the warrantor's vehicle protection product warranty;

(2) a true and correct copy of the warranty reimbursement insurance policy has been filed with the commissioner by the warrantor; and

(3) the policy contains the provision required in section 59C.06.

Subd. 3. **Network or stockholder's equity.** (1) The vehicle protection product warrantor, or its parent company in accordance with clause (2), shall maintain a net worth or stockholders' equity of $50,000,000; and

(2) the warrantor shall provide the commissioner with a copy of the warrantor's or the warrantor's parent company's most recent Form 10-K or Form 20-F filed with the Securities and Exchange Commission within the last calendar year or, if the warrantor does not file with the Securities and Exchange Commission, a copy of the warrantor or the warrantor's parent company's audited financial statements that shows a net worth of the warrantor or its parent company of at least $50,000,000. If the warrantor's parent company's Form 10-K, Form 20-F, or audited financial statements are filed to meet the warrantor's financial stability requirement, then the parent company shall agree to guarantee the obligations of the warrantor relating to warranties issued by the warrantor in this state. The financial information provided to the commissioner under this paragraph is trade secret information for purposes of section 13.37.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 27. **[59C.06] WARRANTY REIMBURSEMENT POLICY REQUIREMENTS.**

No warranty reimbursement insurance policy may be issued, sold, or offered for sale in this state unless the policy meets the following conditions:

(1) the policy states that the issuer of the policy will reimburse, or pay on behalf of the vehicle protection product warrantor, all covered sums that the warrantor is legally obligated to pay, or will provide all service that the warrantor is legally obligated to perform according to the warrantor's contractual obligations under the provisions of the insured warranties sold by the warrantor;

(2) the policy states that in the event payment due under the terms of the warranty is not provided by the warrantor within 60 days after proof of loss has been filed according to the terms of the warranty by the warranty holder, the warranty holder may file directly with the warranty reimbursement insurance company for reimbursement;

(3) the policy provides that a warranty reimbursement insurance company that insures a warranty is deemed to have received payment of the premium if the warranty holder paid for the vehicle protection product and the insurer's liability under the policy shall not be reduced or relieved by a failure of the warrantor, for any reason, to report the issuance of a warranty to the insurer; and

(4) the policy has the following provisions regarding cancellation of the policy:

(i) the issuer of a reimbursement insurance policy shall not cancel the policy until a notice of cancellation in writing has been mailed or delivered to the commissioner and each insured warrantor;

(ii) the cancellation of a reimbursement insurance policy shall not reduce the issuer's responsibility for vehicle protection products sold prior to the date of cancellation; and

(iii) in the event an insurer cancels a policy that a warrantor has filed with the commissioner, the warrantor shall do either of the following:

(A) file a copy of a new policy with the commissioner, before the termination of the prior policy, providing no lapse in coverage following the termination of the prior policy; or

(B) discontinue offering warranties as of the termination date of the policy until a new policy becomes effective and is accepted by the commissioner.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 28. **[59C.07] DISCLOSURE TO WARRANTY HOLDER.**

A vehicle protection product warranty must not be sold or offered for sale in this state unless the warranty:

(1) states, "The obligations of the warrantor to the warranty holder are guaranteed under a warranty reimbursement insurance policy" if the warrantor elects to meet its financial responsibility obligations under section 59C.05, subdivision 2, or states "The obligations of the warrantor under this warranty are backed by the full faith and credit of the warrantor" if the warrantor elects to meet its financial responsibility obligations under section 59C.05, subdivision 3;

(2) states that in the event a warranty holder must make a claim against a party other than the warranty reimbursement insurance policy issuer, the warranty holder is entitled to make a direct claim against the insurer upon the failure of the warrantor to pay any claim or meet any obligation under the terms of the warranty within 60 days after proof of loss has been filed with the warrantor, if the warrantor elects to meet its financial responsibility obligations under section 59C.05, subdivision 2;

(3) states the name and address of the issuer of the warranty reimbursement insurance policy, and this information need not be preprinted on the warranty form, but may be added to or stamped on the warranty, if the warrantor elects to meet its financial responsibility obligations under section 59C.05, subdivision 2;

(4) identifies the warrantor, the seller, and the warranty holder;

(5) sets forth the total purchase price and the terms under which it is to be paid, however, the purchase price is not required to be preprinted on the vehicle protection product warranty and may be negotiated with the consumer at the time of sale;

(6) sets forth the procedure for making a claim, including a telephone number;

(7) specifies the payments or performance to be provided under the warranty including payments for incidental costs expressed as either a fixed amount specified in the warranty or sales agreement or by the use of a formula itemizing specific incidental costs incurred by the warranty holder, the manner of calculation or determination of payments or performance, and any limitations, exceptions, or exclusions;

(8) sets forth all of the obligations and duties of the warranty holder such as the duty to protect against any further damage to the vehicle, the obligation to notify the warrantor in advance of any repair, or other similar requirements, if any;

(9) sets forth any terms, restrictions, or conditions governing transferability and cancellation of the warranty, if any; and

(10) contains a disclosure that reads substantially as follows: "This agreement is a product warranty and is not insurance."

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 29. **[59C.08] PROHIBITED ACTS.**

(a) Unless licensed as an insurance company, a vehicle protection product warrantor shall not use in its name, contracts, or literature, any of the words "insurance," "casualty," "surety," "mutual," or any other words descriptive of the insurance, casualty, or surety business or deceptively similar to the name or description of any insurance or surety corporation, or any other vehicle protection product warrantor. A warrantor may use the term "guaranty" or similar word in the warrantor's name.

(b) A vehicle protection product seller or warrantor may not require as a condition of financing that a retail purchaser of a motor vehicle purchase a vehicle protection product.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 30. **[59C.09] RECORD KEEPING.**

(a) All vehicle protection product warrantors shall keep accurate accounts, books, and records concerning transactions regulated under this chapter.

(b) A vehicle protection product warrantor's accounts, books, and records must include:

(1) copies of all vehicle protection product warranties;

(2) the name and address of each warranty holder; and

(3) the dates, amounts, and descriptions of all receipts, claims, and expenditures.

(c) A vehicle protection product warrantor shall retain all required accounts, books, and records pertaining to each warranty holder for at least two years after the specified period of coverage has expired. A warrantor discontinuing business in this state shall maintain its records until it furnishes the commissioner satisfactory proof that it has discharged all obligations to warranty holders in this state.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 31. **[59C.10] COMMISSIONER'S POWERS AND DUTIES.**

Subdivision 1. **Examination and compliance powers.** The commissioner may conduct examinations of warrantors, administrators, or other persons to enforce this chapter and protect warranty holders in this state. Upon request of the commissioner, a warrantor shall make available to the commissioner all accounts, books, and records concerning vehicle protection products sold by the warrantor and transactions regulated under this chapter that are necessary to enable the commissioner to reasonably determine compliance or noncompliance with this chapter.

Subd. 2. **Enforcement authority.** The commissioner may take action that is necessary or appropriate to enforce the provisions of this chapter and the commissioner's rules and orders and to protect warranty holders in this state. The commissioner has the enforcement authority in chapter 45 available to enforce the provisions of the chapter and the rules adopted pursuant to it.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 32. **[59C.12] APPLICABILITY.**

This chapter applies to all vehicle protection products sold or offered for sale on or after the effective date of this chapter. The failure of any person to comply with this chapter before its effective date is not admissible in any court proceeding, administrative proceeding, arbitration, or alternative dispute resolution proceeding and may not otherwise be used to prove that the action of any person or the affected vehicle protection product was unlawful or otherwise improper. The adoption of this chapter does not imply that a vehicle protection product warranty was insurance before the effective date of this chapter. Nothing in this section may be construed to require the application of the penalty provisions where this section is not applicable.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 33. **[60K.365] PRODUCER TRAINING REQUIREMENTS FOR LONG-TERM CARE PARTNERSHIP PROGRAM INSURANCE PRODUCTS.**

(a) An individual may not sell, solicit, or negotiate long-term care insurance unless the individual is licensed as an insurance producer for accident and health or sickness insurance or life insurance and has completed an initial training course and ongoing training every 24 months thereafter. The training shall meet the requirements of paragraph (b).

(b) The initial training course required by this subdivision shall be no less than eight hours and the ongoing training courses required by this subdivision shall be no less than four hours every 24 months. The courses shall be approved by the Department of Commerce and may be approved as continuing education courses under section 60K.56. The courses shall consist of topics related to long-term care insurance, long-term care services, and, if applicable, qualified state long-term care insurance partnership programs, including but not limited to:

(1) state and federal regulations and requirements and the relationship between qualified state long-term care insurance partnership programs and other public and private coverage of long-term care services, including Medicaid;

(2) available long-term care services and providers;

(3) changes or improvements in long-term care services or providers;

(4) alternatives to the purchase of private long-term care insurance;

(5) the effect of inflation on benefits and the importance of inflation protection; and

(6) consumer suitability standards and guidelines.

The training required by this subdivision shall not include training that is insurer or company product specific or that includes any sales or marketing information, materials, or training, other than those required by state or federal law.

(c) Insurers shall obtain verification that a producer has received the training required by this subdivision before a producer is permitted to sell, solicit, or negotiate the insurer's long-term care insurance products. Insurers shall maintain records verifying that the producer has received the training contained in this subdivision and make that verification available to the commissioner upon request.

(d) Currently licensed producers must complete the initial training course by January 1, 2008.

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

Sec. 34. Minnesota Statutes 2006, section 60K.55, subdivision 2, is amended to read:

Subd. 2. **Licensing fees.** (a) In addition to fees provided for examinations and the technology surcharge required under paragraph (d), each insurance producer licensed under this chapter shall pay to the commissioner a fee of:

(1) $50 for an initial life, accident and health, property, or casualty license issued to an individual insurance producer, and a fee of $50 for each renewal;

(2) $50 for an initial variable life and variable annuity license issued to an individual insurance producer, and a fee of $50 for each renewal;

(3) $50 for an initial personal lines license issued to an individual insurance producer, and a fee of $50 for each renewal;

(4) $50 for an initial limited lines license issued to an individual insurance producer, and a fee of $50 for each renewal;

(5) $200 for an initial license issued to a business entity, and a fee of $200 for each renewal; and

(6) $500 for an initial surplus lines license, and a fee of $500 for each renewal.

(b) Initial licenses issued under this chapter are valid for a period not to exceed 24 months and expire on October 31 of the renewal year assigned by the commissioner. Each renewal insurance producer license is valid for a period of 24 months. Licensees who submit renewal applications postmarked or delivered on or before October 15 of the renewal year may continue to transact business whether or not the renewal license has been received by November 1. Licensees who submit applications postmarked or delivered after October 15 of the renewal year must not transact business after the expiration date of the license until the renewal license has been received.

(c) All fees are nonreturnable, except that an overpayment of any fee may be refunded upon proper application.

(d) In addition to the fees required under paragraph (a), individual insurance producers shall pay, for each initial license and renewal, a technology surcharge of up to $40 under section 45.24, unless the commissioner has adjusted the surcharge as permitted under that section.

EFFECTIVE DATE. This section is effective October 1, 2007.

Sec. 35. Minnesota Statutes 2006, section 65B.44, subdivision 2, is amended to read:

Subd. 2. **Medical expense benefits.** (a) Medical expense benefits shall reimburse all reasonable expenses for necessary:

(1) medical, surgical, x-ray, optical, dental, chiropractic, and rehabilitative services, including prosthetic devices and items that provide relief from any injury;

(2) prescription drugs;

(3) ambulance and all other transportation expenses incurred in traveling to receive other covered medical expense benefits;

(4) sign interpreting and language translation services, other than such services provided by a family member of the patient, related to the receipt of medical, surgical, x-ray, optical, dental, chiropractic, hospital, extended care, nursing, and rehabilitative services; and

(5) hospital, extended care, and nursing services.

(b) Hospital room and board benefits may be limited, except for intensive care facilities, to the regular daily semiprivate room rates customarily charged by the institution in which the recipient of benefits is confined.

(c) Such benefits shall also include necessary remedial treatment and services recognized and permitted under the laws of this state for an injured person who relies upon spiritual means through prayer alone for healing in accordance with that person's religious beliefs.

(d) Medical expense loss includes medical expenses accrued prior to the death of a person notwithstanding the fact that benefits are paid or payable to the decedent's survivors.

(e) Medical expense benefits for rehabilitative services shall be subject to the provisions of section 65B.45.

Sec. 36. Minnesota Statutes 2006, section 65B.44, subdivision 3, is amended to read:

Subd. 3. **Disability and income loss benefits.** Disability and income loss benefits shall provide compensation for 85 percent of the injured person's loss of present and future gross income from inability to work proximately caused by the nonfatal injury subject to a maximum of ~~$250~~ $500 per week. Loss of income includes the costs incurred by a self-employed person to hire substitute employees to perform tasks which are necessary to maintain the income of the injured person, which are normally performed by the injured person, and which cannot be performed because of the injury.

If the injured person is unemployed at the time of injury and is receiving or is eligible to receive unemployment benefits under chapter 268, but the injured person loses eligibility for those benefits because of inability to work caused by the injury, disability and income loss benefits shall provide compensation for the lost benefits in an amount equal to the unemployment benefits which otherwise would have been payable, subject to a maximum of ~~$250~~ $500 per week.

Compensation under this subdivision shall be reduced by any income from substitute work actually performed by the injured person or by income the injured person would have earned in available appropriate substitute work which the injured person was capable of performing but unreasonably failed to undertake.

For the purposes of this section "inability to work" means disability which prevents the injured person from engaging in any substantial gainful occupation or employment on a regular basis, for wage or profit, for which the injured person is or may by training become reasonably qualified. If the injured person returns to employment and is unable by reason of the injury to work continuously, compensation for lost income shall be reduced by the income received while the injured person is actually able to work. The weekly maximums may not be prorated to arrive at a daily maximum, even if the injured person does not incur loss of income for a full week.

For the purposes of this section, an injured person who is "unable by reason of the injury to work continuously" includes, but is not limited to, a person who misses time from work, including reasonable travel time, and loses income, vacation, or sick leave benefits, to obtain medical treatment for an injury arising out of the maintenance or use of a motor vehicle.

Sec. 37. Minnesota Statutes 2006, section 65B.44, subdivision 4, is amended to read:

Subd. 4. **Funeral and burial expenses.** Funeral and burial benefits shall be reasonable expenses not in excess of ~~$2,000~~ $5,000, including expenses for cremation or delivery under the Uniform Anatomical Gift Act (1987), sections 525.921 to 525.9224.

Sec. 38. Minnesota Statutes 2006, section 65B.44, subdivision 5, is amended to read:

Subd. 5. **Replacement service and loss.** Replacement service loss benefits shall reimburse all expenses reasonably incurred by or on behalf of the nonfatally injured person in obtaining usual and necessary substitute services in lieu of those that, had the injured person not been injured, the injured person would have performed not for income but for direct personal benefit or for the benefit of the injured person's household; if the nonfatally injured person normally, as a full time responsibility, provides care and maintenance of a home with or without children, the benefit to be provided under this subdivision shall be the reasonable value of such care and maintenance or the reasonable expenses incurred in obtaining usual and necessary substitute care and maintenance of the home, whichever is greater. These benefits shall be subject to a maximum of ~~$200~~ $600 per week. All replacement services loss sustained on the date of injury and the first seven days thereafter is excluded in calculating replacement services loss.

Sec. 39. Minnesota Statutes 2006, section 65B.47, subdivision 7, is amended to read:

Subd. 7. **Adding policies together.** Unless a policyholder makes a specific election not to have two or more policies added together the limit of liability for basic economic loss benefits for two or more motor vehicles ~~may not~~ must be added together to determine the limit of insurance coverage available to an injured person for any one accident. An insurer shall notify policyholders that they may elect not to have two or more policies added together.

Sec. 40. Minnesota Statutes 2006, section 65B.54, subdivision 1, is amended to read:

Subdivision 1. **Payment of basic economic loss benefits.** Basic economic loss benefits are payable monthly as loss accrues. Loss accrues not when injury occurs, but as income loss, replacement services loss, survivor's economic loss, survivor's replacement services loss, or medical or funeral expense is incurred. Benefits are overdue if not paid within 30 days after the reparation obligor receives reasonable proof of the fact and amount of loss realized, unless the reparation obligor elects to accumulate claims for periods not exceeding 31 days and pays them within 15 days after the period of accumulation. However, if the insurer notifies the insured that it is denying benefits, the insured need not continue to provide the insurer with proof of the bills, losses, or expenses. If reasonable proof is supplied as to only part of a claim, and the part totals $100 or more, the part is overdue if not paid within the time provided by this section. Medical or funeral expense benefits may be paid by the reparation obligor directly to persons supplying products, services, or accommodations to the claimant.

Sec. 41. Minnesota Statutes 2006, section 65B.54, is amended by adding a subdivision to read:

Subd. 6. **Unethical practices.** (a) A licensed health care provider shall not initiate direct contact, in person, over the telephone, or by other electronic means, with any person who has suffered an injury arising out of the maintenance or use of an automobile, for the purpose of influencing that person to receive treatment or to purchase any good or item from the licensee or anyone associated with the licensee. This subdivision prohibits such direct contact whether initiated by the licensee individually or on behalf of the licensee by any employee, independent contractor, agent, or third party. This subdivision does not apply when an injured person voluntarily initiates contact with a licensee.

(b) This subdivision does not prohibit licensees from mailing advertising literature directly to such persons, so long as:

(1) the word "ADVERTISEMENT" appears clearly and conspicuously at the beginning of the written materials;

(2) the name of the individual licensee appears clearly and conspicuously within the written materials;

(3) the licensee is clearly identified as a licensed health care provider within the written materials; and

(4) the licensee does not initiate, individually or through any employee, independent contractor, agent, or third party, direct contact with the person after the written materials are sent.

(c) This subdivision does not apply to:

(1) advertising that does not involve direct contact with specific prospective patients, in public media such as telephone directories, professional directories, ads in newspapers and other periodicals, radio or television ads, Web sites, billboards, or similar media; or

(2) general marketing practices such as giving lectures; participating in special events, trade shows, or meetings of organizations; or making presentations relative to the benefits of chiropractic treatment; or

(3) contact with friends or relatives, or statements made in a social setting.

(d) A violation of this subdivision is grounds for the licensing authority to take disciplinary action against the licensee, including revocation in appropriate cases.

Sec. 42. Minnesota Statutes 2006, section 80A.28, subdivision 1, is amended to read:

Subdivision 1. **Registration or notice filing fee.** (a) There shall be a filing fee of $100 for every application for registration or notice filing. There shall be an additional fee of one-tenth of one percent of the maximum aggregate offering price at which the securities are to be offered in this state, and the maximum combined fees shall not exceed $300.

(b) When an application for registration is withdrawn before the effective date or a preeffective stop order is entered under section 80A.13, subdivision 1, all but the $100 filing fee shall be returned. If an application to register securities is denied, the total of all fees received shall be retained.

(c) Where a filing is made in connection with a federal covered security under section 18(b)(2) of the Securities Act of 1933, there is a fee of $100 for every initial filing. If the filing is made in connection with redeemable securities issued by an open end management company or unit investment trust, as defined in the Investment Company Act of 1940, there is an additional annual fee of 1/20 of one percent of the maximum aggregate offering price at which the securities are to be offered in this state during the notice filing period. The fee must be paid at the time of the initial filing and thereafter in connection with each renewal no later than July 1 of each year and must be sufficient to cover the shares the issuer expects to sell in this state over the next 12 months. If during a current notice filing the issuer determines it is likely to sell shares in excess of the shares for which fees have been paid to the commissioner, the issuer shall submit an amended notice filing to the commissioner under section 80A.122, subdivision 1, clause (3), together with a fee of 1/20 of one percent of the maximum aggregate offering price of the additional shares. Shares for which a fee has been paid, but which have not been sold at the time of expiration of the notice filing, may not be sold unless an additional fee to cover the shares has been paid to the commissioner as provided in this section and section 80A.122, subdivision 4a. If the filing is made in connection with redeemable securities issued by such a company or trust, there is no maximum fee for securities filings made according to this paragraph. If the filing is made in connection with any other federal covered security under Section 18(b)(2) of the Securities Act of 1933, there is an additional fee of one-tenth of one percent of the maximum aggregate offering price at which the securities are to be offered in this state, and the combined fees shall not exceed $300. Beginning with fiscal year 2001 and continuing each fiscal year thereafter, as of the last day of each fiscal year, the commissioner shall determine the total amount of all fees that were collected under this paragraph in connection with any filings made for that fiscal year for securities of an open-end investment company on behalf of a security that is a federal covered security pursuant to section 18(b)(2) of the Securities Act of 1933. ~~To the extent the total fees collected by the commissioner in connection with these filings exceed $25,000,000 in a fiscal year, the commissioner shall refund, on a pro rata basis, to all persons who paid any~~

~~fees for that fiscal year, the amount of fees collected by the commissioner in excess of $25,000,000.~~ No individual refund is required of amounts of $100 or less for a fiscal year.

Sec. 43. Minnesota Statutes 2006, section 80A.65, subdivision 1, is amended to read:

Subdivision 1. **Registration or notice filing fee.** (a) There shall be a filing fee of $100 for every application for registration or notice filing. There shall be an additional fee of one-tenth of one percent of the maximum aggregate offering price at which the securities are to be offered in this state, and the maximum combined fees shall not exceed $300.

(b) When an application for registration is withdrawn before the effective date or a preeffective stop order is entered under section 80A.54, all but the $100 filing fee shall be returned. If an application to register securities is denied, the total of all fees received shall be retained.

(c) Where a filing is made in connection with a federal covered security under section 18(b)(2) of the Securities Act of 1933, there is a fee of $100 for every initial filing. If the filing is made in connection with redeemable securities issued by an open end management company or unit investment trust, as defined in the Investment Company Act of 1940, there is an additional annual fee of 1/20 of one percent of the maximum aggregate offering price at which the securities are to be offered in this state during the notice filing period. The fee must be paid at the time of the initial filing and thereafter in connection with each renewal no later than July 1 of each year and must be sufficient to cover the shares the issuer expects to sell in this state over the next 12 months. If during a current notice filing the issuer determines it is likely to sell shares in excess of the shares for which fees have been paid to the administrator, the issuer shall submit an amended notice filing to the administrator under section 80A.50, together with a fee of 1/20 of one percent of the maximum aggregate offering price of the additional shares. Shares for which a fee has been paid, but which have not been sold at the time of expiration of the notice filing, may not be sold unless an additional fee to cover the shares has been paid to the administrator as provided in this section and section 80A.50. If the filing is made in connection with redeemable securities issued by such a company or trust, there is no maximum fee for securities filings made according to this paragraph. If the filing is made in connection with any other federal covered security under Section 18(b)(2) of the Securities Act of 1933, there is an additional fee of one-tenth of one percent of the maximum aggregate offering price at which the securities are to be offered in this state, and the combined fees shall not exceed $300. ~~Beginning with fiscal year 2001 and continuing each fiscal year thereafter, as of the last day of each fiscal year, the administrator shall determine the total amount of all fees that were collected under this paragraph in connection with any filings~~

~~made for that fiscal year for securities of an open-end investment company on behalf of a security that is a federal covered security pursuant to section 18(b)(2) of the Securities Act of 1933. To the extent the total fees collected by the administrator in connection with these filings exceed $25,000,000 in a fiscal year, the administrator shall refund, on a pro rata basis, to all persons who paid any fees for that fiscal year, the amount of fees collected by the administrator in excess of $25,000,000.~~ No individual refund is required of amounts of $100 or less for a fiscal year.

Sec. 44. Minnesota Statutes 2006, section 82.24, subdivision 1, is amended to read:

Subdivision 1. **Amounts.** The following fees shall be paid to the commissioner:

(a) a fee of $150 for each initial individual broker's license, and a fee of $100 for each renewal thereof;

(b) a fee of $70 for each initial salesperson's license, and a fee of $40 for each renewal thereof;

(c) a fee of $85 for each initial real estate closing agent license, and a fee of $60 for each renewal thereof;

(d) a fee of $150 for each initial corporate, limited liability company, or partnership license, and a fee of $100 for each renewal thereof;

(e) a fee for payment to the education, research and recovery fund in accordance with section 82.43;

(f) a fee of $20 for each transfer;

(g) a fee of $50 for license reinstatement; ~~and~~

(h) a fee of $20 for reactivating a corporate, limited liability company, or partnership license without land; and

(i) in addition to the fees required under this subdivision, individual licensees under clauses (a) and (b) shall pay, for each initial license and renewal, a technology surcharge of up to $40 under section 45.24, unless the commissioner has adjusted the surcharge as permitted under that section.

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

Sec. 45. Minnesota Statutes 2006, section 82.24, subdivision 4, is amended to read:

Subd. 4. **Deposit of fees.** Unless otherwise provided by this chapter, all fees collected under this chapter shall be deposited in the state treasury. The technology surcharge shall be deposited as required under section 45.24.

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

Sec. 46. Minnesota Statutes 2006, section 82B.09, subdivision 1, is amended to read:

Subdivision 1. **Amounts.** (a) The following fees must be paid to the commissioner:

(1) $150 for each initial individual real estate appraiser's license; and

(2) $100 for each renewal.

(b) In addition to the fees required under this subdivision, individual real estate appraisers shall pay a technology surcharge of up to $40 under section 45.24, unless the commissioner has adjusted the surcharge as permitted under that section.

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

Sec. 47. Minnesota Statutes 2006, section 118A.03, subdivision 2, is amended to read:

Subd. 2. **In lieu of surety bond.** The following are the allowable forms of collateral in lieu of a corporate surety bond:

(1) United States government Treasury bills, Treasury notes, Treasury bonds;

(2) issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;

(3) general obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;

(4) ~~unrated~~ general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;

(5) irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and

(6) time deposits that are fully insured by any federal agency.

Sec. 48. Minnesota Statutes 2006, section 148.102, is amended by adding a subdivision to read:

Subd. 3a. **Reparation obligors.** A reparation obligor as defined in section 65B.43, subdivision 9, may submit any relevant information to the board in any case in which the reparation obligor has reason to believe that charges being billed by a licensee are fraudulent, unreasonable, or inconsistent with treatment actually received by the injured party involved.

A reparation obligor that makes a report under this section shall provide the board with any additional information, related to the reported activities, requested by the board.

Sec. 49. Minnesota Statutes 2006, section 239.101, subdivision 3, is amended to read:

Subd. 3. **Petroleum inspection fee.** (a) An inspection fee is imposed (1) on petroleum products when received by the first licensed distributor, and (2) on petroleum products received and held for sale or use by any person when the petroleum products have not previously been received by a licensed distributor. The petroleum inspection fee is $1 for every 1,000 gallons received. The commissioner of revenue shall collect the fee. The revenue from 81 cents of the fee is appropriated to the commissioner of commerce for the cost of operations of the Division of Weights and Measures, petroleum supply monitoring, and ~~the oil burner retrofit program~~ to make grants to providers of low-income weatherization services to install renewable energy equipment in households that are eligible for weatherization assistance under Minnesota's weatherization assistance program state plan. The remainder of the fee must be deposited in the general fund.

(b) The commissioner of revenue shall credit a person for inspection fees previously paid in error or for any material exported or sold for export from the state upon filing of a report as prescribed by the commissioner of revenue.

(c) The commissioner of revenue may collect the inspection fee along with any taxes due under chapter 296A.

Sec. 50. **[325E.027] DISCRIMINATION PROHIBITION.**

(a) No dealer or distributor of liquid propane gas or number 1 or number 2 fuel oil who has signed a low-income home energy assistance program vendor agreement with the department of commerce may refuse to deliver liquid propane gas or number 1 or number 2 fuel oil to any person located within the dealer's or distributor's normal delivery area who receives direct grants under the low-income home energy assistance program if:

(1) the person has requested delivery;

(2) the dealer or distributor has product available;

(3) the person requesting delivery is capable of making full payment at the time of delivery; and

(4) the person is not in arrears regarding any previous fuel purchase from that dealer or distributor.

(b) A dealer or distributor making delivery to a person receiving direct grants under the low-income home energy assistance program may not charge that person any additional costs or fees that would not be charged to any other customer and must make available to that person any discount program on the same basis as the dealer or distributor makes available to any other customer.

Sec. 51. Minnesota Statutes 2006, section 325E.311, subdivision 6, is amended to read:

Subd. 6. **Telephone solicitation.** "Telephone solicitation" means any voice communication over a telephone line for the purpose of encouraging the purchase or rental of, or investment in, property, goods, or services, whether the communication is made by a live operator, through the use of an automatic dialing-announcing device as defined in section 325E.26, subdivision 2, or by other means. Telephone solicitation does not include communications:

(1) to any residential subscriber with that subscriber's prior express invitation or permission; or

(2) by or on behalf of any person or entity with whom a residential subscriber has a prior or current business or personal relationship.

Telephone solicitation also does not include communications if the caller is identified by a caller identification service and the call is:

(i) by or on behalf of an organization that is identified as a nonprofit organization under state or federal law, unless the organization is a debt management services provider defined in section 332A.02;

(ii) by a person soliciting without the intent to complete, and who does not in fact complete, the sales presentation during the call, but who will complete the sales presentation at a later face-to-face meeting between the solicitor who makes the call and the prospective purchaser; or

(iii) by a political party as defined under section 200.02, subdivision 6.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 52. Minnesota Statutes 2006, section 325N.01, is amended to read:

325N.01 DEFINITIONS.

The definitions in paragraphs (a) to (h) apply to sections 325N.01 to 325N.09.

(a) "Foreclosure consultant" means any person who, directly or indirectly, makes any solicitation, representation, or offer to any owner to perform for compensation or who, for compensation, performs any service which the person in any manner represents will in any manner do any of the following:

(1) stop or postpone the foreclosure sale;

(2) obtain any forbearance from any beneficiary or mortgagee;

(3) assist the owner to exercise the right of reinstatement provided in section 580.30;

(4) obtain any extension of the period within which the owner may reinstate the owner's obligation;

(5) obtain any waiver of an acceleration clause contained in any promissory note or contract secured by a mortgage on a residence in foreclosure or contained in the mortgage;

(6) assist the owner in foreclosure or loan default to obtain a loan or advance of funds;

(7) avoid or ameliorate the impairment of the owner's credit resulting from the recording of a notice of default or the conduct of a foreclosure sale; or

(8) save the owner's residence from foreclosure.

(b) A foreclosure consultant does not include any of the following:

(1) a person licensed to practice law in this state when the person renders service in the course of his or her practice as an attorney-at-law;

(2) a person licensed as a debt ~~prorater under sections 332.12 to 332.29~~ management services provider under chapter 332A, when the person is acting as a debt ~~prorater~~ management services provider as defined in ~~these sections~~ that chapter;

(3) a person licensed as a real estate broker or salesperson under chapter 82 when the person engages in acts whose performance requires licensure under that chapter unless the person is engaged in offering services designed to, or purportedly designed to, enable the owner to retain possession of the residence in foreclosure;

(4) a person licensed as an accountant under chapter 326A when the person is acting in any capacity for which the person is licensed under those provisions;

(5) a person or the person's authorized agent acting under the express authority or written approval of the Department of Housing and Urban Development or other department or agency of the United States or this state to provide services;

(6) a person who holds or is owed an obligation secured by a lien on any residence in foreclosure when the person performs services in connection with this obligation or lien if the obligation or lien did not arise as the result of or as part of a proposed foreclosure reconveyance;

(7) any person or entity doing business under any law of this state, or of the United States relating to banks, trust companies, savings and loan associations, industrial loan and thrift companies, regulated lenders, credit unions, insurance companies, or a mortgagee which is a United States Department of Housing and Urban Development approved mortgagee and any subsidiary or affiliate of these persons or entities, and any agent or employee of these persons or entities while engaged in the business of these persons or entities;

(8) a person licensed as a residential mortgage originator or servicer pursuant to chapter 58, when acting under the authority of that license or a foreclosure purchaser as defined in section 325N.10;

(9) a nonprofit agency or organization that offers counseling or advice to an owner of a home in foreclosure or loan default if they do not contract for services with for-profit lenders or foreclosure purchasers; and

(10) a judgment creditor of the owner, to the extent that the judgment creditor's claim accrued prior to the personal service of the foreclosure notice required by section 580.03, but excluding a person who purchased the claim after such personal service.

(c) "Foreclosure reconveyance" means a transaction involving:

(1) the transfer of title to real property by a foreclosed homeowner during a foreclosure proceeding, either by transfer of interest from the foreclosed homeowner or by creation of a mortgage or other lien or encumbrance during the foreclosure process that allows the acquirer to obtain title to the property by redeeming the property as a junior lienholder; and

(2) the subsequent conveyance, or promise of a subsequent conveyance, of an interest back to the foreclosed homeowner by the acquirer or a person acting in participation with the acquirer that allows the foreclosed homeowner to possess the real property following the completion of the foreclosure proceeding, which interest includes, but is not limited to, an interest in a contract for deed, purchase agreement, option to purchase, or lease.

(d) "Person" means any individual, partnership, corporation, limited liability company, association, or other group, however organized.

(e) "Service" means and includes, but is not limited to, any of the following:

(1) debt, budget, or financial counseling of any type;

(2) receiving money for the purpose of distributing it to creditors in payment or partial payment of any obligation secured by a lien on a residence in foreclosure;

(3) contacting creditors on behalf of an owner of a residence in foreclosure;

(4) arranging or attempting to arrange for an extension of the period within which the owner of a residence in foreclosure may cure the owner's default and reinstate his or her obligation pursuant to section 580.30;

(5) arranging or attempting to arrange for any delay or postponement of the time of sale of the residence in foreclosure;

(6) advising the filing of any document or assisting in any manner in the preparation of any document for filing with any bankruptcy court; or

(7) giving any advice, explanation, or instruction to an owner of a residence in foreclosure, which in any manner relates to the cure of a default in or the reinstatement of an obligation secured by a lien on the residence in foreclosure, the full satisfaction of that obligation, or the postponement or avoidance of a sale of a residence in foreclosure, pursuant to a power of sale contained in any mortgage.

(f) "Residence in foreclosure" means residential real property consisting of one to four family dwelling units, one of which the owner occupies as his or her principal place of residence, and against which there is an outstanding notice of pendency of foreclosure, recorded pursuant to section 580.032, or against which a summons and complaint has been served under chapter 581.

(g) "Owner" means the record owner of the residential real property in foreclosure at the time the notice of pendency was recorded, or the summons and complaint served.

(h) "Contract" means any agreement, or any term in any agreement, between a foreclosure consultant and an owner for the rendition of any service as defined in paragraph (e).

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 53. Minnesota Statutes 2006, section 332.54, subdivision 7, is amended to read:

Subd. 7. **Fees.** The fee for a credit services organization's registration is ~~$100~~ $1,000 for issuance or renewal for each location of business.

EFFECTIVE DATE; APPLICATION. This section is effective July 1, 2007, and applies to registrations issued or renewed on or after that date.

Sec. 54. **[332A.02] DEFINITIONS.**

Subdivision 1. **Scope.** Unless a different meaning is clearly indicated by the context, for the purposes of this chapter the terms defined in this section have the meanings given them.

Subd. 2. **Accreditation.** "Accreditation" means certification as an accredited credit counseling provider by the International Standards Organization or the Council on Accreditation.

Subd. 3. **Attorney general.** "Attorney general" means the attorney general of the state of Minnesota.

Subd. 4. **Commissioner.** "Commissioner" means commissioner of commerce.

Subd. 5. **Controlling or affiliated party.** "Controlling or affiliated party" means any person directly or indirectly controlling, controlled by, or under common control with another person.

Subd. 6. **Debt management services agreement.** "Debt management services agreement" means the written contract between the debt management services provider and the debtor.

Subd. 7. **Debt management services plan.** "Debt management services plan" means the debtor's individualized package of debt management services set forth in the debt management services agreement.

Subd. 8. **Debt management services provider.** "Debt management services provider" means any person offering or providing debt management services to a debtor domiciled in this state, regardless of whether or not a fee is charged for the services and regardless of whether the person maintains a physical presence in the state. This term does not include services performed by the following when engaged in the regular course of their respective businesses and professions:

(1) attorneys at law, escrow agents, accountants, broker-dealers in securities;

(2) state or national banks, trust companies, savings associations, title insurance companies, insurance companies, and all other lending institutions duly authorized to transact business in Minnesota, provided no fee is charged for the service;

(3) persons who, as employees on a regular salary or wage of an employer not engaged in the business of debt management, perform credit services for their employer;

(4) public officers acting in their official capacities and persons acting as a debt management services provider pursuant to court order;

(5) any person while performing services incidental to the dissolution, winding up, or liquidation of a partnership, corporation, or other business enterprise;

(6) the state, its political subdivisions, public agencies, and their employees;

(7) credit unions and collection agencies, provided no fee is charged for the service;

(8) "qualified organizations" designated as representative payees for purposes of the Social Security and Supplemental Security Income Representative Payee System and the federal Omnibus Budget Reconciliation Act of 1990, Public Law 101-508; and

(9) accelerated mortgage payment providers. "Accelerated mortgage payment providers" are persons who, after satisfying the requirements of sections 332.30 to 332.303, receive funds to make mortgage payments to a lender or lenders, on behalf of mortgagors, in order to exceed regularly scheduled minimum payment obligations under the terms of the indebtedness. The term does not include: (i) persons or entities described in clauses (1) to (8); (ii) mortgage lenders or servicers, industrial loan and thrift companies, or regulated lenders under chapter 56; or (iii) persons authorized to make loans under section 47.20, subdivision 1. For purposes of this clause and sections 332.30 to 332.303, "lender" means the original lender or that lender's assignee, whichever is the current mortgage holder.

Subd. 9. **Debt management services.** "Debt management services" means the provision of any one or more of the following:

(1) managing the financial affairs of an individual by distributing income or money to the individual's creditors;

(2) receiving funds for the purpose of distributing the funds among creditors in payment or partial payment of obligations of a debtor; or

(3) settling, adjusting, prorating, pooling, or liquidating the indebtedness of a debtor. Any person so engaged or holding out as so engaged is deemed to be engaged in the provision of debt management services regardless of whether or not a fee is charged for such services.

Subd. 10. **Debtor.** "Debtor" means the person for whom the debt prorating service is performed.

Subd. 11. **Person.** "Person" means any individual, firm, partnership, association, or corporation.

Subd. 12. **Registrant.** "Registrant" means any person registered by the commissioner pursuant to this chapter and, where used in conjunction with an act or omission required or prohibited by this chapter, shall mean any person performing debt management services.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 55. **[332A.03] REQUIREMENT OF REGISTRATION.**

On or after August 1, 2007, it is unlawful for any person, whether or not located in this state, to operate as a debt management services provider or provide debt management services, including but not limited to offering, advertising, or executing or causing to be executed any debt management services or debt management services agreement, except as authorized by law without first becoming registered as provided in this chapter. A person who possesses a valid license as a debt prorater that was issued by the commissioner before August 1, 2007, is deemed to be registered as a debt management services provider until the date the debt prorater license expires, at which time the licensee must obtain a renewal as a debt management services provider in compliance with this chapter. Debt proraters who were not required to be licensed as debt proraters before August 1, 2007, may continue to provide debt management services without complying with this chapter to those debtors who entered into a contract to participate in a debt management plan before August 1, 2007, except that the debt prorater must comply with section 332A.13, subdivision 2.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 56. **[332A.04] REGISTRATION.**

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

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

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

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

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

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

(6) disclosure of:

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

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

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

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

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

(8) proof of accreditation of:

(i) the debt management services provider; and

(ii) all individuals employed by, under contract with, or otherwise agents of the provider who offer to provide or provide debt management services; and

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

Subd. 2. **Term and scope of registration.** The registration must remain in full force and effect for one calendar year or until it is surrendered by the licensee or revoked or suspended by the commissioner. The registration is limited solely to the business of providing debt management services.

Subd. 3. **Fees.** The registration application must be accompanied by payment of $1,000 as a registration fee.

Subd. 4. **Bond.** The registration application must be accompanied by payment of the premium for a surety bond in which the applicant shall be the obligor, in a sum to be determined by the commissioner but not less than $5,000, and in which an insurance company, which is duly authorized by the state of Minnesota to transact the business of fidelity and surety insurance, shall be a surety. However, the commissioner may accept a deposit in cash, or securities that may legally be purchased by savings banks or for trust funds of an aggregate market value equal to the bond requirement, in lieu of the surety bond. The cash or securities must be deposited with the commissioner of finance. The commissioner may also require a fidelity bond in an appropriate amount covering employees of any applicant. Each branch office or additional place of business of an applicant must be bonded as provided in this subdivision. In determining the bond amount necessary for the maintenance of any office, whether it is a surety bond, fidelity bond, or both, the commissioner shall consider the financial responsibility, experience, character, and general fitness of the debt management services provider and its operators and owners; the volume of business handled or proposed to be handled; the location of the office and the geographical area served or proposed to be served; and other information the commissioner may deem pertinent based upon past performance, previous examinations, annual reports, and manner of business conducted in other states.

Subd. 5. **Condition of bond.** The bond must run to the state of Minnesota for the use of the state and of any person or persons who may have a cause of action against the obligor arising out of the obligor's activities as a debt management services provider to a debtor domiciled in this state. The bond must be conditioned that the obligor will not commit any fraudulent act and will faithfully conform to and abide by the provisions of this chapter and of all rules lawfully made by the commissioner under this chapter and pay to the state and to any such person or persons any and all money that may become due or owing to the state or to such person or persons from the obligor under and by virtue of this chapter.

Subd. 6. **Right of action on bond.** If the registrant has failed to account to a debtor or distribute to the debtor's creditors the amounts required by this chapter and the debt management services agreement between the debtor and registrant, the debtor or the debtor's legal representative or receiver, the commissioner, or the attorney general, shall have, in addition to all other legal remedies, a right of action in the name of the debtor on the bond or the security given under this section, for loss suffered by the debtor, not exceeding the face amount of the bond or security, and without the necessity of joining the registrant in the suit or action.

Subd. 7. **Registrant list.** The commissioner must maintain a list of registered debt management services providers. The list must be made available to the public in written form upon request and on the Department of Commerce Web site.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 57. **[332A.05] NONASSIGNMENT OF REGISTRATION.**

A registration must not be transferred or assigned without the consent of the commissioner.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 58. **[332A.06] RENEWAL OF REGISTRATION.**

Each year, each registrant under the provisions of this chapter must, not more than 60 nor less than 30 days before its registration is to expire, apply to the commissioner for renewal of its registration on a form prescribed by the commissioner. The application must be signed by the registrant under penalty of perjury, contain current information on all matters required in the original application, and be accompanied by a payment of $250. The registrant must maintain a continuous surety bond that satisfies the requirements of section 332A.04, subdivision 4, provided that the commissioner may require a different amount that is at least equal to the largest amount that has accrued in the registrant's trust account during the previous year. The renewal is effective for one year.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 59. **[332A.07] OTHER DUTIES OF REGISTRANT.**

Subdivision 1. **Requirement to update information.** A registrant must update any information required by this chapter provided in its original or renewal application not later than 90 days after the date the events precipitating the update occurred.

Subd. 2. **Inspection of debtor of registration.** Each registrant must maintain a copy of its registration in its files. The registrant must allow a debtor, upon request, to inspect the registration.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 60. **[332A.08] DENIAL OF REGISTRATION.**

The commissioner, with notice to the applicant by certified mail sent to the address listed on the application, may deny an application for a registration upon finding that the applicant:

(1) has submitted an application required under section 332A.04 that contains incorrect, misleading, incomplete, or materially untrue information. An application is incomplete if it does not include all the information required in section 332A.04;

(2) has failed to pay any fee or pay or maintain any bond required by this chapter, or failed to comply with any order, decision, or finding of the commissioner made under and within the authority of this chapter;

(3) has violated any provision of this chapter or any rule or direction lawfully made by the commissioner under and within the authority of this chapter;

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

(5) has had a registration or license previously revoked or suspended in this state or any other state or the applicant or licensee has been permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the debt management services provider business; or any controlling or affiliated party has been an officer, director, manager, or shareholder owning more than a ten percent interest in a debt management services provider whose registration has previously been revoked or suspended in this state or any other state, or who has been permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the debt management services provider business;

(6) has made any false statement or representation to the commissioner;

(7) is insolvent;

(8) refuses to fully comply with an investigation or examination of the debt management services provider by the commissioner;

(9) has improperly withheld, misappropriated, or converted any money or properties received in the course of doing business;

(10) has failed to have a trust account with an actual cash balance equal to or greater than the sum of the escrow balances of each debtor's account;

(11) has defaulted in making payments to creditors on behalf of debtors as required by agreements between the provider and debtor; or

(12) has used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness, or financial irresponsibility in this state or elsewhere.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 61. **[332A.09] SUSPENDING, REVOKING, OR REFUSING TO RENEW REGISTRATION.**

Subdivision 1. **Procedure.** The commissioner may revoke, suspend, or refuse to renew any registration issued under this chapter, or may levy a civil penalty under section 45.027, or any combination of actions, if the debt management services provider or any controlling or affiliated person has committed any act or omission for which the commissioner could have refused to issue an initial registration or renew an existing registration. Revocation of or refusal to renew a registration must be upon notice and hearing as prescribed in the Administrative Procedure Act, sections 14.57 to 14.69. The notice must set a time for hearing before the commissioner not less than 20 nor more than 30 days after service of the notice, provided the registrant may waive the 20-day minimum. The commissioner may, in the notice, suspend the registration for a period not to exceed 60 days. Unless the notice states that the registration is suspended, pending the determination of the main issue, the registrant may continue to transact business until the final decision of the commissioner. If the registration is suspended, the commissioner shall hold a hearing and render a final determination within ten days of a request by the registrant. If the commissioner fails to do so, the suspension shall terminate and be of no force or effect.

Subd. 2. **Notification of interested persons.** After the notice and hearing required in subdivision 1, upon issuing an order suspending or revoking a registration or refusing to renew a registration, the commissioner may notify all individuals who have contracts with the affected registrant and all creditors who have agreed to a debt management services plan that the registration has been revoked and that the order is subject to appeal.

Subd. 3. **Receiver for funds of sanctioned registrant.** When an order is issued revoking or refusing to renew a registration, the commissioner may apply for, and the district court must appoint, a receiver to temporarily or permanently receive the assets of the registrant pending a final determination of the validity of the order.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 62. **[332A.10] WRITTEN DEBT MANAGEMENT SERVICES AGREEMENT.**

Subdivision 1. **Written agreement required.** A debt management services provider may not perform any debt management services or receive any money related to a debt management plan until the provider has obtained a debt management services agreement that contains all terms of the agreement between the debt management services provider and the debtor. A debt management services agreement must be in writing, dated, and signed by the debt management services provider and the debtor. The registrant must furnish the debtor with a copy of the signed contract upon execution.

Subd. 2. **Actions prior to written agreement.** No person may provide debt management services for a debtor unless the person first has:

(1) provided the debtor individualized counseling and educational information that, at a minimum, addresses managing household finances, managing credit and debt, budgeting, and personal savings strategies;

(2) prepared in writing and provided to the debtor, in a form that the debtor may keep, an individualized financial analysis and a proposed debt management plan listing the debtor's known debts with specific recommendations regarding actions the debtor should take to reduce or eliminate the amount of the debts, including written disclosure that debt management services are not suitable for all debtors and that there are other ways, including bankruptcy, to deal with indebtedness;

(3) made a determination supported by an individualized financial analysis that the debtor can reasonably meet the requirements of the proposed debt management plan and that there is a net tangible benefit to the debtor of entering into the proposed debt management plan; and

(4) prepared, in a form the debtor may keep, a written list identifying all known creditors of the debtor that the provider reasonably expects to participate in the plan and the creditors, including secured creditors, that the provider reasonably expects not to participate.

Subd. 3. **Required terms.** (a) Each debt management services agreement must contain the following terms, which must be disclosed prominently and clearly in bold print on the front page of the agreement, segregated by bold lines from all other information on the page:

(1) the fee amount to be paid by the debtor and whether the initial fee amount is refundable or nonrefundable;

(2) the monthly fee amount or percentage to be paid by the debtor; and

(3) the total amount of fees reasonably anticipated to be paid by the debtor over the term of the agreement.

(b) Each debt management services agreement must also contain the following:

(1) a disclosure that if the amount of debt owed is increased by interest, late fees, over the limit fees, and other amounts imposed by the creditors, the length of the debt management services agreement will be extended and remain in force and that the total dollar charges agreed upon may increase at the rate agreed upon in the original contract agreement;

(2) a prominent statement describing the terms upon which the debtor may cancel the contract as set forth in section 332A.11;

(3) a detailed description of all services to be performed by the debt management services provider for the debtor;

(4) the debt management services provider's refund policy; and

(5) the debt management services provider's principal business address and the name and address of its agent in this state authorized to receive service of process.

Subd. 4. **Prohibited terms.** The following terms shall not be included in the debt management services agreement:

(1) a hold harmless clause;

(2) a confession of judgment, or a power of attorney to confess judgment against the debtor or appear as the debtor in any judicial proceeding;

(3) a waiver of the right to a jury trial, if applicable, in any action brought by or against a debtor;

(4) an assignment of or an order for payment of wages or other compensation for services;

(5) a provision in which the debtor agrees not to assert any claim or defense arising out of the debt management services agreement;

(6) a waiver of any provision of this chapter or a release of any obligation required to be performed on the part of the debt management services provider; or

(7) a mandatory arbitration clause.

Subd. 5. **New debt management services agreements; modification of existing agreements.** (a) Separate and additional debt management services agreements that comply with this chapter may be entered into by the debt management services provider and the debtor provided that no additional initial fee may be charged by the debt management services provider.

(b) Any modification of an existing debt management services agreement, including any increase in the number or amount of debts included in the debt management service, must be in writing and signed by both parties. No fees, charges, or other consideration may be demanded from the debtor for the modification, other than an increase in the amount of the monthly maintenance fee established in the original debt management services agreement.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 63. **[332A.11] RIGHT TO CANCEL.**

Subdivision 1. **Debtor's right to cancel.** A debtor has the right to cancel the debt management services agreement without cause at any time upon ten days' written notice to the debt management services provider. In the event of cancellation, the debt management services provider must, within ten days of the cancellation, notify the debtor's creditors of the cancellation and provide a refund of all unexpended funds paid by or for the debtor to the debt management services provider.

Subd. 2. **Notice of debtor's right to cancel.** A debt management services agreement must contain, on its face, in an easily readable typeface immediately adjacent to the space for signature by the debtor, the following notice: "Right To Cancel: You have the right to cancel this contract at any time on ten days' written notice."

Subd. 3. **Automatic termination.** Upon the payment of all listed debts and fees, the debt management services agreement must automatically terminate, and all unexpended funds paid by or for the debtor to the debt management services provider must be immediately returned to the debtor.

Subd. 4. **Debt management services provider's right to cancel.** A debt management services provider may cancel a debt management services agreement with good cause upon 30 days' written notice to the debtor. Within ten days after the cancellation, the debt management services provider must: (1) notify the debtor's creditors of the cancellation; and (2) return to the debtor all unexpended funds paid by or for the debtor.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 64. **[332A.12] BOOKS, RECORDS, AND INFORMATION.**

Subdivision 1. **Records retention.** Every registrant must keep, and use in the registrant's business, such books, accounts, and records, including electronic records, as will enable the commissioner to determine whether the registrant is complying with this chapter and of the rules, orders, and directives adopted by the commissioner under this chapter. Every registrant must preserve such books, accounts, and records for at least six years after making the final entry on any transaction recorded therein. Examinations of the books, records, and method of operations conducted under the supervision of the commissioner shall be done at the cost of the registrant. The cost must be assessed as determined under section 46.131.

Subd. 2. **Statements to debtors.** Each registrant must maintain and must make available records and accounts that will enable each debtor to ascertain the amounts paid to the creditors of the debtor. A statement showing amounts received from the debtor, disbursements to each creditor, amounts which any creditor has agreed to accept as payment in full for any debt owed the creditor by the debtor, charges deducted by the registrant, and such other information as the commissioner may prescribe, must be furnished by the registrant to the debtor at least monthly and, in addition, upon any cancellation or termination of the contract. In addition to the statements required by this subdivision, each debtor must have reasonable access, without cost, by electronic or other means, to information in the registrant's files applicable to the debtor. These statements, records, and accounts must otherwise remain confidential except for duly authorized state and government officials, the commissioner, the attorney general, the debtor, and the debtor's representative and designees. Each registrant must prepare and retain in the file of each debtor a written analysis of the debtor's income and expenses to substantiate that the plan of payment is feasible and practicable.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 65. **[332A.13] FEES, PAYMENTS, AND CONSENT OF CREDITORS.**

Subdivision 1. **Origination fee; credit background report cost.** The registrant may charge a nonrefundable origination fee of not more than $50, which may be retained by the registrant from the initial amount paid by the debtor to the registrant.

Subd. 2. **Monthly maintenance fee.** The registrant may charge a periodic fee for account maintenance or other purposes, but only if the fee is reasonable for the services provided and does exceed the lesser of 15 percent of the monthly payment amount or $75.

Subd. 3. **Additional fees unauthorized.** A registrant may not impose any fee or other charge or receive any funds or other payment other than the initial fee or monthly maintenance fee authorized by this section.

Subd. 4. **Amount of periodic payments retained.** The registrant may retain as payment for the fees authorized by this section no more than 15 percent of any periodic payment made to the registrant by the debtor. The remaining 85 percent must be disbursed to listed creditors under and in accordance with the debt management services agreement. No fees or charges may be received or retained by the registrant for any handling of recurring payments. Recurring payments include current rent, mortgage, utility, telephone, maintenance as defined in section 518.27, child support, insurance premiums, and such other payments as the commissioner may by rule prescribe.

Subd. 5. **Advance payments.** No fees or charges may be received or retained for any payments by the debtor made more than the following number of days in advance of the date specified in the debt management services agreement on which they are due: (1) 42 days in the case of contracts requiring monthly payments; (2) 15 days in the case of agreements requiring biweekly payments; or (3) seven days in the case of agreements requiring weekly payments. For those agreements which do not require payments in specified amounts, a payment is deemed an advance payment to the extent it exceeds twice the average regular payment previously made by the debtor under that contract. This subdivision does not apply when the debtor intends to use the advance payments to satisfy future payment of obligations due within 30 days under the contract. This subdivision supersedes any inconsistent provision of this chapter.

Subd. 6. **Consent of creditors.** A registrant must actively seek to obtain the consent of all creditors to the debt management services plan set forth in the debt management services agreement. Consent by a creditor may be express and in writing, or may be evidenced by acceptance of a payment made under the debt management services plan set forth in the contract. The registrant must notify the debtor within ten days after any failure to obtain the required consent and of the debtor's right to cancel without penalty. The notice must be in a form as the commissioner shall prescribe. Nothing contained in this section is deemed to require the return of any origination fee and any fees earned by the registrant prior to cancellation or default.

Subd. 7. **Withdrawal of creditor.** Whenever a creditor withdraws from a debt management services plan, or refuses to participate in a debt management services plan, the registrant must promptly notify the debtor of the withdrawal or refusal. In no case may this notice be provided more than 15 days after the debt management services plan learns of the creditor's decision to withdraw from or refuse to participate in a plan. This notice must include the identity of the creditor withdrawing from the plan, the amount of the monthly payment to that creditor, and the right of the debtor to cancel the agreement under section 332A.11.

Subd. 8. **Payments held in trust.** The registrant must maintain a separate trust account and deposit in the account all payments received from the moment that they are received, except that the registrant may commingle the payment with the registrant's own property or funds, but only to the extent necessary to ensure the maintenance of a minimum balance if the financial institution at which the trust account is held requires a minimum balance to avoid the assessment of fees or penalties for failure to maintain a minimum balance. All disbursements, whether to the debtor or to the creditors of the debtor, or to the registrant, must be made from such account.

Subd. 9. **Timely payment of creditors.** The registrant must disburse any funds paid by or on behalf of a debtor to creditors of the consumer within 42 days after receipt of the funds, or earlier if necessary to comply with the due date in the contract between the debtor and the creditor, unless the reasonable payment of one or more of the debtor's obligations requires that the funds be held for a longer period so as to accumulate a sum certain, or where the debtor's payment is returned for insufficient funds or other reason that makes the withholding of such payments in the net interest of the debtor.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 66. **[332A.14] PROHIBITIONS.**

A registrant shall not:

(1) purchase from a creditor any obligation of a debtor;

(2) use, threaten to use, seek to have used, or seek to have threatened the use of any legal process, including but not limited to garnishment and repossession of personal property, against any debtor while the debt management services agreement between the registrant and the debtor remains executory;

(3) advise a debtor to stop paying a creditor until a debt management services plan is in place;

(4) require as a condition of performing debt management services the purchase of any services, stock, insurance, commodity, or other property or any interest therein either by the debtor or the registrant;

(5) compromise any debts unless the prior written approval of the debtor has been obtained to such compromise and unless such compromise inures solely to the benefit of the debtor;

(6) receive from any debtor as security or in payment of any fee a promissory note or other promise to pay or any mortgage or other security, whether as to real or personal property;

(7) lend money or provide credit to any debtor if any interest or fee is charged, or directly or indirectly collect any fee for referring, advising, procuring, arranging, or assisting a consumer in obtaining any extension of credit or other debtor service from a lender or services provider;

(8) structure a debt management services agreement that would result in negative amortization of any debt in the plan;

(9) engage in any unfair, deceptive, or unconscionable act or practice in connection with any service provided to any debtor;

(10) offer, pay, or give any material cash fee, gift, bonus, premium, reward, or other compensation to any person for referring any prospective customer to the registrant or for enrolling a debtor in a debt management services plan, or provide any other incentives for employees or agents of the debt management services provider to induce debtors to enter into a debt management plan;

(11) receive any cash, fee, gift, bonus, premium, reward, or other compensation from any person other than the debtor or a person on the debtor's behalf in connection with activities as a registrant, provided that this paragraph does not apply to a registrant which is a bona fide nonprofit corporation duly organized under chapter 317A or under the similar laws of another state;

(12) enter into a contract with a debtor unless a thorough written budget analysis indicates that the debtor can reasonably meet the requirements of the financial adjustment plan and will be benefited by the plan;

(13) in any way charge or purport to charge or provide any debtor credit insurance in conjunction with any contract or agreement involved in the debt management services plan;

(14) operate or employ a person who is an employee or owner of a collection agency or process-serving business; or

(15) require or attempt to require payment of a sum that the registrant states, discloses, or advertises to be a voluntary contribution from the debtor.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 67. **[332A.16] ADVERTISEMENT OF DEBT MANAGEMENT SERVICES PLANS.**

No debt management services provider may make false, deceptive, or misleading statements or omissions about the rates, terms, or conditions of an actual or proposed debt management services plan or its debt management services, or create the likelihood of consumer confusion or misunderstanding regarding its services, including but not limited to the following:

(1) represent that the debt management services provider is a nonprofit, not-for-profit, or has similar status or characteristics if some or all of the debt management services will

be provided by a for-profit company that is a controlling or affiliated party to the debt management services provider; or

(2) make any communication that gives the impression that the debt management services provider is acting on behalf of a government agency.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 68. **[332A.17] DEBT MANAGEMENT SERVICES AGREEMENT RESCISSION.**

Any debtor has the right to rescind any debt management services agreement with a debt management services provider that commits a material violation of this chapter. On rescission, all fees paid to the debt management services provider or any other person other than creditors of the debtor must be returned to the debtor entering into the debt management services agreement within ten days of rescission of the debt management services agreement.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 69. **[332A.18] ENFORCEMENT; REMEDIES.**

Subdivision 1. **Violation a deceptive practice.** A violation of any of the provisions of this chapter is considered an unfair or deceptive trade practice under section 8.31, subdivision 1. A private right of action under section 8.31 by an aggrieved debtor is in the public interest.

Subd. 2. **Private right of action.** (a) A debt management services provider who fails to comply with any of the provisions of this chapter is liable under this section in an individual action for the sum of: (i) actual, incidental, and consequential damages sustained by the debtor as a result of the failure; and (ii) statutory damages of up to $1,000.

(b) A debt management services provider who fails to comply with any of the provisions of this chapter is liable under this section in a class action for the sum of: (i) the amount that each named plaintiff could recover under paragraph (a), clause (i); and (ii) such amount as the court may allow for all other class members.

(c) In determining the amount of statutory damages, the court shall consider, among other relevant factors:

(1) the frequency, nature, and persistence of noncompliance;

(2) the extent to which the noncompliance was intentional; and

(3) in the case of a class action, the number of debtors adversely affected.

(d) A plaintiff or class successful in a legal or equitable action under this section is entitled to the costs of the action, plus reasonable attorney fees.

Subd. 3. **Injunctive relief.** A debtor may sue a debt management services provider for temporary or permanent injunctive or other appropriate equitable relief to prevent violations of any provision of this chapter. A court must grant injunctive relief on a showing that the debt management services provider has violated any provision of this chapter, or in the case of a temporary injunction, on a showing that the debtor is likely to prevail on allegations that the debt management services provider violated any provision of this chapter.

Subd. 4. **Remedies cumulative.** The remedies provided in this section are cumulative and do not restrict any remedy that is otherwise available. The provisions of this chapter are not exclusive and are in addition to any other requirements, rights, remedies, and penalties provided by law.

Subd. 5. **Public enforcement.** The attorney general shall enforce this chapter under section 8.31.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 70. **[332A.19] INVESTIGATION.**

The commissioner may examine the books and records of every registrant and of any person engaged in the business of providing debt management services as defined in section 332A.02 at any reasonable time. The commissioner once during any calendar year may require the submission of an audit prepared by a certified public accountant of the books and records of each registrant. If the registrant has, within one year previous to the commissioner's demand, had an audit prepared for some other purpose, this audit may be submitted to satisfy the requirement of this section. The commissioner may investigate any complaint concerning violations of this chapter and may require the attendance and sworn testimony of witnesses and the production of documents.

EFFECTIVE DATE. This section is effective January 1, 2008.

Sec. 71. **LICENSE RENEWAL EXTENSION.**

The July 31, 2007, renewal date for mortgage originators is extended to October 30, 2007, because of the changes to the licensing requirements made by this article.

Sec. 72. **REPEALER.**

(a) Minnesota Statutes 2006, sections 46.043; 47.62, subdivision 5; and 58.08, subdivision 1, are repealed.

(b) Minnesota Statutes 2006, sections 332.12; 332.13; 332.14; 332.15; 332.16; 332.17; 332.18; 332.19; 332.20; 332.21; 332.22; 332.23; 332.24; 332.25; 332.26; 332.27; 332.28; and 332.29, are repealed effective January 1, 2008.

ARTICLE 6
ENERGY

Section 1. **[1.1499] STATE ENERGY CITY.**

The city of Elk River is designated as the state energy city.

Sec. 2. **[16C.141] EMPLOYEE SUGGESTIONS; ENERGY SAVINGS INCENTIVE PROGRAM.**

Subdivision 1. **Creation of program.** The commissioner of administration must implement a program using best practices and develop policies under which state employees may receive cash awards for making suggestions that result in documented cost savings to state agencies from reduced energy usage in state-owned buildings. The cash awards must be an amount equal to half the amount of the energy costs saved by agencies in the year immediately following the implementation of the employee suggestion, up to $1,000 per suggestion. The program must include methods for documenting submission of suggestions and for documenting savings achieved as a result of these suggestions.

Subd. 2. **Funding.** To the extent necessary to fund the program under this section, the commissioner of administration, with approval of the commissioner of finance, may transfer a portion of the documented cost savings resulting from a suggestion under this section from the general services revolving fund to an energy savings reward account. Money in the energy savings reward account is appropriated to the commissioner for purposes of making cash rewards and paying the commissioner's incentive program developments costs and administrative expenses under this section.

Subd. 3. **Report to legislature.** The commissioner of administration shall report to the chairs of the senate and house of representatives committees with jurisdiction over energy policy by January 1, 2008, on the development of the incentive program, and by January 15 each year thereafter on the implementation of this section, including the ideas submitted and energy savings realized.

Subd. 4. **Minnesota State Colleges and Universities.** This section does not apply to the Minnesota State Colleges and Universities, except to the extent the Board of Trustees of the Minnesota State Colleges and Universities provides that the section does apply.

Subd. 5. **Repeal.** This section is repealed July 1, 2009.

Sec. 3. Minnesota Statutes 2006, section 116C.779, subdivision 2, is amended to read:

Subd. 2. **Renewable energy production incentive.** (a) Until January 1, 2018, up to ~~$10,900,000~~ $11,400,000 annually must be allocated from available funds in the account to fund renewable energy production incentives and on-farm biogas recovery facility grants. $9,400,000 of this annual amount is for incentives for up to 200 megawatts of electricity generated by wind energy conversion systems that are eligible for the incentives under section 216C.41. ~~The balance of this amount,~~ Up to ~~$1,500,000~~ $1,000,000 annually~~,~~ may be used for production incentives for on-farm biogas recovery facilities and landfill gas recovery facilities that are eligible for the incentive under section 216C.41 or for production incentives for other renewables, to be provided in the same manner as under section 216C.41. Of this amount, no more than $500,000 may be used for production incentives for landfill gas recovery facilities. Up to $1,000,000 may be used for grants for qualified on-farm biogas recovery facilities as provided in section 216C.42. Any portion of the ~~$10,900,000~~ $11,400,000 not expended in any calendar year for the incentive is available for other spending purposes under this section. This subdivision does not create an obligation to contribute funds to the account.

(b) The Department of Commerce shall determine eligibility of projects under section 216C.41 for the purposes of this subdivision. At least quarterly, the Department of Commerce shall notify the public utility of the name and address of each eligible project owner and the amount due to each project under section 216C.41. The public utility shall make payments within 15 working days after receipt of notification of payments due.

Sec. 4. Minnesota Statutes 2006, section 216B.241, subdivision 6, is amended to read:

Subd. 6. **Renewable energy research.** (a) A public utility that owns a nuclear generation facility in the state shall spend five percent of the total amount that utility is required to spend under this section to support basic and applied research and demonstration activities at the University of Minnesota Initiative for Renewable Energy and the Environment for the development of renewable energy sources and technologies. The utility shall transfer the required amount to the University of Minnesota on or before July 1 of each year and that annual amount shall be deducted from the amount of money the utility is required to spend under this section. The University of Minnesota shall transfer at least ten percent of these funds to at least one rural campus or experiment station.

(b) ~~Research~~ Activities funded under this subdivision ~~shall~~ may include, but are not limited to:

~~(1) development of environmentally sound production, distribution, and use of energy, chemicals, and materials from renewable sources;~~

~~(2) processing and utilization of agricultural and forestry plant products and other bio-based, renewable sources as a substitute for fossil-fuel-based energy, chemicals, and materials using a variety of means including biocatalysis, biorefining, and fermentation;~~

~~(3) conversion of state wind resources to hydrogen for energy storage and transportation to areas of energy demand;~~

~~(4) improvements in scalable hydrogen fuel cell technologies; and~~

~~(5) production of hydrogen from bio-based, renewable sources; and sequestration of carbon.~~

(1) environmentally sound production of energy from a renewable energy source including biomass;

(2) environmentally sound production of hydrogen from biomass and any other renewable energy source for energy storage and energy utilization;

(3) development of energy conservation and efficient energy utilization technologies;

(4) energy storage technologies; and

(5) analysis of policy options to facilitate adoption of technologies that use or produce a renewable energy source.

(c) Notwithstanding other law to the contrary, the utility may, but is not required to, spend more than two percent of its gross operating revenues from service provided in this state under this section or section 216B.2411.

(d) For the purposes of this subdivision:

(1) "renewable energy source: means hydro, wind, solar, biomass and geothermal energy, and microorganisms used as an energy source; and

(2) "biomass" means plant and animal material, agricultural and forest residues, mixed municipal solid waste, and sludge from wastewater treatment.

(e) This subdivision expires June 30, ~~2008~~ 2010.

Sec. 5. Minnesota Statutes 2006, section 216B.812, subdivision 1, is amended to read:

Subdivision 1. **Early purchase and deployment of renewable hydrogen, fuel cells, and related technologies by the state.** (a) The Department of Commerce, in ~~conjunction~~ coordination with the Department of Administration and the Pollution Control Agency, shall identify opportunities for ~~demonstrating the use of~~ deploying renewable hydrogen, fuel cells, and related technologies within state-owned facilities, vehicle fleets, and operations in ways that demonstrate their commercial performance and economics.

(b) The Department of Commerce shall recommend to the Department of Administration~~, when feasible,~~ the purchase and ~~demonstration~~ deployment of hydrogen, fuel cells, and related technologies, when feasible, in ways that strategically contribute to realizing Minnesota's hydrogen economy goal as set forth in section 216B.8109, and which contribute to the following nonexclusive list of objectives:

(1) provide needed performance data to the marketplace;

(2) identify code and regulatory issues to be resolved;

(3) foster economic development and job creation in the state;

(4) raise public awareness of renewable hydrogen, fuel cells, and related technologies; or

(5) reduce emissions of carbon dioxide and other pollutants.

(c) The Department of Commerce and the Pollution Control Agency shall also recommend to the Department of Administration changes to the state's procurement guidelines and contracts in order to facilitate the purchase and deployment of cost-effective renewable hydrogen, fuel cells, and related technologies by all levels of government.

Sec. 6. Minnesota Statutes 2006, section 216B.812, subdivision 2, is amended to read:

Subd. 2. **Pilot projects.** (a) In consultation with appropriate representatives from state agencies, local governments, universities, businesses, and other interested parties, the Department of Commerce shall report back to the legislature by November 1, 2005, and every two years thereafter, with a slate of proposed pilot projects that contribute to realizing Minnesota's hydrogen economy goal as set forth in section 216B.8109. The Department of Commerce must consider the following nonexclusive list of priorities in developing the proposed slate of pilot projects:

(1) ~~demonstrate~~ deploy "bridge" technologies such as hybrid-electric, off-road, and fleet vehicles running on hydrogen or fuels blended with hydrogen;

(2) ~~develop~~ lead to cost-competitive, on-site renewable hydrogen production technologies;

(3) demonstrate nonvehicle applications for hydrogen;

(4) improve the cost and efficiency of hydrogen from renewable energy sources; and

(5) improve the cost and efficiency of hydrogen production using direct solar energy without electricity generation as an intermediate step.

(b) For ~~all demonstrations~~ deployment projects that do not involve a demonstration component, individual system components of the technology ~~must~~ should, if feasible, meet commercial performance standards and systems modeling must be completed to predict commercial performance, risk, and synergies. In addition, the proposed pilots should meet as many of the following criteria as possible:

(1) advance energy security;

(2) capitalize on the state's native resources;

(3) result in economically competitive infrastructure being put in place;

(4) be located where it will link well with existing and related projects and be accessible to the public, now or in the future;

(5) demonstrate multiple, integrated aspects of renewable hydrogen infrastructure;

(6) include an explicit public education and awareness component;

(7) be scalable to respond to changing circumstances and market demands;

(8) draw on firms and expertise within the state where possible;

(9) include an assessment of its economic, environmental, and social impact; and

(10) serve other needs beyond hydrogen development.

Sec. 7. **[216B.813] MINNESOTA RENEWABLE HYDROGEN INITIATIVE.**

Subdivision 1. **Road map.** The Department of Commerce shall coordinate and administer directly or by contract the Minnesota renewable hydrogen initiative. If the department decides to contract for its duties under this section, it must contract with a nonpartisan, nonprofit organization within the state to develop the road map. The initiative may be run as a public-private partnership representing business, academic, governmental, and nongovernmental organizations. The initiative must oversee the development and implementation of a renewable hydrogen road map, including appropriate technology deployments, that achieve the hydrogen goal of section 216B.013. The road map should be compatible with the United States Department of Energy's National Hydrogen Energy Roadmap and be based on an assessment of marketplace economics and the state's opportunities in hydrogen, fuel cells, and related technologies, so as to capitalize on strengths. The road map should establish a vision, goals, general timeline, strategies for working with industry, and measurable milestones for achieving the state's renewable hydrogen goal. The road map should describe how renewable hydrogen and fuel cells fit in Minnesota's overall energy system, and should help foster a consistent, predictable, and prudent investment environment. The department must report to the legislature on the progress in implementing the road map by November 1 of each odd-numbered year.

Subd. 2. **Grants.** (a) The commissioner of commerce shall operate a competitive grant program for projects to assist the state in attaining its renewable hydrogen energy goals. The commissioner of commerce shall assemble an advisory committee made up of industry, university, government, and nongovernment organizations to:

(1) help identify the most promising technology deployment projects for public investment;

(2) advise on the technical specifications for those projects; and

(3) make recommendations on project grants.

(b) The commissioner shall give preference to project concepts included in the department's most recent biennial report: Strategic Demonstration Projects to Accelerate the Commercialization of Renewable Hydrogen and Related Technologies in Minnesota. Projects eligible for funding must combine one or more of the hydrogen production options listed in the department's report with an end use that has significant commercial potential, preferably high visibility, and relies on fuel cells or related technologies. Each funded technology deployment must include an explicit education and awareness-raising component, be compatible with the renewable hydrogen deployment criteria defined in section 216B.812, and receive 50 percent of its total cost from nonstate sources. The 50 percent requirement does not apply for recipients that are public institutions.

Sec. 8. Minnesota Statutes 2006, section 216C.051, subdivision 2, is amended to read:

Subd. 2. **Establishment.** (a) There is established a Legislative Electric Energy Task Force to study future electric energy sources and costs and to make recommendations for legislation for an environmentally and economically sustainable and advantageous electric energy supply.

(b) The task force consists of:

(1) ten members of the house of representatives including the chairs of the Environment and Natural Resources Committee and ~~Regulated Industries Subcommittee~~ the Energy Finance and Policy Division and eight members to be appointed by the speaker of the house, four of whom must be from the minority caucus; and

(2) ten members of the senate including the chairs of the Environment, Energy and Natural Resources Budget Division and ~~Jobs,~~ Energy, ~~and Community Development~~ Utilities, Technology and Communications committees and eight members to be appointed by the Subcommittee on Committees, four of whom must be from the minority caucus.

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

Sec. 9. Minnesota Statutes 2006, section 216C.051, subdivision 9, is amended to read:

Subd. 9. **Expiration.** This section is repealed June 30, ~~2007~~ 2008.

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

Sec. 10. **[216C.385] CLEAN ENERGY RESOURCE TEAMS.**

Subdivision 1. **Findings.** The legislature finds that community-based energy programs are an effective means of implementing improved energy practices including conservation, greater efficiency in energy use, and the production and use of renewable resources such as wind, solar, biomass, and biofuels. Further, community-based energy programs are found to be a public purpose for which public money may be spent.

Subd. 2. **Mission, organization, and membership.** The Clean Energy Resource Teams (CERT's) project is an innovative state, university, and nonprofit partnership that serves as a catalyst for community energy planning and projects. The mission of CERT's is to give citizens a voice in the energy planning process by connecting them with the necessary technical resources to identify and implement community-scale renewable energy and energy efficiency projects. In 2003, the Department of Commerce designated the CERT's project as a statewide collaborative venture and recognized six regional teams based on their geography: Central, Northeast, Northwest, Southeast, Southwest, and West-Central. Membership of CERT's may include but is not limited to representatives of utilities; federal, state, and local governments; small business; labor; senior citizens; academia; and other interested parties. The Department of Commerce may certify additional Clean Energy Resource Teams by regional geography, including teams in the Twin Cities metropolitan area.

Subd. 3. **Powers and duties.** In order to develop and implement community-based energy programs, a Clean Energy Resource Team may:

(1) analyze social and economic impacts caused by energy expenditures;

(2) analyze regional renewable and energy efficiency resources and opportunities;

(3) link community members and community energy projects to the knowledge and capabilities of the University of Minnesota, the State Energy Office, nonprofit organizations, and regional community members, among others;

(4) plan, set priorities for, provide technical assistance to, and catalyze local energy efficiency and renewable energy projects that help to meet state energy policy goals and maximize local economic development opportunities;

(5) provide a broad-based resource and communications network that links local, county, and regional energy efficiency and renewable energy project efforts around the state (both interregional and intraregional);

(6) seek, accept, and disburse grants and other aids from public or private sources for purposes authorized in this subdivision;

(7) provides a convening and networking function within CERT's regions to facilitate education, knowledge formation, and project replication; and

(8) exercise other powers and duties imposed on it by statute, charter, or ordinance.

Subd. 4. **Department assistance.** The commissioner, via the Clean Energy Resource Teams, may provide professional, technical, organizational, and financial assistance to regions and communities to develop and implement community energy programs and projects, within available resources.

Sec. 11. **[216C.39] RURAL WIND ENERGY DEVELOPMENT REVOLVING LOAN FUND.**

Subdivision 1. **Establishment.** A rural wind energy development revolving loan fund is established as an account in the special revenue fund in the state treasury. The commissioner of finance shall credit to the account the amounts authorized under this section and appropriations and transfers to the account. Earnings, such as interest, dividends, and any other earnings arising from fund assets, must be credited to the account.

Subd. 2. **Purpose.** The rural wind energy development revolving loan fund is created to provide financial assistance, through partnership with local owners and communities, in developing community wind energy projects that meet the specifications of section 216B.1612, subdivision 2, paragraph (f).

Subd. 3. **Expenditures.** Money in the fund is appropriated to the commissioner of commerce, and may be used to make loans to qualifying owners of wind energy projects, as defined in section 216B.1612, subdivision 2, paragraph (f), to assist in funding wind studies and transmission interconnection studies. The loans must be structured for repayment within 30 days after the project begins commercial operations or two years from the date the loan is issued, whichever is sooner.

Subd. 4. **Limitations.** A loan may not be approved for an amount exceeding $100,000. This limit applies to all money loaned to a single project or single entity, whether paid to one or more qualifying owners and whether paid in one or more fiscal years.

Subd. 5. **Administration; eligible projects.** (a) Applications for a loan under this section must be made in a manner and on forms prescribed by the commissioner.

Loans to eligible projects must be made in the order in which complete applications are received by the commissioner. Loan funds must be disbursed to an applicant within ten days of submission of a payment request by the applicant that demonstrates a payment due to the Midwest Independent System Operator. Interest payable on the loan amount may not exceed 1.5 percent per annum.

(b) A project is eligible for a loan under this program if:

(1) the project has completed an adequate interconnection feasibility study that indicates the project may be interconnected with system upgrades of less than ten percent of the estimated project costs;

(2) the project has a signed power purchase agreement with an electric utility or provides evidence that the project is under serious consideration for such an agreement by an electric utility;

(3) the ownership and structure of the project allows it to qualify as a community-based energy development (C-BED) project under section 216B.1612, and the developer commits to obtaining and maintaining C-BED status; and

(4) the commissioner has determined that sufficient funds are available to make a loan to the project.

Sec. 12. Minnesota Statutes 2006, section 216C.41, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) Unless otherwise provided, the definitions in this subdivision apply to this section.

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

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

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

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

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

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

(i) owned by a resident of Minnesota or an entity that is organized under the laws of this state, is not prohibited from owning agricultural land under section 500.24, and owns the land where the facility is sited;

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

(iii) owned by a Minnesota nonprofit organization;

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

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

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

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

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

(ii) all shares and membership in the cooperative are held by an entity that is not prohibited from owning agricultural land under section 500.24.

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

(1) is located at the site of an agricultural operation; and

(2) is owned by an entity that is not prohibited from owning agricultural land under section 500.24 and that owns or rents the land where the facility is located.

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

<u>(f) "Qualified landfill gas recovery facility" means a landfill that is operating or closed, that generates gas from the decomposition of organic matter, and that installs a system to collect the gas after July 1, 2007.</u>

Sec. 13. Minnesota Statutes 2006, section 216C.41, subdivision 2, is amended to read:

Subd. 2. **Incentive payment; appropriation.** (a) Incentive payments must be made according to this section to (1) a qualified on-farm biogas recovery facility, (2) the owner or operator of a qualified hydropower facility or qualified wind energy conversion facility for electric energy generated and sold by the facility, (3) a publicly owned hydropower facility for electric energy that is generated by the facility and used by the owner of the facility outside the facility, ~~or~~ (4) the owner of a publicly owned dam that is in need of substantial repair, for electric energy that is generated by a hydropower facility at the dam and the annual incentive payments will be used to fund the structural repairs and replacement of structural components of the dam, or to retire debt incurred to fund those repairs, or (5) a qualified landfill gas recovery facility.

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

(c) There is annually appropriated from the renewable development account under section 116C.779 to the commissioner of commerce sums sufficient to make the payments required under this section, in addition to the amounts funded by the renewable development account as specified in subdivision 5a.

Sec. 14. Minnesota Statutes 2006, section 216C.41, subdivision 3, is amended to read:

Subd. 3. **Eligibility window.** Payments may be made under this section only for:

(a) electricity generated from:

(1) ~~from~~ a qualified hydroelectric facility that is operational and generating electricity before December 31, 2009;

(2) ~~from~~ a qualified wind energy conversion facility that is operational and generating electricity before January 1, 2008; or

(3) ~~from~~ a qualified on-farm biogas recovery facility from July 1, 2001, through December 31, 2017; and

(b) gas generated from:

(1) a qualified on-farm biogas recovery facility from July 1, 2007, through December 31, 2017; or

(2) a qualified landfill gas recovery facility from July 1, 2007, through December 31, 2017.

Sec. 15. **[216C.42] ON-FARM BIOGAS RECOVERY GRANTS.**

Subdivision 1. **Definitions.** For the purpose of this section, the following terms have the meanings given.

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

(1) is located at the site of an agricultural operation;

(2) is owned by an entity that is not prohibited from owning agricultural land under section 500.24 and that owns or rents the land where the facility is located; and

(3) is owned by a qualified owner as defined in section 216B.1612, subdivision 2, paragraph (c).

(b) "Anaerobic digester system" means a system of components that processes animal waste based on the absence of oxygen and produces gas.

(c) "Commissioner" means the commissioner of agriculture.

Subd. 2. **Eligibility.** Subject to the availability of funds, the commissioner must approve grants to a qualified owner of a qualified on-farm biogas recovery facility for the total installed costs of capital investments associated with the facility, up to a maximum of $500,000.

Subd. 3. **Application.** Application for a grant under this section must be made by a qualified owner to the commissioner on a form the commissioner prescribes by rule. The commissioner must review each application to determine:

(1) whether the application is complete;

(2) whether the information, calculations, and estimates contained in the application are appropriate, accurate, and reasonable;

(3) whether the project is eligible for a grant;

(4) the amount of the grant for which the project is eligible; and

(5) other funding sources the owner proposes to use to finance the project in addition to a grant authorized by this section.

An applicant may submit only one grant application each year under this section.

Subd. 4. **Additional information.** During application review, the commissioner may request additional information about a proposed project, including information on project cost. Failure to provide information requested disqualifies a grant application.

Subd. 5. **Public accessibility of grant application data.** Data contained in an application submitted to the commissioner for a grant under this section, including supporting technical documentation, is classified as public data not on individuals under section 13.02, subdivision 14.

Subd. 6. **Rules.** The commissioner must adopt rules necessary to implement this section. The rules must contain at a minimum:

(1) standards for project eligibility;

(2) criteria for reviewing grant applications; and

(3) procedures and guidelines for program monitoring and evaluation.

Subd. 7. **Right of first refusal.** A utility that provides electric service at retail in the area where the qualified on-farm biogas recovery facility is located has the right of first refusal for any gas produced by a qualified on-farm biogas recovery facility that has received a grant under this section. A utility's right of first refusal expires if:

(1) within 45 days after the qualified owner files an incentive payment application with the commissioner of commerce, the utility fails to send a letter of intent to the qualified owner indicating the utility's willingness to negotiate a purchase agreement; or

(2) the parties enter negotiations but fail to reach agreement within 120 days after the qualified owner files an incentive payment application with the commissioner of commerce.

Subd. 8. **Eligibility toward renewable energy objective and standard.** Any gas generated by a qualified on-farm biogas recovery facility awarded a grant under this section that is purchased by a utility may be counted toward the utility's renewable energy objective and standard under section 216B.1691.

Subd. 9. **Appropriation.** Up to $1,000,000 is appropriated annually from the renewable development account through fiscal year 2015 to the commissioner of agriculture for the purpose of providing grants to qualified on-farm biogas recovery facilities.

Sec. 16. **[561.20] NUISANCE LIABILITY OF WIND ENERGY CONVERSION SYSTEMS.**

Subdivision 1. **Definition.** For the purposes of this section, "wind energy conversion system" has the meaning given in section 216C.06.

Subd. 2. **Wind energy conversion system not a nuisance.** (a) A wind energy conversion system is not and does not become a private or public nuisance after two years from the date it begins generating electricity as a matter of law if the system:

(1) complies with all applicable federal, state, or county laws, regulations, rules, and ordinances and any permits issued for it; and

(2) operates according to generally accepted practices.

(b) For a period of two years from the date it begins generating electricity, there is a rebuttable presumption that a wind energy conversion system in compliance with the requirements of paragraph (a) is not a public or private nuisance.

(c) This subdivision does not apply:

(1) to any prosecution for the crime of public nuisance as provided in section 609.74 or to an action by a public authority to abate a particular condition that is a public nuisance; or

(2) to any enforcement action brought by a local unit of government related to zoning under chapter 394 or 462.

Subd. 3. **Existing contracts.** This section must not be construed to invalidate any contracts or commitments made before the effective date of this section.

Subd. 4. **Severability.** If a provision of this section, or application thereof to any person or set of circumstances, is held invalid or unconstitutional, the invalidity does not affect other provisions or applications of this section that can be given effect without the invalid provision or application. To that end, the provisions of this section are declared to be severable.

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

Sec. 17. **PETROLEUM VIOLATION ESCROW FUNDS.**

(a) Petroleum violation escrow funds appropriated to the commissioner of commerce by Laws 1988, chapter 686, article 1, section 38, for state energy loan programs for schools, hospitals, and public buildings must be used for grants to kindergarten through grade 12 schools to develop energy conservation or renewable energy projects. A grant may not exceed $500,000. The commissioner must endeavor to award grants throughout the regions of the state. No more than one grant may be awarded in a county, unless an insufficient number of applications is received from schools located in other counties to exhaust available funds.

(b) The commissioner of commerce must petition the federal Department of Energy for a waiver from any federal regulation that limits the proportion of federal funds expended on state energy programs that may be spent on energy efficiency.

(c) For purposes of this subdivision, "renewable energy" means wind, solar, hydroelectric with a capacity of less than 60 megawatts, geothermal, hydrogen, fuel cells made from renewable resources, herbaceous crops, agricultural crops, agricultural waste, and aquatic plant matter.

EFFECTIVE DATE. This section is effective the day after the commissioner of commerce receives the waiver described in paragraph (b).

Sec. 18. **RURAL WIND ENERGY DEVELOPMENT PROGRAM.**

(a) The Center for Rural Policy and Development shall make a grant to a nonprofit organization with experience dealing with energy and community wind issues to design and implement a rural wind energy development assistance program. The program must be designed to maximize rural economic development and stabilize rural community institutions, including hospitals and schools, by increasing the income of local residents and increasing local tax revenues. The grant may be disbursed in two installments. The program must provide assistance to rural entities seeking to develop wind generation projects that meet the specifications of Minnesota Statutes, section 216B.1612, subdivision

2, paragraph (f), and to sell the electricity the projects produce. Among other strategies, the program may consider aggregating rural entities and others into groups with the size and market power necessary to plan and develop significant rural wind energy projects.

(b) The program must provide assistance that includes, but is not limited to:

(1) providing legal, engineering, and financial services;

(2) identifying target communities with favorable wind resources, community interest, and local political support;

(3) providing assistance to reserve, obtain, and ensure the maintenance over time of wind turbines;

(4) creating market opportunities for utilities to meet their renewable energy standard obligations through purchases from rural community wind projects;

(5) assisting in negotiating fair power purchase agreements;

(6) facilitating transmission interconnection and delivery of energy from community wind projects; and

(7) lowering the market risk facing potential wind investors by supporting all phases of project development.

The grantee must demonstrate an ability to sustain program functions with ongoing revenue from sources other than state funding and shall provide a 35 percent grant match. The grant must be awarded on a competitive basis. The center must use best practices regarding grant management functions, including selection and monitoring of the grantee, compliance review, and financial oversight. Grant management fees are limited to 2.5 percent of the grant.

(c) The commissioner of commerce shall monitor the activities of the rural wind energy development assistance program created under this section. By November 1, 2008, the commissioner shall submit an evaluation of the program to the chairs of the house of representatives and senate committees with jurisdiction over energy policy and finance, including recommendations for legislative or administrative action to better achieve the program goals described in paragraph (a).

Sec. 19. **UNIFORM CODES AND STANDARDS FOR HYDROGEN, FUEL CELLS, AND RELATED TECHNOLOGIES; RECOMMENDATIONS AND REPORT.**

(a) The commissioner of labor and industry, in consultation with the Department of Commerce and other relevant public and private interests, shall develop recommendations regarding the adoption of uniform codes and standards for hydrogen infrastructure, fuel cells, and related technologies, and report those recommendations to the legislature by December 31, 2008.

(b) The goal of the recommendations is to have all regulatory jurisdictions in the state have the same safety standards with regard to the production, storage, transportation, distribution, and use of hydrogen, fuel cells, and related technologies. The commissioner's recommendations must, without limitation, include:

(1) codes and standards that already exist for hydrogen, fuel cells, and related technologies, and how the state should formalize their use;

(2) codes and standards still under development by various official standard-making bodies;

(3) gaps between existing codes and standards, those under development, and those that may still be needed but are not yet being developed;

(4) the need for, and estimated cost of, additional education and training for emergency management and code officials;

(5) any changes needed to environmental and other permitting processes to accommodate the commercialization of hydrogen, fuel cells, and related technologies; and

(6) recommendations on appropriate codes and standards for educational and research institutions.

Sec. 20. **HYDROGEN REFUELING STATION GRANTS.**

In addition to the purposes specified in Laws 2005, chapter 97, article 13, section 4, for which the commissioner of commerce may make grants, the commissioner may make grants under that law for the purpose of developing, deploying, and encouraging commercially promising renewable hydrogen production systems and hydrogen end uses in partnership with industry. The authority of the commissioner to make grants and assessments under Laws 2005, chapter 97, article 13, section 4, continues until the authorized grants and assessments are made.

Sec. 21. **OFF-SITE RENEWABLE DISTRIBUTED GENERATION.**

The commissioner of commerce shall convene a broad group of interested stakeholders to evaluate the feasibility and potential for the interconnection and parallel operation of off-site renewable distributed generation in a manner consistent with Minnesota Statutes, sections 216B.37 to 216B.43, and shall issue recommendations to the chairs of the house of representatives and senate committees with jurisdiction over energy issues by February 1, 2008.

ARTICLE 7
ENVIRONMENT

Section 1. **BIOFUEL PERMITTING REPORT.**

By January 15, 2008, the Pollution Control Agency, the commissioner of natural resources, and the Environmental Quality Board shall report to the house of representatives and senate committees and divisions with jurisdiction over agriculture and environment policy and budget on the process to issue permits for biofuel production facilities. The report shall include:

(1) information on the timing of the permits and measures taken to improve the timing of the permitting process;

(2) recommended changes to statutes, rules, or procedures to improve the biofuel facility permitting process and reduce the groundwater needed for production; and

(3) other information or analysis that may be helpful in understanding or improving the biofuel production facility permitting process.

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

Sec. 2. **DEFINITIONS.**

Subdivision 1. **Terrestrial carbon sequestration.** "Terrestrial carbon sequestration" means the long-term storage of carbon in soil and vegetation to prevent its collection in the atmosphere as carbon dioxide.

Subd. 2. **Geologic carbon sequestration.** "Geologic carbon sequestration" means injecting carbon dioxide into underground geologic formations where it can be stored for long periods of time to prevent its escape to the atmosphere.

Sec. 3. **TERRESTRIAL CARBON SEQUESTRATION ACTIVITIES.**

Subdivision 1. **Study; scope.** The Board of Regents of the University of Minnesota is requested to conduct a study assessing the potential capacity for carbon sequestration in Minnesota's terrestrial systems. The study must:

(1) conduct a statewide inventory and construct a database of lands across several land types, such as forests, agricultural lands, peatlands, and wetlands, that have the potential to sequester significant quantities of carbon and of lands that currently contain large stocks of carbon that are at risk of being emitted to the atmosphere as a result of changes in land use and climate;

(2) quantify the ability of various land use practices, such as the growth of different species of crops, grasses, and trees, to sequester carbon and their impacts on other ecological services of value, including air and water quality, biodiversity, and wildlife habitat;

(3) identify a network of benchmark monitoring sites to measure the impact of long-term, large-scale factors, such as changes in climate, carbon dioxide levels, and land use, on the terrestrial carbon sequestration capacity of various land types, to improve understanding of carbon-terrestrial interactions and dynamics;

(4) identify long-term demonstration projects to measure the impact of deliberate sequestration practices, including the establishment of biofuel production systems, on forest, agricultural, wetland, and prairie ecosystems; and

(5) evaluate current state policies and programs that affect the levels of terrestrial sequestration on public and private lands and identify gaps and recommend policy changes to increase sequestration rates.

Subd. 2. **Coordination of terrestrial carbon sequestration activities.** Planning and implementation of the study described in subdivision 1 will be coordinated by the Minnesota Terrestrial Carbon Sequestration Initiative, a task force consisting of representatives from the University of Minnesota, the Department of Agriculture, the Board of Water and Soil Resources, the Department of Commerce, the Department of Natural Resources, and the Pollution Control Agency and agricultural, forestry, conservation, and business stakeholders.

Subd. 3. **Contracting.** The University of Minnesota may contract with another party to perform any of the tasks listed in subdivision 1.

Subd. 4. **Report.** The commissioner of natural resources must submit a report with the results of the study to the senate and house of representatives committees with jurisdiction over environmental and energy policies no later than February 1, 2008.

Sec. 4. **GEOLOGIC CARBON SEQUESTRATION ASSESSMENT.**

Subdivision 1. **Study; scope.** (a) The Minnesota Geological Survey shall conduct a study assessing the potential capacity for geologic carbon sequestration in the Midcontinent Rift system in Minnesota. The study must assess the potential of porous and permeable sandstone layers deeper than one kilometer below the surface that are capped by less permeable shale and must identify potential risks to carbon storage, such as areas of low permeability in injection zones, low storage capacity, and potential seal failure. The study must identify the most promising formations and geographic areas for physical analysis of carbon sequestration potential. The study must review geologic maps, published reports and surveys, and any relevant unpublished raw data with respect to attributes that are pertinent for the long-term sequestration of carbon in geologic formations, in particular, those that bear on formation injectivity, capacity, and seal effectiveness. The study must examine the following characteristics of key sedimentary units within the Midcontinent Rift system in Minnesota:

(1) likely depth, temperature, and pressure;

(2) physical properties, including the ability to contain and transmit fluids;

(3) the type of rocks present;

(4) structure and geometry, including folds and faults; and

(5) hydrogeology, including water chemistry and water flow.

(b) The commissioner of natural resources, in consultation with the Minnesota Geological Survey, shall contract for a study to estimate the properties of the Midcontinent Rift system in Minnesota, as described in paragraph (a), clauses (1) to (5), through the use of computer models developed for similar geologic formations located outside of Minnesota which have been studied in greater detail.

Subd. 2. **Consultation.** The Minnesota Geological Survey shall consult with the Minnesota Mineral Coordinating Committee, established in Minnesota Statutes, section 93.0015, in planning and implementing the study design.

Subd. 3. **Report.** The commissioner of natural resources must submit a report with the results of the study to the senate and house of representatives committees with jurisdiction over environmental and energy policies no later than February 1, 2008.

Sec. 5. **STAY EXTENDED; DRY CASK STORAGE AT MONTICELLO.**

The stay of a Public Utilities Commission decision to approve an application for a certificate of need for additional dry cask storage at the Monticello nuclear power generating facility, imposed under Minnesota Statutes, section 116C.83, subdivision 3, is extended until June 1, 2008.

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

ARTICLE 8
HEATING ASSISTANCE AND UTILITIES

Section 1. **[216B.091] MONTHLY REPORTS.**

(a) Each public utility must report the following data on residential customers to the commission monthly, in a format determined by the commission:

(1) number of customers;

(2) number and total amount of accounts past due;

(3) average customer past due amount;

(4) total revenue received from the low-income home energy assistance program and other sources contributing to the bills of low-income persons;

(5) average monthly bill;

(6) total sales revenue;

(7) total write-offs due to uncollectible bills;

(8) number of disconnection notices mailed;

(9) number of accounts disconnected for nonpayment;

(10) number of accounts reconnected to service; and

(11) number of accounts that remain disconnected, grouped by the duration of disconnection, as follows:

(i) 1-30 days;

(ii) 31-60 days; and

(iii) more than 60 days.

(b) Monthly reports for October through April must also include the following data:

(1) number of cold weather protection requests;

(2) number of payment arrangement requests received and granted;

(3) number of right to appeal notices mailed to customers;

(4) number of reconnect request appeals withdrawn;

(5) number of occupied heat-affected accounts disconnected for 24 hours or more for electric and natural gas service separately;

(6) number of occupied non-heat-affected accounts disconnected for 24 hours or more for electric and gas service separately;

(7) number of customers granted cold weather rule protection;

(8) number of customers disconnected who did not request cold weather rule protection; and

(9) number of customers disconnected who requested cold weather rule protection.

(c) The data reported under paragraphs (a) and (b) is presumed to be accurate upon submission and must be made available through the commission's electronic filing system.

Sec. 2. **[216B.0951] PROPANE PREPURCHASE PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of commerce shall operate, or contract to operate, a propane fuel prepurchase fuel program. The commissioner may contract at any time of the year to purchase the lesser of one-third of the liquid propane fuel consumed by low-income home energy assistance program recipients during the previous heating season or the amount that can be purchased with available funds. The propane fuel prepurchase program must be available statewide through each local agency that administers the energy assistance program. The commissioner may decide to limit or not engage in prepurchasing if the commissioner finds that there is a reasonable likelihood that prepurchasing will not provide fuel-cost savings.

Subd. 2. **Hedge account.** The commissioner may establish a hedge account with realized program savings due to prepurchasing. The account must be used to compensate program recipients an amount up to the difference in cost for fuel provided to the recipient if winter-delivered fuel prices are lower than the prepurchase or summer-fill price. No more than ten percent of the aggregate prepurchase program savings may be used to establish the hedge account.

Subd. 3. **Report.** The Department of Commerce shall issue a report by June 30, 2008, made available electronically on its Web site and in print upon request, that contains the following information:

(1) the cost per gallon of prepurchased fuel;

(2) the total gallons of fuel prepurchased;

(3) the average cost of propane each month between October and the following April;

(4) the number of energy assistance program households receiving prepurchased fuel; and

(5) the average savings accruing or benefit increase provided to energy assistance households.

Sec. 3. **[216B.096] COLD WEATHER RULE; PUBLIC UTILITIES.**

Subdivision 1. **Scope.** This section applies only to residential customers of a public utility.

Subd. 2. **Definitions.** (a) The terms used in this section have the meanings given them in this subdivision.

(b) "Cold weather period" means the period from October 15 through April 15 of the following year.

(c) "Customer" means a residential customer of a utility.

(d) "Customer's income" means the actual monthly income of the customer or the average monthly income of the customer computed on a calendar year basis, whichever is less, and does not include any amount received for energy assistance.

(e) "Disconnection" means the involuntary loss of utility heating service as a result of a physical act by a utility to discontinue service. Disconnection includes installation of a service or load limiter or any device that limits or interrupts utility service in any way.

(f) "Household income" means the combined income, as defined in section 290A.03, subdivision 3, of all residents of the customer's household, computed on an annual basis. Household income does not include any amount received for energy assistance.

(g) "Reasonably timely payment" means payment within seven calendar days of agreed-upon due dates.

(h) "Reconnection" means the restoration of utility heating service after it has been disconnected.

(i) "Third party notice" means a commission-approved notice containing, at a minimum, the following information:

(1) a statement that the utility will send a copy of any future notice of proposed disconnection of utility heating service to a third party designated by the residential customer;

(2) instructions on how to request this service; and

(3) a statement that the residential customer should contact the person the customer intends to designate as the third party contact before providing the utility with the party's name.

(j) "Utility" means a public utility as defined in section 216B.02.

(k) "Utility heating service" means natural gas or electricity used as a primary heating source, including electricity service necessary to operate gas heating equipment.

(l) "Working days" means Mondays through Fridays, excluding legal holidays.

Subd. 3. **Utility obligations before cold weather period.** (a) Each year, between September 1 and October 15, each utility must notify all customers of the provisions of this section. Notice must also be provided to all new residential customers when service is initiated. Notice must, at a minimum, include:

(1) an explanation of the customer's rights and responsibilities under subdivision 5;

(2) an explanation of no-cost and low-cost methods to reduce the consumption of energy; and

(3) a third party notice.

(b) Also, each year, between September 1 and October 15, each utility must attempt to contact, establish a payment agreement, and reconnect utility heating service to all customers who were disconnected after the preceding heating season. A record must be made of all contacts and attempted contacts.

Subd. 4. **Notice before disconnection during cold weather period.** Before disconnecting utility heating service during the cold weather period, a utility must provide notice to a customer, in easy-to-understand language, that contains the following:

(1) the date of the scheduled disconnection;

(2) the amount due;

(3) ways to avoid disconnection;

(4) information regarding payment agreements;

(5) a statement explaining the customer's rights and responsibilities, including the right to appeal a determination by the utility that the customer is not eligible for protection and the right to request commission intervention if the utility and customer cannot arrive at a mutually acceptable payment agreement;

(6) a list of local energy assistance and weatherization providers in each county served by the utility; and

(7) a third party notice.

Subd. 5. **Cold weather rule.** (a) During the cold weather period, a utility may not disconnect and must reconnect a customer whose household income is at or below 50 percent of the state median income if the customer enters into and makes reasonably timely payments under a mutually acceptable payment agreement with the utility that is based on the financial resources and circumstances of the household; provided that, a utility may not require a customer to pay more than ten percent of the customer's income toward current and past utility bills for utility heating service.

(b) A utility may accept more than ten percent of the household income as the payment arrangement amount if agreed to by the customer.

(c) The customer or a designated third party may request a modification of the terms of a payment agreement previously entered into if the customer's financial circumstances have changed or the customer is unable to make reasonably timely payments. The utility may refer to commission staff a customer who requests more than two modifications of a payment agreement during a single cold weather rule period if no payments have been made.

(d) The payment agreement terminates at the expiration of the cold weather period unless a longer period is mutually agreed to by the customer and the utility.

Subd. 6. **Verification of income.** (a) In verifying a customer's household income, a utility may:

(1) accept the signed statement of a customer that the customer is income eligible;

(2) obtain income verification from a local energy assistance provider or a government agency;

(3) consider one or more of the following:

(i) the most recent income tax return filed by members of the customer's household;

(ii) for each employed member of the customer's household, paycheck stubs for the last two months or a written statement from the employer reporting wages earned during the preceding two months;

(iii) a customer's Medicaid card, documentation that the customer receives food stamps, or a food support eligibility document;

(iv) documentation that the customer receives a pension from the Department of Human Services, the Social Security Administration, the Veteran's Administration, or other pension provider;

(v) a letter showing the customer's dismissal from a job or other documentation of unemployment; or

(vi) other documentation that supports the customer's declaration of income eligibility.

(b) A customer who receives energy assistance benefits under any federal, state, or county government programs in which eligibility is defined as household income at or below 50 percent of state median income is deemed to be automatically eligible for protection under this section and no other verification of income may be required.

Subd. 7. **Prohibitions and requirements.** During the cold weather period:

(a) A utility may not charge a deposit or delinquency charge to a customer who has entered into a payment agreement or a customer who has appealed to the commission under subdivision 8.

(b) A utility may not disconnect service during the following periods:

(1) during the pendency of any appeal under subdivision 8;

(2) earlier than ten working days after a utility has deposited in first class mail, or seven working days after a utility has personally served, the notice required under subdivision 4 to a customer in an occupied dwelling;

(3) earlier than ten working days after the utility has deposited in first class mail the notice required under subdivision 4 to the recorded billing address of the customer, if the utility has reasonably determined from an on-site inspection that the dwelling is unoccupied;

(4) on a Friday, unless the utility makes personal contact with, and offers a payment agreement to, the customer;

(5) on a Saturday, Sunday, holiday, or the day before a holiday;

(6) when utility offices are closed;

(7) when no utility personnel are available to resolve disputes, enter into payment agreements, accept payments, and reconnect service; or

(8) when commission offices are closed.

(c) Also, a utility may not discontinue service until the utility investigates whether the dwelling is actually occupied. At a minimum, the investigation must include one visit by the utility to the dwelling during normal working hours. If no contact is made and there is reason to believe that the dwelling is occupied, the utility must attempt a second contact during nonbusiness hours. If personal contact is made, the utility representative must provide notice required under subdivision 4 and, if the utility representative is not authorized to enter into a payment agreement, the telephone number the customer can call to establish a payment agreement.

(d) Each utility must reconnect utility service if, following disconnection, the dwelling is found to be occupied and the customer agrees to enter into a payment agreement or appeals to the commission because the customer and the utility are unable to agree on a payment agreement.

Subd. 8. **Disputes; customer appeals.** (a) A utility must provide the customer and any designated third party with a commission-approved written notice of the right to appeal:

(1) upon a utility determination that the customer's household income is more than 50 percent of state median household income; or

(2) when the utility and customer are unable to agree on the establishment or modification of a payment agreement.

(b) A customer's appeal must be filed with the commission no later than seven working days after the customer's receipt of a personally served disconnection notice, or within ten working days after the utility has deposited a first class mail notice. If no disconnection notice has been issued, an appeal may be filed at any time.

(c) The commission must determine all customer appeals on an informal basis, within 30 calendar days of receipt of a customer's written appeal. In making its determination, the commission must consider one or more of the factors in subdivision 6, paragraph (a), clauses (2) and (3).

(d) Notwithstanding any other law, following an appeals decision adverse to the customer, a utility may not disconnect utility heating service for seven working days after the utility has personally served a disconnection notice, or for ten working days after the utility has deposited a first class mail notice. The notice must contain, in easy-to-understand language, the date on or after which disconnection will occur, the reason for disconnection, and ways to avoid disconnection.

Subd. 9. **Utility appeals.** A utility may file an appeal of the commission's informal determination under subdivision 8 within 14 working days after it is issued. An appeal must be in writing, on forms prescribed by the commission. A copy of the appeal and a commission-approved letter explaining that the customer may have service disconnected must be mailed by the utility to the local human services or social services agency and the local energy assistance provider on the same day as the utility mails its appeal to the commission.

Subd. 10. **Reporting.** Annually on November 1, a utility must file with the commission a report specifying the number of utility heating service customers whose service is disconnected or remains disconnected as of October 1 and October 15. If customers remain disconnected on October 15, a utility must file a report each week between November 1 and the end of the cold weather period specifying:

(1) the number of utility heating service customers that are or remain disconnected from service; and

(2) the number of utility heating service customers that are reconnected to service each week. The utility may discontinue weekly reporting if the number of utility heating service customers that are or remain disconnected reaches zero before the end of the cold weather period.

Sec. 4. Minnesota Statutes 2006, section 216B.097, subdivision 1, is amended to read:

Subdivision 1. **Application; notice to residential customer.** (a) A municipal utility or a cooperative electric association must not disconnect and must reconnect the utility service of a residential customer during the period between October 15 and April 15 if the disconnection affects the primary heat source for the residential unit ~~when~~ and all of the following conditions are met:

(1) ~~the customer has declared inability to pay on forms provided by the utility. For the purposes of this clause, a customer that is receiving energy assistance is deemed to have demonstrated an inability to pay;~~

~~(2)~~ The household income of the customer is ~~less than~~ at or below 50 percent of the state median household income~~;~~. A municipal utility or cooperative electric association utility may (i) verify income on forms it provides or (ii) obtain

~~(3)~~ verification of income ~~may be conducted by~~ from the local energy assistance provider ~~or the utility, unless the~~. A customer is deemed ~~automatically eligible for~~ to meet the income requirements of this clause ~~protection against disconnection as a recipient of~~ if the customer receives any form of public assistance, including energy assistance, that uses an income eligibility ~~in an amount~~ threshold set at or below ~~the income eligibility in clause (2);~~ 50 percent of the state median household income.

~~(4)~~ (2) A customer ~~whose account is current for the billing period immediately prior to October 15 or who, at any time,~~ enters into and makes reasonably timely payments under a payment ~~schedule~~ agreement that considers the financial resources of the household ~~and is reasonably current with payments under the schedule; and~~.

~~(5) the~~ (3) A customer receives referrals to energy assistance ~~programs~~, weatherization, conservation, or other programs likely to reduce the customer's energy bills.

(b) A municipal utility or a cooperative electric association must, between August 15 and October 15 ~~of~~ each year, notify all residential customers of the provisions of this section.

Sec. 5. Minnesota Statutes 2006, section 216B.097, subdivision 3, is amended to read:

Subd. 3. **Restrictions if disconnection necessary.** (a) If a residential customer must be involuntarily disconnected between October 15 and April 15 for failure to comply with ~~the provisions of~~ subdivision 1, the disconnection must not occur:

(1) on a Friday ~~or on the day before a holiday~~, unless the customer declines to enter into a payment agreement offered that day in person or via personal contact by telephone by a municipal utility or cooperative electric association;

(2) on a weekend, holiday, or the day before a holiday;

(3) when utility offices are closed; or

(4) after the close of business on a day when disconnection is permitted, unless a field representative of a municipal utility or cooperative electric association who is authorized to enter into a payment agreement, accept payment, and continue service, offers a payment agreement to the customer.

Further, the disconnection must not occur until at least 20 days after the notice required in subdivision 2 has been mailed to the customer or 15 days after the notice has been personally delivered to the customer.

(b) If a customer does not respond to a disconnection notice, the customer must not be disconnected until the utility investigates whether the residential unit is actually occupied. If the unit is found to be occupied, the utility must immediately inform the occupant of the provisions of this section. If the unit is unoccupied, the utility must give seven days' written notice of the proposed disconnection to the local energy assistance provider before making a disconnection.

(c) If, prior to disconnection, a customer appeals a notice of involuntary disconnection, as provided by the utility's established appeal procedure, the utility must not disconnect until the appeal is resolved.

Sec. 6. Minnesota Statutes 2006, section 216B.098, subdivision 4, is amended to read:

Subd. 4. **Undercharges.** (a) A utility shall offer a payment agreement to customers who have been undercharged if no culpable conduct by the customer or resident of the customer's household caused the undercharge. The agreement must cover a period equal to the time over which the undercharge occurred or a different time period that is mutually agreeable to the customer and the utility, except that the duration of a payment agreement offered by a utility to a customer whose household income is at or below 50 percent of state median household income must consider the financial circumstances of the customer's household.

(b) No interest or delinquency fee may be charged ~~under this~~ as part of an undercharge agreement under this subdivision.

(c) If a customer inquiry or complaint results in the utility's discovery of the undercharge, the utility may bill for undercharges incurred after the date of the inquiry or complaint only if the utility began investigating the inquiry or complaint within a reasonable time after when it was made.

Sec. 7. Minnesota Statutes 2006, section 216B.16, subdivision 10, is amended to read:

Subd. 10. **Intervenor ~~payment~~ compensation.** (a) An organization or individual granted formal intervenor status by the commission is eligible to receive compensation.

(b) The commission may order a utility to ~~pay all or a portion of a party's intervention~~ compensate all or part of an eligible intervenor's reasonable costs ~~not to exceed $20,000 per intervenor in any proceeding~~ of participation in a general rate case that comes before the commission when the commission finds that the intervenor has materially assisted the commission's deliberation ~~and the intervenor has insufficient financial resources to afford the costs of intervention~~ and when a lack of compensation would present financial hardship to the intervenor. Compensation may not exceed $50,000 for a single intervenor in any proceeding. For the purpose of this subdivision, "materially assisted" means that the intervenor's participation and presentation was useful and seriously considered, or otherwise substantially contributed to the commission's deliberations in the proceeding.

(c) In determining whether an intervenor has materially assisted the commission's deliberation, the commission must consider, at a minimum, whether:

(1) the intervenor represented an interest that would not otherwise have been adequately represented;

(2) the evidence or arguments presented or the positions taken by the intervenor were an important factor in producing a fair decision;

(3) the intervenor's position promoted a public purpose or policy;

(4) the evidence presented, arguments made, issues raised, or positions taken by the intervenor would not have been a part of the record without the intervenor's participation; and

(5) the administrative law judge or the commission adopted, in whole or in part, a position advocated by the intervenor.

(d) In determining whether the absence of compensation would present financial hardship to the intervenor, the commission must consider:

(1) whether the costs presented in the intervenor's claim reflect reasonable fees for attorneys and expert witnesses and other reasonable costs; and

(2) the ratio between the costs of intervention and the intervenor's unrestricted funds.

(e) An intervenor seeking compensation must file a request and an affidavit of service with the commission, and serve a copy of the request on each party to the proceeding. The request must be filed 30 days after the later of (1) the expiration of the period within which a petition for rehearing, amendment, vacation, reconsideration, or reargument must be filed or (2) the date the commission issues an order following rehearing, amendment, vacation, reconsideration, or reargument.

(f) The compensation request must include:

(1) the name and address of the intervenor or representative of the nonprofit organization the intervenor is representing;

(2) if necessary, proof of the organization's nonprofit, tax-exempt status;

(3) the name and docket number of the proceeding for which compensation is requested;

(4) a list of actual annual revenues and expenses of the organization the intervenor is representing for the preceding year and projected revenues, revenue sources, and expenses for the current year;

(5) the organization's balance sheet for the preceding year and a current monthly balance sheet;

(6) an itemization of intervenor costs and the total compensation request; and

(7) a narrative explaining why additional organizational funds cannot be devoted to the intervention.

(g) Within 30 days after service of the request for compensation, a party may file a response, together with an affidavit of service, with the commission. A copy of the response must be served on the intervenor and all other parties to the proceeding.

(h) Within 15 days after the response is filed, the intervenor may file a reply with the commission. A copy of the reply and an affidavit of service must be served on all other parties to the proceeding.

(i) If additional costs are incurred as a result of additional proceedings following the commission's initial order, the intervenor may file an amended request within 30 days after the commission issues an amended order. Paragraphs (e) to (h) apply to an amended request.

(j) The commission must issue a decision on intervenor compensation within 60 days of a filing by an intervenor.

(k) A party may request reconsideration of the commission's compensation decision within 30 days of the decision.

(l) If the commission issues an order requiring payment of intervenor compensation, the utility that was the subject of the proceeding must pay the compensation to the intervenor, and file with the commission proof of payment, within 30 days after the later of (1) the expiration of the period within which a petition for reconsideration of the commission's compensation decision must be filed or (2) the date the commission issues an order following reconsideration of its order on intervenor compensation.

Sec. 8. Minnesota Statutes 2006, section 216B.16, subdivision 15, is amended to read:

Subd. 15. **Low-income affordability programs.** (a) The commission ~~may~~ must consider ability to pay as a factor in setting utility rates and may establish affordability programs for low-income residential ratepayers in order to ensure affordable, reliable, and continuous service to low-income utility customers. By September 1, 2007, a public utility serving low-income residential ratepayers who use natural gas for heating must file an affordability program with the commission. For purposes of this subdivision, "low-income residential ratepayers" means ratepayers who receive energy assistance from the low-income home energy assistance program (LIHEAP).

(b) ~~The purpose of the low-income programs is to~~ Any affordability program the commission orders a utility to implement must:

(1) lower the percentage of income that participating low-income households devote to energy bills~~, to~~;

(2) increase participating customer payments~~, and to~~ over time by increasing the frequency of payments;

(3) decrease or eliminate participating customer arrears;

(4) lower the utility costs associated with customer account collection activities; and

(5) coordinate the program with other available low-income bill payment assistance and conservation resources.

In ordering ~~low-income~~ affordability programs, the commission may require public utilities to file program evaluations~~, including the coordination of other available~~

~~low-income bill payment and conservation resources and~~ that measure the effect of the affordability program on:

(1) ~~reducing~~ the percentage of income that participating households devote to energy bills;

(2) service disconnections; and

(3) frequency of customer ~~payment behavior~~ payments, utility collection costs, arrearages, and bad debt.

(c) The commission must issue orders necessary to implement, administer, and evaluate affordability programs, and to allow a utility to recover program costs, including administrative costs, on a timely basis. The commission may not allow a utility to recover administrative costs, excluding start-up costs, in excess of five percent of total program costs, or program evaluation costs in excess of two percent of total program costs. The commission must permit deferred accounting, with carrying costs, for recovery of program costs incurred during the period between general rate cases.

(d) Public utilities may use information collected or created for the purpose of administering energy assistance to administer affordability programs.

Sec. 9. **RULES; INSTRUCTION TO COMMISSION AND REVISOR.**

Subdivision 1. **Public Utilities Commission.** The commission must amend Minnesota Rules, chapters 7820 and 7831, to conform with the provisions of Minnesota Statutes, section 216B.096, as authorized under Minnesota Statutes, section 14.388, subdivision 1, clause (3).

Subd. 2. **Revisor of statutes.** The revisor of statutes shall change the reference from "216B.095" to "216B.096" wherever found in Minnesota Rules, chapter 7820.

Sec. 10. **REPEALER.**

(a) Minnesota Rules, parts 7831.0100; 7831.0200; 7831.0300; 7831.0400; 7831.0500; 7831.0600; 7831.0700; and 7831.0800, are repealed as they pertain to a general rate case for a gas or electric utility held before the commission. The Public Utilities Commission shall timely adopt rules to conform with this repealer and Minnesota Statutes, section 216B.16, subdivision 10, as amended by this act, under the exempt rule procedures of Minnesota Statutes, section 14.388, subdivision 1, clause (3).

(b) Minnesota Statutes 2006, section 216B.095, is repealed.

APPENDIX
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