State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 8

02/06/2025 Authored by Heintzeman, Niska, Schultz, Igo, Duran and others
The bill was read for the first time and referred to the Committee on Environment and Natural Resources Finance and Policy
02/17/2025 Adoption of Report: Amended and re-referred to the Committee on Workforce, Labor, and Economic Development Finance and Policy

A bill for an act

relating to environment; improving efficiency of Wetland Conservation Act determinations; modifying permitting efficiency reporting requirements; improving the efficiency of the environmental and resource management permit application process; requiring the Pollution Control Agency to issue separate permits for the construction and operation of certain facilities; modifying the expedited permitting process of the Pollution Control Agency; requiring petitioners for environmental assessment worksheets to reside in the affected or adjoining counties; eliminating scoping environmental assessment worksheet requirements for projects requiring an environmental impact statement; clarifying local review; requiring modification of the state implementation plan; requiring reports; appropriating money; amending Minnesota Statutes 2024, sections 15.99, subdivision 3; 116.03, subdivision 2b; 116.07, subdivisions 4a, 4d; 116D.04, subdivisions 2a, 2b; 116J.035, by adding a subdivision.

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

Section 1. Minnesota Statutes 2024, 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. <u>There may be no more than one extension under this paragraph of any determination under sections 103G.221 to 103G.2375.</u>

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

Sec. 2. Minnesota Statutes 2024, section 116.03, subdivision 2b, is amended to read:

Subd. 2b. **Permitting efficiency.** (a) It is the goal of the state that environmental and resource management permits be issued or denied within 90 days for tier 1 permits or 150 days for tier 2 permits following submission of a permit application. The commissioner of the Pollution Control Agency ~~shall~~ <u>must</u> establish management systems designed to achieve the goal. For the purposes of this section, "tier 1 permits" are permits that do not require

individualized actions or public comment periods, and "tier 2 permits" are permits that require individualized actions or public comment periods.

(b) The commissioner ~~shall~~ must prepare ~~an annual~~ semiannual permitting efficiency ~~report~~ reports that ~~includes~~ include statistics on meeting the tier 2 goal in paragraph (a) and the criteria for tier 2 by permit categories. The ~~report is due~~ reports must be submitted to the governor and to the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over environment policy and finance by February 1 and August 1 each year and must be posted on the agency's website. If a report indicates that 50 percent or more of the permit applications received during the period covered by the report were deemed incomplete, the commissioner must also submit the report to the ombudsman established under section 116J.035, subdivision 9. Each report must include:

(1) for each permit ~~applications~~ application that ~~have~~ has not met the goal, ~~the report must state the reasons for not meeting the goal. In stating the reasons for not meeting the goal, the commissioner shall separately identify delays~~ an explanation of whether the delay was caused by the responsiveness of the proposer, lack of staff, scientific or technical disagreements, or the level of public engagement~~. The report must specify~~;

(2) for each permit that has not met the goal, the number of days from initial submission of the application to the day of determination that the application is complete~~. The report must aggregate~~;

(3) a summary of the data for the ~~year~~ reporting period and ~~assess~~ an assessment of whether program or system changes are necessary to achieve the tier 2 goal~~. The report must be posted on the agency's website and submitted to the governor and the chairs and ranking minority members of the house of representatives and senate committees having jurisdiction over environment policy and finance.~~ in paragraph (a);

(4) a statement of the number of tier 2 permits completed within the reporting period and, immediately following in parentheses, a statement of the percentage of total applications received for that tier 2 permit category that the number represents, stated separately for industrial and municipal permits; and

(5) for permits that did not meet the goal due to lack of staff, a combined estimate of the aggregate staff resources that would have been necessary for all affected permits to meet the goal.

(c) The commissioner ~~shall~~ must allow electronic submission of environmental review and permit documents to the agency.

(d) Within 30 business days of application for a permit subject to paragraph (a), the commissioner of the Pollution Control Agency ~~shall~~ must notify the permit applicant, in writing, whether the application is complete or incomplete. ~~If the commissioner determines that an application is incomplete, the notice to the applicant must~~ If an application is missing information, the commissioner must immediately contact the applicant, enumerate all deficiencies~~,~~ while citing specific provisions of the applicable rules and statutes, ~~and~~ advise the applicant on how the deficiencies can be remedied~~.~~, and request that the deficiencies be remedied as soon as possible. Submission by the applicant of additional information to correct deficiencies does not restart the 30 business days allowed under this paragraph for the agency to determine whether the application is complete or incomplete unless the corrected application is more than 30 percent larger than the deficient application. If the commissioner determines that the application is complete, the notice must confirm the application's tier 1 or tier 2 permit status and must inform the applicant of any missing information that was supplied by the commissioner under this paragraph. If the commissioner believes that a complete application for a tier 2 construction permit cannot be issued within the 150-day goal, the commissioner must provide notice to the applicant with the commissioner's notice that the application is complete and, upon request of the applicant, provide the permit applicant with a schedule estimating when the agency will begin drafting the permit and issue the public notice of the draft permit. Failure to meet the goal in paragraph (a) for issuing a tier 2 permit constitutes a final decision of the agency for purposes of section 115.05, subdivision 11. This paragraph does not apply to an application for a permit that is subject to a grant or loan agreement under chapter 446A.

(e) For purposes of this subdivision, "permit professional" means an individual not employed by the Pollution Control Agency who:

(1) has a professional license issued by the state of Minnesota in the subject area of the permit;

(2) has at least ten years of experience in the subject area of the permit; and

(3) abides by the duty of candor applicable to employees of the Pollution Control Agency under agency rules and complies with all applicable requirements under chapter 326.

(f) Upon the agency's request, an applicant relying on a permit professional must participate in a meeting with the agency before submitting an application:

(1) at least two weeks prior to the preapplication meeting, the applicant must submit at least the following:

(i) project description, including, but not limited to, scope of work, primary emissions points, discharge outfalls, and water intake points;

(ii) location of the project, including county, municipality, and location on the site;

(iii) business schedule for project completion; and

(iv) other information requested by the agency at least four weeks prior to the scheduled meeting; and

(2) during the preapplication meeting, the agency ~~shall~~ must provide for the applicant at least the following:

(i) an overview of the permit review program;

(ii) a determination of which specific application or applications will be necessary to complete the project;

(iii) a statement notifying the applicant if the specific permit being sought requires a mandatory public hearing or comment period;

(iv) a review of the timetable established in the permit review program for the specific permit being sought; and

(v) a determination of what information must be included in the application, including a description of any required modeling or testing.

(g) The applicant may select a permit professional to undertake the preparation of the permit application and draft permit.

(h) If a preapplication meeting was held, the agency ~~shall~~ must, within seven business days of receipt of an application, notify the applicant and submitting permit professional that the application is complete or is denied, specifying the deficiencies of the application.

(i) Upon receipt of notice that the application is complete, the permit professional ~~shall~~ must submit to the agency a timetable for submitting a draft permit. The permit professional ~~shall~~ must submit a draft permit on or before the date provided in the timetable. Within 60 days after the close of the public comment period, the commissioner ~~shall~~ must notify the applicant whether the permit can be issued.

(j) Nothing in this section shall be construed to modify:

(1) any requirement of law that is necessary to retain federal delegation to or assumption by the state; or

(2) the authority to implement a federal law or program.

(k) The permit application and draft permit ~~shall~~ must identify or include as an appendix all studies and other sources of information used to substantiate the analysis contained in the permit application and draft permit. The commissioner ~~shall~~ must request additional studies, if needed, and the permit applicant ~~shall~~ must submit all additional studies and information necessary for the commissioner to perform the commissioner's responsibility to review, modify, and determine the completeness of the application and approve the draft permit.

(l) If an environmental or resource management permit is not issued or denied within the applicable period described in paragraph (a), the commissioner must immediately begin review of the application and must take all steps necessary to issue the final permit, deny the permit, or issue the public notice for the draft permit within 150 days of the expiration of the applicable period described in paragraph (a). The commissioner may extend the period for up to 60 days by issuing a written notice to the applicant stating the length of and reason for the extension. Except as prohibited by federal law, after the applicable period expires, any person may seek an order of the district court requiring the commissioner to immediately take action on the permit application. A time limit under this paragraph may be extended through written agreement between the commissioner and the applicant.

Sec. 3. Minnesota Statutes 2024, section 116.07, subdivision 4a, is amended to read:

Subd. 4a. **Permits.** (a) The Pollution Control Agency may issue, continue in effect or deny permits, under such conditions as it may prescribe for the prevention of pollution, for the emission of air contaminants, or for the installation or operation of any emission facility, air contaminant treatment facility, treatment facility, potential air contaminant storage facility, or storage facility, or any part thereof, or for the sources or emissions of noise pollution. The Pollution Control Agency must issue separate permits for constructing a facility described in this paragraph and for its operation. The Pollution Control Agency must issue these permits in a manner that minimizes the time required to construct and begin operation of the permitted facility.

(b) The Pollution Control Agency may also issue, continue in effect or deny permits, under such conditions as it may prescribe for the prevention of pollution, for the storage, collection, transportation, processing, or disposal of waste, or for the installation or operation of any system or facility, or any part thereof, related to the storage, collection, transportation, processing, or disposal of waste.

(c) The agency may not issue a permit to a facility without analyzing and considering the cumulative levels and effects of past and current environmental pollution from all sources

on the environment and residents of the geographic area within which the facility's emissions are likely to be deposited, provided that the facility is located in a community in a city of the first class in Hennepin County that meets all of the following conditions:

(1) is within a half mile of a site designated by the federal government as an EPA superfund site due to residential arsenic contamination;

(2) a majority of the population are low-income persons of color and American Indians;

(3) a disproportionate percent of the children have childhood lead poisoning, asthma, or other environmentally related health problems;

(4) is located in a city that has experienced numerous air quality alert days of dangerous air quality for sensitive populations between February 2007 and February 2008; and

(5) is located near the junctions of several heavily trafficked state and county highways and two one-way streets which carry both truck and auto traffic.

(d) The Pollution Control Agency may revoke or modify any permit issued under this subdivision and section 116.081 whenever it is necessary, in the opinion of the agency, to prevent or abate pollution.

(e) The Pollution Control Agency has the authority for approval over the siting, expansion, or operation of a solid waste facility with regard to environmental issues. However, the agency's issuance of a permit does not release the permittee from any liability, penalty, or duty imposed by any applicable county ordinances. Nothing in this chapter precludes, or shall be construed to preclude, a county from enforcing land use controls, regulations, and ordinances existing at the time of the permit application and adopted pursuant to Minnesota Statutes 2020, sections 366.10 to 366.181, or sections 394.21 to 394.37, or 462.351 to 462.365, with regard to the siting, expansion, or operation of a solid waste facility.

(f) Except as prohibited by federal law, a person may commence construction, reconstruction, replacement, or modification of any facility prior to the issuance of a construction permit by the agency.

Sec. 4. Minnesota Statutes 2024, section 116.07, subdivision 4d, is amended to read:

Subd. 4d. **Permit fees.** (a) The agency may collect permit fees in amounts not greater than those necessary to cover the reasonable costs of developing, reviewing, and acting upon applications for agency permits and implementing and enforcing the conditions of the permits pursuant to agency rules. Permit fees shall not include the costs of litigation. The fee schedule must reflect reasonable and routine direct and indirect costs associated with

permitting, implementation, and enforcement. The agency may impose an additional enforcement fee to be collected for a period of up to two years to cover the reasonable costs of implementing and enforcing the conditions of a permit under the rules of the agency. Any money collected under this paragraph shall be deposited in the environmental fund.

(b) Notwithstanding paragraph (a), the agency shall collect an annual fee from the owner or operator of all stationary sources, emission facilities, emissions units, air contaminant treatment facilities, treatment facilities, potential air contaminant storage facilities, or storage facilities subject to a notification, permit, or license requirement under this chapter, subchapters I and V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq., or rules adopted thereunder. The annual fee shall be used to pay for all direct and indirect reasonable costs, including legal costs, required to develop and administer the notification, permit, or license program requirements of this chapter, subchapters I and V of the federal Clean Air Act, United States Code, title 42, section 7401 et seq., or rules adopted thereunder. Those costs include the reasonable costs of reviewing and acting upon an application for a permit; implementing and enforcing statutes, rules, and the terms and conditions of a permit; emissions, ambient, and deposition monitoring; preparing generally applicable regulations; responding to federal guidance; modeling, analyses, and demonstrations; preparing inventories and tracking emissions; and providing information to the public about these activities.

(c) The agency shall set fees that:

(1) will result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than $25 per ton of each volatile organic compound; pollutant regulated under United States Code, title 42, section 7411 or 7412 (section 111 or 112 of the federal Clean Air Act); and each pollutant, except carbon monoxide, for which a national primary ambient air quality standard has been promulgated;

(2) may result in the collection, in the aggregate, from the sources listed in paragraph (b), of an amount not less than $25 per ton of each pollutant not listed in clause (1) that is regulated under this chapter or air quality rules adopted under this chapter; and

(3) shall collect, in the aggregate, from the sources listed in paragraph (b), the amount needed to match grant funds received by the state under United States Code, title 42, section 7405 (section 105 of the federal Clean Air Act).

The agency must not include in the calculation of the aggregate amount to be collected under clauses (1) and (2) any amount in excess of 4,000 tons per year of each air pollutant from a source. The increase in air permit fees to match federal grant funds shall be a surcharge

on existing fees. The commissioner may not collect the surcharge after the grant funds become unavailable. In addition, the commissioner shall use nonfee funds to the extent practical to match the grant funds so that the fee surcharge is minimized.

(d) To cover the reasonable costs described in paragraph (b), the agency shall provide in the rules promulgated under paragraph (c) for an increase in the fee collected in each year by the percentage, if any, by which the Consumer Price Index for the most recent calendar year ending before the beginning of the year the fee is collected exceeds the Consumer Price Index for the calendar year 1989. For purposes of this paragraph the Consumer Price Index for any calendar year is the average of the Consumer Price Index for all-urban consumers published by the United States Department of Labor, as of the close of the 12-month period ending on August 31 of each calendar year. The revision of the Consumer Price Index that is most consistent with the Consumer Price Index for calendar year 1989 shall be used.

(e) Any money collected under paragraphs (b) to (d) must be deposited in the environmental fund and must be used solely for the activities listed in paragraph (b).

(f) Permit applicants who wish to construct, reconstruct, or modify a project may ~~offer~~ request expedited permitting under this paragraph. An applicant requesting expedited permitting under this paragraph must agree to reimburse the agency for the costs of staff time or consultant services needed to expedite the preapplication process and permit development process through the final decision on the permit, including the analysis of environmental review documents. The reimbursement ~~shall be~~ is in addition to permit application fees imposed by law. ~~When the agency determines that it needs additional resources to develop the permit application in an expedited manner, and that expediting the development is consistent with permitting program priorities, the agency may accept the reimbursement.~~ The commissioner must give the applicant an estimate of the timeline and costs to be incurred by the commissioner. The estimate must include a brief description of the tasks to be performed, a schedule for completing the tasks, and the estimated cost for each task. If the applicant agrees to the estimated timeline and costs negotiated with the commissioner, the applicant and the commissioner must enter into a written agreement ~~detailing the estimated costs for the expedited permit decision-making process to be incurred by the agency~~ to proceed accordingly. The agreement must ~~also~~ identify staff anticipated to be assigned to the project. The agreement may provide that, if permitting is completed ahead of the schedule set forth in the written agreement, the commissioner may retain any fees that would have been due if the permitting had taken the time contemplated in the written agreement. Fees retained by the commissioner under this paragraph are appropriated

to the commissioner to pay for administering the commissioner's permitting duties. The commissioner must not issue a permit until the applicant has paid all fees in full. The commissioner must refund any unobligated balance of fees paid. Reimbursements accepted by the agency are appropriated to the agency for the purpose of developing the permit or analyzing environmental review documents. Reimbursement by a permit applicant shall precede and not be contingent upon issuance of a permit; shall not affect the agency's decision on whether to issue or deny a permit, what conditions are included in a permit, or the application of state and federal statutes and rules governing permit determinations; and shall not affect final decisions regarding environmental review.

(g) The fees under this subdivision are exempt from section 16A.1285.

Sec. 5. Minnesota Statutes 2024, section 116D.04, subdivision 2a, is amended to read:

Subd. 2a. **When prepared.** (a) Where there is potential for significant environmental effects resulting from any major governmental action, the action must be preceded by a detailed environmental impact statement prepared by the responsible governmental unit. The environmental impact statement must be an analytical rather than an encyclopedic document that describes the proposed action in detail, analyzes its significant environmental impacts, discusses appropriate alternatives to the proposed action and their impacts, and explores methods by which adverse environmental impacts of an action could be mitigated. The environmental impact statement must also analyze those economic, employment, and sociological effects that cannot be avoided should the action be implemented. To ensure its use in the decision-making process, the environmental impact statement must be prepared as early as practical in the formulation of an action.

(b) The board ~~shall~~ must by rule establish categories of actions for which environmental impact statements and for which environmental assessment worksheets must be prepared as well as categories of actions for which no environmental review is required under this section. A mandatory environmental assessment worksheet is not required for the expansion of an ethanol plant, as defined in section 41A.09, subdivision 2a, paragraph (b), or the conversion of an ethanol plant to a biobutanol facility or the expansion of a biobutanol facility as defined in section 41A.15, subdivision 2d, based on the capacity of the expanded or converted facility to produce alcohol fuel, but must be required if the ethanol plant or biobutanol facility meets or exceeds thresholds of other categories of actions for which environmental assessment worksheets must be prepared. The responsible governmental unit for an ethanol plant or biobutanol facility project for which an environmental assessment

worksheet is prepared is the state agency with the greatest responsibility for supervising or approving the project as a whole.

(c) A mandatory environmental impact statement is not required for a facility or plant located outside the seven-county metropolitan area that produces less than 125,000,000 gallons of ethanol, biobutanol, or cellulosic biofuel annually, or produces less than 400,000 tons of chemicals annually, if the facility or plant is: an ethanol plant, as defined in section 41A.09, subdivision 2a, paragraph (b); a biobutanol facility, as defined in section 41A.15, subdivision 2d; or a cellulosic biofuel facility. A facility or plant that only uses a cellulosic feedstock to produce chemical products for use by another facility as a feedstock is not considered a fuel conversion facility as used in rules adopted under this chapter.

(d) The responsible governmental unit ~~shall~~ must promptly publish notice of the completion of an environmental assessment worksheet by publishing the notice in at least one newspaper of general circulation in the geographic area where the project is proposed, by posting the notice on a website that has been designated as the official publication site for publication of proceedings, public notices, and summaries of a political subdivision in which the project is proposed, or in any other manner determined by the board and ~~shall~~ must provide copies of the environmental assessment worksheet to the board and its member agencies. Comments on the need for an environmental impact statement may be submitted to the responsible governmental unit during a 30-day period following publication of the notice that an environmental assessment worksheet has been completed. The responsible governmental unit may extend the 30-day comment period for an additional 30 days one time. Further extensions of the comment period may not be made unless approved by the project's proposer. The responsible governmental unit's decision on the need for an environmental impact statement must be based on the environmental assessment worksheet and the comments received during the comment period, and must be made within 15 days after the close of the comment period. The board's chair may extend the 15-day period by not more than 15 additional days upon the request of the responsible governmental unit.

(e) An environmental assessment worksheet must also be prepared for a proposed action whenever material evidence accompanying a petition by not less than 100 individuals who reside or own property in ~~the state~~ a county where the proposed action will be undertaken or in one or more adjoining counties, submitted before the proposed project has received final approval by the appropriate governmental units, demonstrates that, because of the nature or location of a proposed action, there may be potential for significant environmental effects. Petitions requesting the preparation of an environmental assessment worksheet must be submitted to the board. The chair of the board ~~shall~~ must determine the appropriate

responsible governmental unit and forward the petition to it. A decision on the need for an environmental assessment worksheet must be made by the responsible governmental unit within 15 days after the petition is received by the responsible governmental unit. The board's chair may extend the 15-day period by not more than 15 additional days upon request of the responsible governmental unit.

(f) Except in an environmentally sensitive location where Minnesota Rules, part 4410.4300, subpart 29, item B, applies, the proposed action is exempt from environmental review under this chapter and rules of the board, if:

(1) the proposed action is:

(i) an animal feedlot facility with a capacity of less than 1,000 animal units; or

(ii) an expansion of an existing animal feedlot facility with a total cumulative capacity of less than 1,000 animal units;

(2) the application for the animal feedlot facility includes a written commitment by the proposer to design, construct, and operate the facility in full compliance with Pollution Control Agency feedlot rules; and

(3) the county board holds a public meeting for citizen input at least ten business days before the Pollution Control Agency or county issuing a feedlot permit for the animal feedlot facility unless another public meeting for citizen input has been held with regard to the feedlot facility to be permitted. The exemption in this paragraph is in addition to other exemptions provided under other law and rules of the board.

(g) The board may, before final approval of a proposed project, require preparation of an environmental assessment worksheet by a responsible governmental unit selected by the board for any action where environmental review under this section has not been specifically provided for by rule or otherwise initiated.

(h) An early and open process must be used to limit the scope of the environmental impact statement to a discussion of those impacts that, because of the nature or location of the project, have the potential for significant environmental effects. The same process must be used to determine the form, content, and level of detail of the statement as well as the alternatives that are appropriate for consideration in the statement. In addition, the permits that will be required for the proposed action must be identified during the scoping process. Further, the process must identify those permits for which information will be developed concurrently with the environmental impact statement. The board ~~shall~~ must provide in its rules for the expeditious completion of the scoping process. The determinations reached in

the process must be incorporated into the order requiring the preparation of an environmental impact statement.

(i) The responsible governmental unit ~~shall~~ must, to the extent practicable, avoid duplication and ensure coordination between state and federal environmental review and between environmental review and environmental permitting. Whenever practical, information needed by a governmental unit for making final decisions on permits or other actions required for a proposed project must be developed in conjunction with the preparation of an environmental impact statement. When an environmental impact statement is prepared for a project requiring multiple permits for which two or more agencies' decision processes include either mandatory or discretionary hearings before a hearing officer before the agencies' decision on the permit, the agencies may, notwithstanding any law or rule to the contrary, conduct the hearings in a single consolidated hearing process if requested by the proposer. All agencies having jurisdiction over a permit that is included in the consolidated hearing ~~shall~~ must participate. The responsible governmental unit ~~shall~~ must establish appropriate procedures for the consolidated hearing process, including procedures to ensure that the consolidated hearing process is consistent with the applicable requirements for each permit regarding the rights and duties of parties to the hearing, and ~~shall~~ must use the earliest applicable hearing procedure to initiate the hearing. All agencies having jurisdiction over a permit identified in the draft environmental assessment worksheet scoping document must begin reviewing any permit application upon publication of the notice of preparation of the environmental impact statement.

(j) An environmental impact statement must be prepared and its adequacy determined within 280 days after notice of its preparation unless the time is extended by consent of the parties or by the governor for good cause. The responsible governmental unit ~~shall~~ must determine the adequacy of an environmental impact statement, unless within 60 days after notice is published that an environmental impact statement will be prepared, the board chooses to determine the adequacy of an environmental impact statement. If an environmental impact statement is found to be inadequate, the responsible governmental unit has 60 days to prepare an adequate environmental impact statement.

(k) The proposer of a specific action may include in the information submitted to the responsible governmental unit a preliminary draft environmental impact statement under this section on that action for review, modification, and determination of completeness and adequacy by the responsible governmental unit. A preliminary draft environmental impact statement prepared by the project proposer and submitted to the responsible governmental unit must identify or include as an appendix all studies and other sources of information

used to substantiate the analysis contained in the preliminary draft environmental impact statement. The responsible governmental unit ~~shall~~ must require additional studies, if needed, and obtain from the project proposer all additional studies and information necessary for the responsible governmental unit to perform its responsibility to review, modify, and determine the completeness and adequacy of the environmental impact statement.

Sec. 6. Minnesota Statutes 2024, section 116D.04, subdivision 2b, is amended to read:

Subd. 2b. **Project prerequisites.** (a) If an environmental assessment worksheet or an environmental impact statement is required for a governmental action under subdivision 2a, a project may not be started and a final governmental decision may not be made to grant a permit, approve a project, or begin a project, until:

(1) a petition for an environmental assessment worksheet is dismissed;

(2) a negative declaration has been issued on the need for an environmental impact statement;

(3) the environmental impact statement has been determined adequate; or

(4) a variance has been granted from making an environmental impact statement by the environmental quality board.

(b) Nothing in this subdivision precludes a local unit of government from beginning to review a feedlot permit application for a feedlot subject to environmental review under this chapter or from issuing a preliminary decision on a feedlot permit application contingent on the completion of the environmental review.

Sec. 7. Minnesota Statutes 2024, section 116J.035, is amended by adding a subdivision to read:

Subd. 9. **Ombudsman for business permitting.** (a) The commissioner of employment and economic development must appoint an ombudsman for business permitting to assist businesses of all sizes with obtaining permits necessary to operate in the state. The ombudsman's duties include but are not limited to:

(1) conducting independent evaluations of all aspects of permitting processes that affect businesses in the state;

(2) monitoring, reviewing, and providing comments and recommendations to federal, state, and local authorities on laws and regulations that impact businesses in the state;

(3) facilitating and promoting participation of businesses in developing laws and regulations that affect businesses;

(4) providing reports to federal, state, and local authorities and the public on the requirements of permitting laws and the laws' impact on businesses;

(5) disseminating information about proposed regulations and other information to businesses and other interested parties;

(6) participating in and sponsoring meetings and conferences about business permitting with state and local regulatory officials, industry groups, and business representatives;

(7) investigating and assisting in resolving complaints and disputes from businesses against state or local authorities;

(8) operating a toll-free telephone line to provide free confidential help on permitting-related problems and grievances;

(9) establishing cooperative programs with trade associations and small businesses to promote and achieve voluntary compliance with applicable laws and regulations;

(10) establishing cooperative programs with federal, state, and local governmental entities and the private sector to assist businesses in securing sources of funding to comply with federal, state, and local permitting laws and regulations;

(11) conducting studies to evaluate the impacts of federal and state permitting laws and regulations on the state's economy, local economies, and businesses;

(12) coordinating with Minnesota Business First Stop, the ombudsman for small business air-quality compliance assistance, and other relevant state officials; and

(13) investigating the cause of permit applications being deemed incomplete when the ombudsman receives a Pollution Control Agency permitting report under section 116.03, subdivision 2b, paragraph (b).

(b) In carrying out the duties imposed by this subdivision, the ombudsman may act independently of any agency in providing testimony to the legislature, contacting and making periodic reports to federal and state officials as necessary to carry out the duties imposed by this subdivision, and addressing problems or concerns related to business permitting.

(c) The ombudsman must be knowledgeable about federal and state business permitting laws and regulations and federal and state legislative and regulatory processes. The ombudsman must be experienced in dealing with both private enterprise and governmental

entities, arbitration and negotiation, interpretation of laws and regulations, investigation, record keeping, report writing, public speaking, and management.

(d) The commissioner of employment and economic development must provide the ombudsman with the necessary office space, supplies, equipment, and clerical support to effectively perform the duties imposed by this subdivision.

Sec. 8. **SCOPING ENVIRONMENTAL ASSESSMENT WORKSHEET NOT REQUIRED FOR PROJECTS THAT REQUIRE A MANDATORY ENVIRONMENTAL IMPACT STATEMENT.**

(a) The Environmental Quality Board must amend Minnesota Rules, part 4410.2100, as follows:

(1) to provide that an environmental assessment worksheet does not need to be prepared for a project that falls within a mandatory environmental impact statement category under Minnesota Rules, part 4410.4400, or other applicable law; and

(2) to provide that a scoping process undertaken under Minnesota Rules, part 4410.2100, must be completed no later than 280 days after the process begins.

(b) The board may use the good-cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

Sec. 9. **STATE IMPLEMENTATION PLAN REVISIONS.**

(a) The commissioner of the Pollution Control Agency must seek approval from the federal Environmental Protection Agency for revisions to the state's federal Clean Air Act state implementation plan to reflect the requirements of Minnesota Statutes, section 116.07, subdivision 4a, as amended by this act.

(b) The commissioner of the Pollution Control Agency must report quarterly to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources policy on the status of efforts to implement paragraph (a) until the revisions required by paragraph (a) have been either approved or denied.

Sec. 10. **INTENT.**

The legislature recognizes the need to retain and grow the state's economy and vital infrastructure to keep Minnesota competitive on a national and global level. This growth

requires innovation and creativity, which will be achieved while protecting our environment and natural resources as prescribed under current law. It is therefore the intent of the legislature in enacting this bill that the state will meet or exceed efficiency goals, modernize existing regulatory systems, and communicate clearly to permit applicants and stakeholders to ensure a predictable, transparent, and fair permitting and environmental review process.