A bill for an act
relating to state government; appropriating money for agriculture, environment, and natural resources; providing for animal health and agricultural utilization research; making policy and technical changes to various agricultural related provisions, including provisions related to pesticide control, plant protection, nursery law, seeds, and loans; modifying license exclusions for the direct sale of certain prepared food; establishing the agriculture research, education, extension, and technology transfer grant program; establishing the Industrial Hemp Development Act; providing for incentive payments and grants; modifying disposition of certain revenue; providing for pilot programs; establishing the farm opportunity loan program; modifying fee provisions; creating accounts; modifying recreational vehicle provisions; modifying aquatic invasive species provisions; modifying state park and trail provisions; modifying timber and land sale provisions; modifying provisions for reclamation of lands; modifying game and fish laws; modifying the Water Law; regulating water quality standards; regulating chemicals of high concern in children's products; modifying solid waste provisions; requiring studies and reports; requiring rulemaking; amending Minnesota Statutes 2014, sections 13.643, subdivision 1; 13.7411, subdivision 8; 18B.01, subdivisions 28, 29; 18B.32, subdivision 1; 18B.33, subdivision 18J.01; 18J.02, subdivision 20, by adding subdivisions; 18H.06, subdivision 2; 18J.01; 18J.02; 18J.03; 18J.04, subdivisions 1, 2, 3, 4; 18J.05, subdivisions 1, 2, 6; 18J.06; 18J.07, subdivisions 3, 4, 5; 18J.09; 18J.11, subdivision 1, by adding a subdivision; 21.81, by adding subdivisions; 21.82, subdivisions 2, 4; 21.85, subdivision 2, by adding a subdivision; 21.89, subdivision 2; 41B.03, subdivision 6, by adding a subdivision; 41B.04, subdivision 17; 41B.043, subdivision 3; 41B.045, subdivisions 3, 4; 41B.046, subdivision 5; 41B.047, subdivisions 1, 4; 41B.048, subdivision 6; 41B.049, subdivision 4; 41B.055, subdivision 3; 41B.056, subdivision 2; 41B.06; 84.415, subdivision 7; 84.82, subdivisions 2a, 6; 84.92, subdivisions 8, 9, 10; 84.922, subdivision 5; 84D.01, by adding a subdivision; 84D.13, subdivision 5; 84D.15, subdivision 3; 85.015, by adding a subdivision; 85.055, subdivision 1; 85.32, subdivision 1; 86B.401, subdivision 3; 87A.10; 88.6435, subdivision 4; 90.14; 90.193; 93.20, subdivision 18; 94.16, subdivision 3; 97A.055, subdivision 4b; 97B.301, by adding a subdivision; 97C.301, by adding a subdivision; 103B.101, by adding a subdivision; 103B.3355; 103F.612, subdivision 2; 103G.005, by adding a subdivision; 103G.222, subdivisions 1, 3; 103G.2242, subdivisions 1, 2, 3, 4, 12, 14, 15; 103G.2251; 115A.1415, subdivision 16; 115A.557, subdivision 2; 116.07, subdivision 4d; 116.9401; 116.9402; 116.9403; 116.9405; 116.9406; 375.30, subdivision 2; proposing
cging for new law in Minnesota Statutes, chapters 17; 28A; 41A; 41B; 84; 84D; 92; 103B; 103F; 116; proposing coding for new law as Minnesota Statutes, chapter 18K; repealing Minnesota Statutes 2014, sections 17.115; 28A.15, subdivisions 9, 10; 41A.12, subdivision 4; 84.68; 86B.13, subdivisions 2, 4; Laws 2010, chapter 215, article 3, section 3, subdivision 6, as amended.

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

ARTICLE 1

AGRICULTURE APPROPRIATIONS

Section 1. AGRICULTURE APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2016" and "2017" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. "The biennium" is fiscal years 2016 and 2017. Appropriations for the fiscal year ending June 30, 2015, are effective the day following final enactment.

<table>
<thead>
<tr>
<th>Appropriations</th>
<th>Available for the Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>$45,964,000</td>
<td>$45,618,000</td>
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Sec. 2. DEPARTMENT OF AGRICULTURE

<table>
<thead>
<tr>
<th>Subdivision 1.</th>
<th>Total Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$45,964,000 $45,618,000</td>
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<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
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<th>2017</th>
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<tbody>
<tr>
<td>General</td>
<td>44,586,000</td>
<td>44,240,000</td>
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<tr>
<td>Remediation</td>
<td>388,000</td>
<td>388,000</td>
</tr>
<tr>
<td>Agricultural</td>
<td>990,000</td>
<td>990,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Subd. 2.</th>
<th>Protection Services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>17,958,000 18,677,000</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>17,380,000</td>
<td>18,099,000</td>
</tr>
</tbody>
</table>
3.1 Agricultural 190,000 190,000
3.2 Remediation 388,000 388,000
3.3 $388,000 the first year and $388,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.
3.4 $300,000 the first year and $250,000 the second year are for compensation for destroyed or crippled animals under Minnesota Statutes, section 3.737. This appropriation may be spent to compensate for animals that were destroyed or crippled during fiscal years 2014 and 2015. If the amount in the first year is insufficient, the amount in the second year is available in the first year.
3.5 $50,000 the first year and $50,000 the second year are for compensation for crop damage under Minnesota Statutes, section 3.7371. If the amount in the first year is insufficient, the amount in the second year is available in the first year.
3.6 If the commissioner determines that claims made under Minnesota Statutes, section 3.737 or 3.7371, are unusually high, amounts appropriated for either program may be transferred to the appropriation for the other program.
3.7 $225,000 the first year and $225,000 the second year are for deposit in the noxious weed and invasive plant species assistance account established under Minnesota Statutes, section 18.89, to be used to implement the noxious weed grant program under Minnesota Statutes, section 18.90.
Notwithstanding Minnesota Statutes, section 4.18B.05, $90,000 the first year and $90,000 the second year are from the pesticide regulatory account in the agricultural fund for an increase in the operating budget for the Laboratory Services Division.

$100,000 the first year and $100,000 the second year are from the pesticide regulatory account in the agricultural fund to update and modify applicator education and training materials.

$3,475,000 the first year and $4,244,000 the second year are for increased protection services.

Subd. 3. Agricultural Marketing and Development

$186,000 the first year and $186,000 the second year are for transfer to the Minnesota grown account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.102. Grants may be made for one year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2017, for Minnesota grown grants in this paragraph are available until June 30, 2019.

$634,000 the first year and $634,000 the second year are for continuation of the dairy development and profitability enhancement and dairy business planning grant programs established under Laws 1997, chapter 216, section 7, subdivision 2, and Laws 2001, First Special Session chapter 2, section 9, subdivision 2. The commissioner
may allocate the available sums among permissible activities, including efforts to improve the quality of milk produced in the state in the proportions that the commissioner deems most beneficial to Minnesota's dairy farmers. The commissioner must submit a detailed accomplishment report and a work plan detailing future plans for, and anticipated accomplishments from, expenditures under this program to the chairs and ranking minority members of the legislative committees with jurisdiction over agricultural policy and finance on or before the start of each fiscal year. If significant changes are made to the plans in the course of the year, the commissioner must notify the chairs and ranking minority members.

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

$100,000 the first year is to (1) enhance the commissioner's efforts to identify existing and emerging opportunities for Minnesota's agricultural producers and processors to export their products to Cuba, consistent with federal law, and (2) effectively communicate these opportunities to the producers and processors. This is a onetime appropriation.
$350,000 the first year is for grants to communities to develop or expand food hubs and other alternative community-based food distribution systems. Of this amount, $50,000 is for the commissioner to consult with existing food hubs, alternative community-based food distribution systems, and University of Minnesota Extension to identify best practices for use by other Minnesota communities. No later than December 15, 2015, the commissioner must report to the legislative committees with jurisdiction over agriculture and health regarding the status of emerging alternative community-based food distribution systems in the state along with recommendations to eliminate any barriers to success. This is a onetime appropriation.

$500,000 the first year is for urban agriculture development grants under Minnesota Statutes, section 17.1095. This is a onetime appropriation.

Subd. 4. **Bioenergy and Value-Added Agriculture** $7,235,000

$6,235,000 the first year and $6,235,000 the second year are for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12. No later than February 1, 2016, and February 1, 2017, the commissioner must report to the legislative committees with jurisdiction over agriculture policy and finance regarding the commissioner's accomplishments and anticipated accomplishments in the following areas: facilitating the start-up, modernization, or expansion of...
livestock operations including beginning
and transitioning livestock operations;

developing new markets for Minnesota
farmers by providing more fruits, vegetables,
meat, grain, and dairy for Minnesota school
children; assisting value-added agricultural
businesses to begin or expand, access new
markets, or diversify products; facilitating
the start-up, modernization, or expansion
of other beginning and transitioning farms,
including loans under Minnesota Statutes,
section 41B.056; research on conventional
and cover crops; sustainable agriculture
on farm research and demonstration; and
research on bioenergy, biobased content,
or biobased formulated products and other
renewable energy development.

The commissioner may use up to 4.5 percent
of this appropriation for costs incurred to
administer the program. Any unencumbered
balance does not cancel at the end of the first
year and is available for the second year.

Notwithstanding Minnesota Statutes, section
16A.28, the appropriations encumbered
under contract on or before June 30, 2017, for
agricultural growth, research, and innovation
grants in this subdivision are available until
June 30, 2019.

Money appropriated in this subdivision may
be used for grants under this paragraph.

The NextGen Energy Board, established in
Minnesota Statutes, section 41A.105, shall
make recommendations to the commissioner
on grants for owners of Minnesota facilities
producing bioenergy, biobased content,
or a biobased formulated product; for
organizations that provide for on-station,
on-farm field scale research and outreach to
develop and test the agronomic and economic
requirements of diverse strands of prairie
plants and other perennials for bioenergy
systems; or for certain nongovernmental
entities. For the purposes of this paragraph,
"bioenergy" includes transportation fuels
derived from cellulosic material, as well as
the generation of energy for commercial heat,
industrial process heat, or electrical power
from cellulosic materials via gasification or
other processes. Grants are limited to 50
percent of the cost of research, technical
assistance, or equipment related to bioenergy,
biobased content, or biobased formulated
product production or $500,000, whichever
is less. Grants to nongovernmental entities
for the development of business plans and
structures related to community ownership
of eligible bioenergy facilities together may
not exceed $150,000. The board shall make
a good-faith effort to select projects that have
merit and, when taken together, represent a
variety of bioenergy technologies, biomass
feedstocks, and geographic regions of the
state. Projects must have a qualified engineer
provide certification on the technology and
fuel source. Grantees must provide reports at
the request of the commissioner.

Notwithstanding Minnesota Statutes, section
41A.12, subdivision 3, of the amount
appropriated in this subdivision, $1,000,000
the first year and $1,000,000 the second year
are for distribution in equal amounts to each
of the state's county fairs to preserve and promote Minnesota agriculture.

Of the amount appropriated in this subdivision, up to $2,500,000 the first year and $2,500,000 the second year are for incentive payments under Minnesota Statutes, sections 41A.14, 41A.15, and 41A.16. Up to 4.5 percent of the amount available under this paragraph may be used for administration of the incentive payments.

Subd. 5. Administration and Financial Assistance

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>15,148,000</td>
<td>15,033,000</td>
</tr>
<tr>
<td>Agricultural</td>
<td>800,000</td>
<td>800,000</td>
</tr>
</tbody>
</table>

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

$18,000 the first year and $18,000 the second year are for a grant to the Minnesota Livestock Breeders Association.

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

$474,000 the first year and $474,000 the second year are for payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1. Aid payments to county and district agricultural societies and associations shall be disbursed no later than July 15 of
each year. These payments are the amount of
aid from the state for an annual fair held in
the previous calendar year.
$1,000 the first year and $1,000 the second
year are for grants to the Minnesota State
Poultry Association.
$108,000 the first year and $108,000 the
second year are for annual grants to the
Minnesota Turf Seed Council for basic
and applied research on: (1) the improved
production of forage and turf seed related to
new and improved varieties; and (2) native
plants, including plant breeding, nutrient
management, pest management, disease
management, yield, and viability. The grant
recipient may subcontract with a qualified
third party for some or all of the basic or
applied research.
$500,000 the first year and $500,000 the
second year are for grants to Second Harvest
Heartland on behalf of Minnesota's six
Second Harvest food banks for the purchase
of milk for distribution to Minnesota's food
shelves and other charitable organizations
that are eligible to receive food from the food
banks. Milk purchased under the grants must
be acquired from Minnesota milk processors
and based on low-cost bids. The milk must be
allocated to each Second Harvest food bank
serving Minnesota according to the formula
used in the distribution of United States
Department of Agriculture commodities
under The Emergency Food Assistance
Program (TEFAP). Second Harvest
Heartland must submit quarterly reports
to the commissioner on forms prescribed by the commissioner. The reports must include, but are not limited to, information on the expenditure of funds, the amount of milk purchased, and the organizations to which the milk was distributed. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank receiving money from this appropriation may use up to two percent of the grant for administrative expenses.

$500,000 the first year and $500,000 the second year are for grants to Second Harvest Heartland on behalf of the six Feeding America food banks that serve Minnesota to compensate agricultural producers and processors for costs incurred to harvest and package for transfer surplus fruits, vegetables, or other agricultural commodities that would otherwise go unharvested, be discarded, or be sold in a secondary market. Surplus commodities must be distributed statewide to food shelves and other charitable organizations that are eligible to receive food from the food banks. Surplus food acquired under this appropriation must be from Minnesota producers and processors. Second Harvest Heartland must report when required by, and in the form prescribed by, the commissioner. Second Harvest Heartland may use up to 11 percent of any grant received for administrative expenses, and up to four percent to reimburse for transportation expenses.
$94,000 the first year and $94,000 the second year are for transfer to the Board of Trustees of the Minnesota State Colleges and Universities for statewide mental health counseling support to farm families and business operators through farm business management programs at Central Lakes College and Ridgewater College.

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

$25,000 the first year is for the livestock industry study required in this act. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 18C.131, $800,000 the first year and $800,000 the second year are from the fertilizer account in the agricultural fund for grants for fertilizer research as awarded by the Minnesota Agricultural Fertilizer Research and Education Council under Minnesota Statutes, section 18C.71. The amount appropriated in either fiscal year must not exceed 57 percent of the inspection fee revenue collected under Minnesota Statutes, section 18C.425, subdivision 6, during the previous fiscal year. No later than February 1, 2017, the commissioner shall report to the legislative committees with jurisdiction over agriculture finance. The report must include the progress and outcome of funded projects as well as the sentiment of the council concerning the need for additional research funds.
$8,500,000 the first year and $8,500,000 the second year are for transfer to the fund created in Minnesota Statutes, section 41A.18, subdivision 2. Of these amounts:

(1) at least $2,000,000 each year is for agriculture rapid response under Minnesota Statutes, section 41A.18, subdivision 1, clause (2);

(2) at least $1,000,000 each year is for agricultural education under Minnesota Statutes, section 41A.18, subdivision 1, clause (3); and

(3) at least $500,000 each year is for farm business management under Minnesota Statutes, section 41A.18, subdivision 1, clause (3).

To the extent practicable, funds expended under Minnesota Statutes, section 41A.18, subdivision 1, clauses (1) and (2), must supplement and not supplant existing sources and levels of funding. The base amount for this program in fiscal year 2018 and thereafter is $3,500,000.

$300,000 the first year is for grants to the director of the University of Minnesota Extension for a grant program to expand the Takeoff 4-H Science, Technology, Engineering, Arts, and Mathematics (STEAM) Club for Somali youth throughout Minnesota. The University of Minnesota Extension may use a portion of each grant for grant administration and direct costs related to the Takeoff 4-H STEAM partnership between the University of Minnesota Extension and Ka Joog.
Section 1. Minnesota Statutes 2014, section 13.643, subdivision 1, is amended to read:

Subdivision 1. Department of Agriculture data. (a) Loan and grant applicant data. The following data on applicants, collected by the Department of Agriculture in its sustainable agriculture revolving loan and grant programs under sections 17.115 and section 17.116, are private or nonpublic: nonfarm income; credit history; insurance coverage; machinery and equipment list; financial information; and credit information requests.

(b) Farm advocate data. The following data supplied by farmer clients to Minnesota farm advocates and to the Department of Agriculture are private data on individuals: financial history, including listings of assets and debts, and personal and emotional status information.

Sec. 2. [17.1095] PILOT URBAN AGRICULTURE DEVELOPMENT GRANTS.

Subdivision 1. Establishment. (a) The commissioner shall establish and administer a pilot grant program to provide financial and technical assistance to cities, organizations, or individuals for urban agriculture projects. Grant applications must be submitted to the commissioner on forms provided by the commissioner. The commissioner shall award grants to meritorious projects within the limits of available funding.

(b) For purposes of this section, "eligible city" means a Minnesota home rule or statutory city located in:

(1) the seven-county metropolitan area, as defined under section 473.121,

subdivision 2; or

(2) the core county or counties of a metropolitan statistical area.

(c) The commissioner shall take steps to ensure that eligible organizations serving ethnic communities are made aware of the grant and that they are encouraged to apply.

Subd. 2. Grants to organizations or individuals. The commissioner shall solicit grant applications from individuals and organizations for projects located in urban agriculture development zones in eligible cities. The commissioner shall rank applications based on the project's ability to:
15.1 (1) increase fresh food access, including access to affordable organic foods, 
15.2 to improve both local and regional food security through the development of urban 
15.3 agriculture projects; and 
15.4 (2) reduce or eliminate health disparities related to food access. 
15.5 Subd. 3. Grants to cities. The commissioner shall solicit grant applications from 
15.6 eligible cities that have adopted a zoning ordinance that designates urban agriculture 
15.7 development zones. Applicant cities must certify to the commissioner that the ordinance 
15.8 will remain in effect for at least ten years and must repay any grant funds received under 
15.9 this section if the ordinance is repealed or amended to prohibit urban agriculture during 
15.10 the ten-year period. 
15.11 Subd. 4. Expiration. This section expires July 1, 2018. 
15.12 Sec. 3. Minnesota Statutes 2014, section 18B.01, subdivision 28, is amended to read: 
15.13 Subd. 28. Structural pest. "Structural pest" means an invertebrate pest, other 
15.14 than a plant, or commensal rodent in, on, under, or near a structure such as a residential 
15.15 or commercial building. 
15.16 Sec. 4. Minnesota Statutes 2014, section 18B.01, subdivision 29, is amended to read: 
15.17 Subd. 29. Structural pest control. "Structural pest control" means the control of 
15.18 any structural pest through the use of a device, a procedure, or application of pesticides or 
15.19 through other means in or around a building or other structures, including trucks, boxcars, 
15.20 ships, aircraft, docks, and fumigation vaults, and the business activity related to use of a 
15.21 device, a procedure, or application of a pesticide. 
15.22 Sec. 5. Minnesota Statutes 2014, section 18B.32, subdivision 1, is amended to read: 
15.23 Subdivision 1. Requirement. (a) A person may not engage in structural pest 
15.24 control applications: 
15.25 (1) for hire without a structural pest control license; and 
15.26 (2) as a sole proprietorship, company, partnership, or corporation unless the person 
15.27 is or employs a licensed master in structural pest control operations. 
15.28 (b) A structural pest control licensee must have a valid license identification card 
15.29 when applying to purchase a restricted use pesticide or apply pesticides for hire and must 
15.30 display it upon demand by an authorized representative of the commissioner or a law 
15.31 enforcement officer. The license identification card must contain information required by 
15.32 the commissioner.
(e) Notwithstanding the licensing requirements of this subdivision, a person may control the following nuisance or economically damaging wild animals, by trapping, without a structural pest control license:

1. fur-bearing animals, as defined in section 97A.015, with a valid trapping license or special permit from the commissioner of natural resources; and
2. skunks, woodchucks, gophers, porcupines, coyotes, moles, and weasels.

Sec. 6. Minnesota Statutes 2014, section 18B.33, subdivision 1, is amended to read:

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

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

Sec. 7. Minnesota Statutes 2014, section 18B.34, subdivision 1, is amended to read:

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

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

Sec. 8. Minnesota Statutes 2014, section 18G.10, subdivision 3, is amended to read:

Subd. 3. Cooperative agreements. The commissioner may enter into cooperative agreements with federal and state agencies for administration of the export certification program. An exporter of plants or plant products desiring to originate shipments from Minnesota to a foreign country requiring a phytosanitary certificate or export certificate must submit an application to the commissioner.

Sec. 9. Minnesota Statutes 2014, section 18G.10, subdivision 4, is amended to read:
Subd. 4. Phyto sanitary and export certificates. An exporter of plants or plant products desiring to originate shipments from Minnesota to a foreign country requiring a phyto sanitary certificate or export certificate must submit an application to the commissioner. Application for phyto sanitary certificates or export certificates must be made on forms provided or approved by the commissioner. The commissioner shall may conduct inspections of plants, plant products, or facilities for persons that have applied for or intend to apply for a phyto sanitary certificate or export certificate from the commissioner. Inspections must include one or more of the following as requested or required:

1) an inspection of the plants or plant products intended for export under a phyto sanitary certificate or export certificate;

2) field inspections of growing plants to determine presence or absence of plant diseases, if necessary;

3) laboratory diagnosis for presence or absence of plant diseases, if necessary;

4) observation and evaluation of procedures and facilities utilized in handling plants and plant products, if necessary; and


The commissioner may issue a phyto sanitary certificate or export certificate if the plants or plant products satisfactorily meet the requirements of the importing foreign country and the United States Department of Agriculture requirements. The requirements of the destination countries must be met by the applicant.

Sec. 10. Minnesota Statutes 2014, section 18H.02, subdivision 20, is amended to read:

Subd. 20. Nursery stock. "Nursery stock" means a plant intended for planting or propagation, including, but not limited to, trees, shrubs, vines, perennials, biennials, grafts, cuttings, and buds that may be sold for propagation, whether cultivated or wild, and all viable parts of these plants. Nursery stock does not include:

1) field and forage crops or sod;

2) the seeds of grasses, cereal grains, vegetable crops, and flowers;

3) vegetable plants, bulbs, or tubers;

4) cut flowers, unless stems or other portions are intended for propagation;

5) annuals; or

6) Christmas trees.

Sec. 11. Minnesota Statutes 2014, section 18H.02, is amended by adding a subdivision to read:
Subd. 32a. Sod. "Sod" means the upper portion of soil that contains the roots of grasses and the living grass plants.

Sec. 12. Minnesota Statutes 2014, section 18H.02, is amended by adding a subdivision to read:

Subd. 35. Tropical plant. "Tropical plant" means a plant that has a United States Department of Agriculture hardiness zone designation of zone 6 or greater, or an annual minimum hardiness temperature of -9 degrees Fahrenheit.

Sec. 13. Minnesota Statutes 2014, section 18H.06, subdivision 2, is amended to read:

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

(1) the gross sales of all nursery stock in a calendar year do not exceed $2,000;

(2) all nursery stock sold or distributed by the individual is intended for planting in Minnesota;

(3) all nursery stock purchased or procured for resale or distribution was grown in Minnesota and has been certified by the commissioner; and

(4) conducts sales or distributions of nursery stock on ten or fewer days in a calendar year.

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

Sec. 14. Minnesota Statutes 2014, section 18J.01, is amended to read:

18J.01 DEFINITIONS.

(a) The definitions in sections 18G.02, 18H.02, 18K.03, 27.01, 223.16, 231.01, and 232.21 apply to this chapter.

(b) For purposes of this chapter, "associated rules" means rules adopted under this chapter, chapter 18G, 18H, 18K, 27, 223, 231, or 232, or sections 21.80 to 21.92.

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

Sec. 15. Minnesota Statutes 2014, section 18J.02, is amended to read:

18J.02 DUTIES OF COMMISSIONER.

The commissioner shall administer and enforce this chapter, chapters 18G, 18H, 18K, 27, 223, 231, and 232; sections 21.80 to 21.92; and associated rules.

EFFECTIVE DATE. This section is effective the day following final enactment.
Sec. 16. Minnesota Statutes 2014, section 18J.03, is amended to read:

**18J.03 CIVIL LIABILITY.**

A person regulated by this chapter, chapter 18G, 18H, **18K**, 27, 223, 231, or 232, or sections 21.80 to 21.92, is civilly liable for any violation of one of those statutes or associated rules by the person's employee or agent.

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

Sec. 17. Minnesota Statutes 2014, section 18J.04, subdivision 1, is amended to read:

Subdivision 1. Access and entry. The commissioner, upon presentation of official department credentials, must be granted immediate access at reasonable times to sites where a person manufactures, distributes, uses, handles, disposes of, stores, or transports seeds, plants, grain, household goods, general merchandise, produce, or other living or nonliving products or other objects regulated under chapter 18G, 18H, **18K**, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules.

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

Sec. 18. Minnesota Statutes 2014, section 18J.04, subdivision 2, is amended to read:

Subd. 2. Purpose of entry. (a) The commissioner may enter sites for:

(1) inspection of inventory and equipment for the manufacture, storage, handling, distribution, disposal, or any other process regulated under chapter 18G, 18H, **18K**, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules;

(2) sampling of sites, seeds, plants, products, grain, household goods, general merchandise, produce, or other living or nonliving objects that are manufactured, stored, distributed, handled, or disposed of at those sites and regulated under chapter 18G, 18H, **18K**, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules;

(3) inspection of records related to the manufacture, distribution, storage, handling, or disposal of seeds, plants, products, grain, household goods, general merchandise, produce, or other living or nonliving objects regulated under chapter 18G, 18H, **18K**, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules;

(4) investigating compliance with chapter 18G, 18H, **18K**, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules; or

(5) other purposes necessary to implement chapter 18G, 18H, **18K**, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules.

(b) The commissioner may enter any public or private premises during or after regular business hours without notice of inspection when a suspected violation of chapter
20.1 18G, 18H, **18K**, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules may threaten public health or the environment.

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

20.4 Sec. 19. Minnesota Statutes 2014, section 18J.04, subdivision 3, is amended to read:

20.5 Subd. 3. **Notice of inspection samples and analyses.** (a) The commissioner shall provide the owner, operator, or agent in charge with a receipt describing any samples obtained. If requested, the commissioner shall split any samples obtained and provide them to the owner, operator, or agent in charge. If an analysis is made of the samples, a copy of the results of the analysis must be furnished to the owner, operator, or agent in charge within 30 days after an analysis has been performed. If an analysis is not performed, the commissioner must notify the owner, operator, or agent in charge within 30 days of the decision not to perform the analysis.

20.6 (b) The sampling and analysis must be done according to methods provided for under applicable provisions of chapter 18G, 18H, **18K**, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules. In cases not covered by those sections and methods or in cases where methods are available in which improved applicability has been demonstrated the commissioner may adopt appropriate methods from other sources.

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

20.9 Sec. 20. Minnesota Statutes 2014, section 18J.04, subdivision 4, is amended to read:

20.10 Subd. 4. **Inspection requests by others.** (a) A person who believes that a violation of chapter 18G, 18H, **18K**, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules has occurred may request an inspection by giving notice to the commissioner of the violation. The notice must be in writing, state with reasonable particularity the grounds for the notice, and be signed by the person making the request.

20.11 (b) If after receiving a notice of violation the commissioner reasonably believes that a violation has occurred, the commissioner shall make a special inspection in accordance with the provisions of this section as soon as practicable, to determine if a violation has occurred.

20.12 (c) An inspection conducted pursuant to a notice under this subdivision may cover an entire site and is not limited to the portion of the site specified in the notice. If the commissioner determines that reasonable grounds to believe that a violation occurred do not exist, the commissioner must notify the person making the request in writing of the determination.
21.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

21.2 Sec. 21. Minnesota Statutes 2014, section 18J.05, subdivision 1, is amended to read:

   Subdivision 1. **Enforcement required.** (a) A violation of chapter 18G, 18H, **18K**, 27, 223, 231, or 232; sections 21.80 to 21.92; or an associated rule is a violation of this chapter.

   (b) Upon the request of the commissioner, county attorneys, sheriffs, and other officers having authority in the enforcement of the general criminal laws must take action to the extent of their authority necessary or proper for the enforcement of chapter 18G, 18H, **18K**, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules or valid orders, standards, stipulations, and agreements of the commissioner.

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

21.11 Sec. 22. Minnesota Statutes 2014, section 18J.05, subdivision 2, is amended to read:

   Subd. 2. **Commissioner's discretion.** If minor violations of chapter 18G, 18H, **18K**, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules occur or the commissioner believes the public interest will be best served by a suitable notice of warning in writing, this section does not require the commissioner to:

   (1) report the violation for prosecution;
   (2) institute seizure proceedings; or
   (3) issue a withdrawal from distribution, stop-sale, or other order.

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

21.20 Sec. 23. Minnesota Statutes 2014, section 18J.05, subdivision 6, is amended to read:

   Subd. 6. **Agent for service of process.** All persons licensed, permitted, registered, or certified under chapter 18G, 18H, **18K**, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules must appoint the commissioner as the agent upon whom all legal process may be served and service upon the commissioner is deemed to be service on the licensee, permittee, registrant, or certified person.

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

21.27 Sec. 24. Minnesota Statutes 2014, section 18J.06, is amended to read:

   **18J.06 FALSE STATEMENT OR RECORD.**
   
   A person must not knowingly make or offer a false statement, record, or other information as part of:
Section 25. Minnesota Statutes 2014, section 18J.07, subdivision 3, is amended to read: Subd. 3. Cancellation of registration, permit, license, certification. The commissioner may cancel or revoke a registration, permit, license, or certification provided for under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules or refuse to register, permit, license, or certify under provisions of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules if the registrant, permittee, licensee, or certified person has used fraudulent or deceptive practices in the evasion or attempted evasion of a provision of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules.

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

Section 26. Minnesota Statutes 2014, section 18J.07, subdivision 4, is amended to read: Subd. 4. Service of order or notice. (a) If a person is not available for service of an order, the commissioner may attach the order to the facility, site, seed or seed container, plant or other living or nonliving object regulated under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules and notify the owner, custodian, other responsible party, or registrant.

(b) The seed, seed container, plant, or other living or nonliving object regulated under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules may not be sold, used, tampered with, or removed until released under conditions specified by the commissioner, by an administrative law judge, or by a court.

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

Section 27. Minnesota Statutes 2014, section 18J.07, subdivision 5, is amended to read: Subd. 5. Unsatisfied judgments. (a) An applicant for a license, permit, registration, or certification under provisions of this chapter, chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules may not allow a final judgment against
the applicant for damages arising from a violation of those statutes or rules to remain
unsatisfied for a period of more than 30 days.

(b) Failure to satisfy, within 30 days, a final judgment resulting from a violation of this
chapter results in automatic suspension of the license, permit, registration, or certification.

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

Sec. 28. Minnesota Statutes 2014, section 18J.09, is amended to read:

18J.09 CREDITING OF PENALTIES, FEES, AND COSTS.

Penalties, cost reimbursements, fees, and other money collected under this chapter
must be deposited into the state treasury and credited to the appropriate nursery and
phytosanitary, industrial hemp, or seed account.

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

Sec. 29. Minnesota Statutes 2014, section 18J.11, subdivision 1, is amended to read:

Subdivision 1. General violation. Except as provided in subdivisions 2 and, 3, and 4, a person is guilty of a misdemeanor if the person violates this chapter or an order,
standard, stipulation, agreement, or schedule of compliance of the commissioner.

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

Sec. 30. Minnesota Statutes 2014, section 18J.11, is amended by adding a subdivision
to read:

Subd. 4. Controlled substance offenses. Prosecution under this section does not
preclude prosecution under chapter 152.

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

Sec. 31. [18K.01] SHORT TITLE.

This chapter may be referred to as the "Industrial Hemp Development Act."

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

Sec. 32. [18K.03] DEFINITIONS.

Subdivision 1. Scope. The definitions in this section apply to this chapter.

Subd. 2. Commissioner. "Commissioner" means the commissioner of agriculture.
Subd. 3. **Industrial hemp.** "Industrial hemp" means the plant Cannabis sativa L. and any part of the plant, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis. Industrial hemp is not marijuana as defined in section 152.01, subdivision 9.

Subd. 4. **Marijuana.** "Marijuana" has the meaning given in section 152.01.

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

**Sec. 33. [18K.035] PILOT PROGRAM; OTHER RESEARCH AUTHORIZED.**

Subdivision 1. **Authorized activity.** The commissioner may grow or cultivate industrial hemp pursuant to a pilot program administered by the commissioner to study the growth, cultivation, or marketing of industrial hemp. The commissioner may: (1) authorize institutions of higher education to grow or cultivate industrial hemp as part of the commissioner's pilot program or as is necessary to perform other agricultural, renewable energy, or academic research; and (2) contract with public or private entities for testing or other activities authorized under this subdivision. Authorized activity under this section may include collecting seed from wild hemp sources.

Subd. 2. **Site registration.** Before growing or cultivating industrial hemp pursuant to this section, each site must be registered with and certified by the commissioner. A person must register each site annually in the form prescribed by the commissioner and must pay the annual registration and certification fee established by the commissioner in accordance with section 16A.1285, subdivision 2.

Subd. 3. **Rulemaking.** The commissioner may adopt rules that govern the pilot program pursuant to this section and Public Law 113-79.

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

**Sec. 34. [18K.04] AGRICULTURAL CROP; POSSESSION AUTHORIZED.**

Industrial hemp is an agricultural crop in this state. A person may possess, transport, process, sell, or buy industrial hemp that is grown pursuant to this chapter.

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

**Sec. 35. [18K.05] LICENSING.**

Subdivision 1. **Requirement; issuance; presumption.** (a) A person must obtain a license from the commissioner before growing industrial hemp for commercial purposes. A person must apply to the commissioner in the form prescribed by the commissioner and
must pay the annual registration and inspection fee established by the commissioner in accordance with section 16A.1285, subdivision 2. The license application must include the name and address of the applicant and the legal description of the land area or areas where industrial hemp will be grown by the applicant.

(b) When an applicant has paid the fee and completed the application process to the satisfaction of the commissioner, the commissioner must issue a license which is valid until December 31 of the year of application.

(c) A person licensed under this section is presumed to be growing industrial hemp for commercial purposes.

Subd. 2. Background check; data classification. The commissioner must require each first-time applicant for a license to submit to a background investigation conducted by the Bureau of Criminal Apprehension as a condition of licensure. As part of the background investigation, the Bureau of Criminal Apprehension must conduct criminal history checks of Minnesota records and is authorized to exchange fingerprints with the United States Department of Justice, Federal Bureau of Investigation for the purpose of a criminal background check of the national files. The cost of the investigation must be paid by the applicant. Criminal history records provided to the commissioner under this section must be treated as private data on individuals, as defined in section 13.02, subdivision 12.

Subd. 3. Federal requirements. The applicant must demonstrate to the satisfaction of the commissioner that the applicant has complied with all applicable federal requirements pertaining to the production, distribution, and sale of industrial hemp.

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

Sec. 36. **[18K.06] ANNUAL REPORT; SALES NOTIFICATION.**

(a) Annually, a licensee must file with the commissioner:

(1) documentation demonstrating to the commissioner’s satisfaction that the seeds planted by the licensee are of a type and variety that contain no more than three-tenths of one percent delta-9 tetrahydrocannabinol; and

(2) a copy of any contract to grow industrial hemp.

(b) Within 30 days, a licensee must notify the commissioner of each sale or distribution of industrial hemp grown by the licensee including, but not limited to, the name and address of the person receiving the industrial hemp and the amount of industrial hemp sold or distributed.

**EFFECTIVE DATE.** This section is effective the day following final enactment.
Sec. 37. [18K.07] RULEMAKING.

(a) The commissioner shall adopt rules governing the production, testing, and licensing of industrial hemp.

(b) Rules adopted under paragraph (a) must include, but not be limited to, provisions governing:

1. the supervision and inspection of industrial hemp during its growth and harvest;
2. the testing of industrial hemp to determine delta-9 tetrahydrocannabinol levels;
3. the use of background checks results required under section 18K.05 to approve or deny a license application; and
4. any other provision or procedure necessary to carry out the purposes of this chapter.

(c) Rules issued under this section must be consistent with federal law regarding the production, distribution, and sale of industrial hemp.

EFFECTIVE DATE. This section is effective the day after the federal government authorizes the commercial production of industrial hemp in this country.

Sec. 38. [18K.08] FEES.

Fees collected under this chapter must be credited to the industrial hemp account, which is hereby established in the agricultural fund in the state treasury. Interest earned in the account accrues to the account. Funds in the industrial hemp account are annually appropriated to the commissioner to implement and enforce this chapter.

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

Sec. 39. [18K.09] DEFENSE FOR POSSESSION OF MARIJUANA.

It is an affirmative defense to a prosecution for the possession of marijuana under chapter 152 if:

1. the defendant possesses industrial hemp grown pursuant to this chapter; or
2. the defendant has a valid controlled substance registration from the United States Department of Justice, Drug Enforcement Administration, if required under federal law.

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

Sec. 40. Minnesota Statutes 2014, section 21.81, is amended by adding a subdivision to read:
Subd. 1a. **Address.** "Address" means the complete primary mailing address of the
labeler or the person or firm selling seed. A complete address includes the street address,
post office box, or rural route, and city, state, and zip code or postal code.

Sec. 41. Minnesota Statutes 2014, section 21.81, is amended by adding a subdivision
to read:

Subd. 27a. **Total viable.** "Total viable" means the sum of the germination
percentage, plus hard seeds, dormant seeds, or both.

Sec. 42. Minnesota Statutes 2014, section 21.82, subdivision 2, is amended to read:

Subd. 2. **Content.** For agricultural, vegetable, flower, or wildflower seeds offered
for sale as agricultural seed, except as otherwise provided in subdivisions 4, 5, and 6, the
label must contain:

(a) The name of the kind or kind and variety for each seed component in excess
of five percent of the whole and the percentage by weight of each in order of its
predominance. The commissioner shall by rule designate the kinds that are required to be
labeled as to variety. If the variety of those kinds generally labeled as to variety is not
stated and it is not required to be stated, the label shall show the name of the kind and the
words: "Variety not stated." The heading "pure seed" must be indicated on the seed label
in close association with other required label information.

(1) The percentage that is hybrid shall be at least 95 percent of the percentage of pure
seed shown unless the percentage of pure seed which is hybrid seed is shown separately.
If two or more kinds or varieties are present in excess of five percent and are named on
the label, each that is hybrid shall be designated as hybrid on the label. Any one kind or
kind and variety that has pure seed which is less than 95 percent but more than 75 percent
hybrid seed as a result of incompletely controlled pollination in a cross shall be labeled to
show the percentage of pure seed that is hybrid seed or a statement such as "contains from
75 percent to 95 percent hybrid seed." No one kind or variety of seed shall be labeled as
hybrid if the pure seed contains less than 75 percent hybrid seed. The word hybrid shall be
shown on the label in conjunction with the kind.

(2) Blends shall be listed on the label using the term "blend" in conjunction with
the kind.

(3) Mixtures shall be listed on the label using the term "mixture," "mix," or "mixed."

(b) Lot number or other lot identification.

(c) Origin, if known, or that the origin is unknown.
(d) Percentage by weight of all weed seeds present. This percentage may not exceed one percent. The heading "weed seed" must be indicated on the seed label in close association with other required label information.

(e) Name and rate of occurrence per pound of each kind of restricted noxious weed seeds present. They must be listed under the heading "noxious weed seeds" in close association with other required label information.

(f) Percentage by weight of seeds other than those kinds and varieties required to be named on the label. They must be listed under the heading "other crop" in close association with other required label information.

(g) Percentage by weight of inert matter. The heading "inert matter" must be indicated on the seed label in close association with other required label information.

(h) Net weight of contents, to appear on either the container or the label.

(i) For each named kind or variety of seed:

1. percentage of germination, exclusive of hard or dormant seed or both;

2. percentage of hard or dormant seed or both, if present; and

3. the calendar month and year the percentages were determined by test or the statement "sell by (month and year)" which may not be more than 12 months from the date of test, exclusive of the month of test.

The headings for "germination" and "hard seed or dormant seed" percentages must be stated separately on the seed label. A separate percentage derived from combining these percentages may also be stated on the seed label, but the heading for this percentage must be "total germination and hard seed or dormant seed when applicable." They must not be stated as "total live seed," "total germination," or in any other unauthorized manner, as "total viable."

(j) Name and address of the person who labeled the seed or who sells the seed within this state, or a code number which has been registered with the commissioner.

Sec. 43. Minnesota Statutes 2014, section 21.82, subdivision 4, is amended to read:

Subd. 4. Hybrid seed corn. For hybrid seed corn purposes a label must contain:

1. a statement indicating the number of seeds in the container may be listed along with or in lieu of the net weight of contents; and

2. for each variety of hybrid seed field corn, the day classification as determined by the originator or owner. The day classification must approximate the number of days of growing season necessary from emergence of the corn plant above ground to relative maturity and must conform to the day classification established by the director of be
within three days of maturity ratings determined in comparative trials by the Minnesota agricultural experiment station for the appropriate zone.

Sec. 44. Minnesota Statutes 2014, section 21.85, subdivision 2, is amended to read:

Subd. 2. Seed laboratory. (a) The commissioner shall establish and maintain a seed laboratory for seed testing, employing necessary agents and assistants to administer and enforce sections 21.80 to 21.92, who shall be governed by chapter 43A.

(b) The laboratory procedures for testing official seed samples are the procedures set forth in the Rules for Testing Seeds that is published annually by the Association of Official Seed Analysts. If a laboratory procedure rule does not exist for a particular type of seed, then laboratory procedures from other recognized seed testing sources may be used, including procedures under the Code of Federal Regulations, title 7, part 201, or the International Rules for Testing Seeds.

Sec. 45. Minnesota Statutes 2014, section 21.85, is amended by adding a subdivision to read:

Subd. 15. Prohibited and restricted seeds. The commissioner shall determine species that are considered prohibited weed seeds and restricted noxious weed seeds and the allowable rate of occurrence of restricted noxious weed seeds.

Sec. 46. Minnesota Statutes 2014, section 21.89, subdivision 2, is amended to read:

Subd. 2. Permits; issuance and revocation. The commissioner shall issue a permit to the initial labeler of agricultural, vegetable, flower, and wildflower seeds which are sold for use in Minnesota and which conform to and are labeled under sections 21.80 to 21.92. The categories of permits are as follows:

(1) for initial labelers who sell 50,000 pounds or less of agricultural seed each calendar year, an annual permit issued for a fee established in section 21.891, subdivision 2, paragraph (b);

(2) for initial labelers who sell vegetable, flower, and wildflower seed packed for use in home gardens or household plantings, and initial labelers who sell native grasses and wildflower seed in commercial or agricultural quantities, an annual permit issued for a fee established in section 21.891, subdivision 2, paragraph (c), based upon the gross sales from the previous year; and

(3) for initial labelers who sell more than 50,000 pounds of agricultural seed each calendar year, a permanent permit issued for a fee established in section 21.891, subdivision 2, paragraph (d).
In addition, the person shall furnish to the commissioner an itemized statement of all seeds sold in Minnesota for the periods established by the commissioner. This statement shall be delivered, along with the payment of the fee, based upon the amount and type of seed sold, to the commissioner no later than 30 days after the end of each reporting period. Any person holding a permit shall show as part of the analysis labels or invoices on all agricultural, vegetable, flower, wildflower, tree, or shrub seeds all information the commissioner requires. The commissioner may revoke any permit in the event of failure to comply with applicable laws and rules.

Sec. 47. [28A.152] COTTAGE FOODS EXEMPTION.

Subdivision 1. Licensing provisions applicability. (a) The licensing provisions of sections 28A.01 to 28A.16 do not apply to the following:

1. an individual who prepares and sells food that is not potentially hazardous food, as defined in Minnesota Rules, part 4626.0020, subpart 62, if the following requirements are met:

   (i) the prepared food offered for sale under this clause is labeled to accurately reflect the name and address of the person preparing and selling the food, the date on which the food was prepared, and the ingredients and any possible allergens; and

   (ii) the individual displays at the point of sale a clearly legible sign or placard stating:

       "These products are homemade and not subject to state inspection"; and

   (2) an individual who prepares and sells home-processed and home-canned food products if the following requirements are met:

       (i) the products are pickles, vegetables, or fruits having an equilibrium pH value of 4.6 or lower;

       (ii) the products are home-processed and home-canned in Minnesota;

       (iii) the individual displays at the point of sale a clearly legible sign or placard stating: "These canned goods are homemade and not subject to state inspection"; and

       (iv) each container of the product sold or offered for sale under this clause is accurately labeled to provide the name and address of the person who processed and canned the goods, the date on which the goods were processed and canned, and ingredients and any possible allergens.

   (b) An individual who qualifies for an exemption under paragraph (a), clause (2), is also exempt from the provisions of sections 31.31 and 31.392.

Subd. 2. Direct sales to consumers. (a) An individual qualifying for an exemption under subdivision 1 may sell the exempt food:

   (1) directly to the ultimate consumer;
31.1 (2) at a community event or farmers' market; or
31.2 (3) directly from the individual's home to the consumer, to the extent allowed by
31.3 local ordinance.
31.4 (b) If an exempt food product will be delivered to the ultimate consumer upon sale
31.5 of the food product, the individual who prepared the food product must be the person who
31.6 delivers the food product to the ultimate consumer.
31.7 (c) Food products exempt under subdivision 1, paragraph (a), clause (2), may not be
31.8 sold outside of Minnesota.
31.9 (d) Food products exempt under subdivision 1 may be sold over the Internet but
31.10 must be delivered directly to the ultimate consumer by the individual who prepared the
31.11 food product. The statement "These products are homemade and not subject to state
31.12 inspection" must be displayed on the Web site that offers the exempt foods for purchase.
31.13 Subd. 3. Limitation on sales. An individual selling exempt foods under this section
31.14 is limited to total sales with gross receipts of $18,000 or less in a calendar year.
31.15 Subd. 4. Registration. Before an individual sells food that is exempt under this
31.16 section, the individual must register with the commissioner on a form prescribed by the
31.17 commissioner. The individual must renew the individual's registration every three years.
31.18 The registration fee is $50. An individual with $5,000 or less in annual gross receipts from
31.19 the sale of exempt food under this section is not required to pay the registration fee.
31.20 Subd. 5. Training. An individual who prepares and sells exempt food under
31.21 subdivision 1 must complete a safe food handling training course that is approved by the
31.22 commissioner. The training shall not exceed eight hours and must be completed every
31.23 three years while the individual is registered under subdivision 4.
31.24 Subd. 6. Local ordinances. This section does not preempt the application of any
31.25 business licensing requirement or sanitation, public health, or zoning ordinance of a
31.26 political subdivision.
31.27 Subd. 7. Account established. A cottage foods account is created as a separate
31.28 account in the special revenue fund in the state treasury for depositing money received
31.29 by the commissioner under this section. Money in the account, including interest, is
31.30 appropriated to the commissioner for costs under this section.
31.31 Sec. 48. [41A.13] DEFINITIONS.
31.32 (a) For the purposes of sections 41A.13 to 41A.17, the terms defined in this section
31.33 have the meanings given them.
31.34 (b) "Advanced biofuels" has the meaning given in section 239.051, subdivision 1a.
(c) "Biomass thermal production" means the generation of energy for commercial heat or industrial process heat from a cellulosic material or other material composed of forestry or agricultural feedstocks for a new or expanding capacity facility or a facility that is displacing existing use of fossil fuel after the effective date of this section.

(d) "Cellulosic biomass" means material primarily made up of cellulose, hemicellulose, or lignin, or a combination of those ingredients.

(e) "Cellulosic sugar" means sugar derived from cellulosic biomass from agricultural or forestry resources.

(f) "Commissioner" means the commissioner of agriculture.

(g) "Cover crops" means grasses, legumes, forbs, or other herbaceous plants that are known to be noninvasive and not listed as a noxious weed in Minnesota and that are either interseeded into living cash crops or planted on agricultural fields during fallow periods for seasonal cover and conservation purposes.

(h) "MMbtu" means one million British thermal units.

(i) "Perennial crops" means agriculturally produced plants that are known to be noninvasive and not listed as a noxious weed in Minnesota and that have a life cycle of at least three years at the location where the plants are being cultivated. Biomass from alfalfa produced in a two-year rotation shall be considered a perennial crop.

(j) "Renewable chemical" means a chemical with biobased content as defined in section 41A.105, subdivision 1a.

Sec. 49. [41A.14] ADVANCED BIOFUEL PRODUCTION INCENTIVE.

(a) A facility eligible for payment under this program must source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from the state border, raw materials may be sourced from within a 100-mile radius. Raw materials must be from agricultural or forestry sources or from solid waste. The production facility must be located in Minnesota, must begin production at a specific location by June 30, 2025, and must not begin operation above 95,000 MMbtu of annual biofuel production before July 1, 2015. Eligible facilities include existing companies and facilities that are adding advanced biofuel production capacity, or retrofitting existing capacity, as well as new companies and facilities. Production of conventional corn ethanol and conventional biodiesel is not eligible. Advanced biofuel facilities must produce at least 30,000 MMbtu a year to be eligible for the program.

(b) The commissioner shall make payments to eligible producers of advanced biofuel. For the purpose of this section, an entity that holds a controlling interest in more than one advanced biofuel facility is considered a single eligible producer. The amount
of the payment for each eligible producer's annual production is $2.1053 per MMbtu
for advanced biofuel production from cellulosic biomass, and $1.053 per MMbtu for
advanced biofuel production from sugar or starch at a specific location for ten years after
the start of production. Cellulosic biofuel facilities utilizing crop residues, other than
cellulosic biofuel using corn kernel fiber, or biogas, shall derive at least ten percent of total
energy production from perennial crops or biomass from cover crops in the first year of
receiving production incentives, and in the third year, at least 30 percent of total energy
production shall be derived from perennial crops or biomass from cover crops, and in the
fifth year, at least 50 percent of total energy production shall be derived from perennial
crops or biomass from cover crops and maintain at least 50 percent for the remainder of
the production incentive payment period. All forestry-derived cellulosic biomass must
be produced using Minnesota state biomass harvesting guidelines or the equivalent.
All biomass from brushlands must be produced using Minnesota brushland harvesting
biomass harvest guidelines or the equivalent. Forestry-derived cellulosic biomass that
comes from land parcels greater than 160 acres must be certified by the Forest Stewardship
Council, Sustainable Forestry Initiative, or American Tree Farm System. Uncertified land
from parcels of 160 acres or less and federal land must be harvested by a logger who has
completed training for biomass harvesting from the Minnesota logger education program
or the equivalent and have a forest stewardship plan.
(c) An eligible producer who utilizes agricultural cellulosic biomass must submit a
responsible biomass sourcing plan for approval by the commissioner prior to applying for
payments under this section. The commissioner shall make the plan publicly available.
The plan must:
(1) provide a detailed explanation for how agricultural cellulosic biomass will be
produced and managed in a way that preserves soil quality, does not increase soil and
nutrient runoff, avoids introduction of harmful invasive species, limits negative impacts
on wildlife habitat, and reduces greenhouse gas emissions;
(2) include the producer's approach to verifying that biomass suppliers are following
the plan;
(3) discuss how new technologies and practices that are not yet commercially viable
may be encouraged and adopted during the life of the facility, and how the producer will
encourage continuous improvement during the life of the project;
(4) include specific numeric goals and timelines for making progress;
(5) require agronomic practices that result in a positive NRCS Soil Conditioning
Index score for acres from which biomass from corn stover will be harvested; and
(6) include biennial soil sampling to verify maintained or increased levels of soil
organic matter.

(d) An eligible producer who utilizes agricultural cellulosic biomass and receives
payments under this section shall submit an annual report on the producer's responsible
biomass sourcing plan to the commissioner by January 15 each year. The report must
include data on progress made by the producer in meeting specific goals laid out in the
plan. The commissioner shall make the report publicly available. The commissioner
shall perform an annual review of submitted reports and make a determination whether
the producer is following the plan and meeting the criteria in paragraph (c) based on the
reports submitted. The commissioner may take appropriate steps, including reducing or
ceasing payments until the producer is in compliance with the plan.

(e) No payments shall be made for advanced biofuel production that occurs after
June 30, 2035, for those eligible biofuel producers under paragraph (b). An eligible
producer of advanced biofuel shall not transfer the producer's eligibility for payments
under this section to an advanced biofuel facility at a different location.

(f) Total payments under this section to an eligible biofuel producer in a fiscal year
may not exceed the amount necessary for 2,850,000 MMbtu of biofuel production. Total
payments under this section to all eligible biofuel producers in a fiscal year may not
exceed the amount necessary for 17,100,000 MMbtu of biofuel production.

(g) By the last day of October, January, April, and July, each eligible biofuel producer
shall file a claim for payment for advanced biofuel production during the preceding three
calendar months. An eligible biofuel producer that files a claim under this paragraph shall
include a statement of the eligible biofuel producer's total advanced biofuel production
in Minnesota during the quarter covered by the claim. For each claim and statement of
total advanced biofuel production filed under this paragraph, the volume of advanced
biofuel production must be examined by an independent certified public accountant firm
licensed under chapter 326A, in accordance with Statements on Standards for Attestation
Engagements established by the American Institute of Certified Public Accountants.

(h) Payments must be made November 15, February 15, May 15, and August 15.
A separate payment must be made for each claim filed.

(i) Any producer that ceases production for any reason is ineligible to receive
payments under the program until they begin producing again.

(j) Renewable chemical production for which payment has been received under
section 41A.15, and biomass thermal production for which payment has been received
under section 41A.16, is not eligible for payment under this section.
Sec. 50. [41A.15] RENEWABLE CHEMICAL PRODUCTION INCENTIVE.

(a) A facility eligible for payment under this program must source at least 80 percent biobased content, as defined in section 41A.105, subdivision 1a, clause (1), from Minnesota. If a facility is sited 50 miles or less from the state border, biobased content may be sourced from within a 100-mile radius. Biobased content must be from agricultural or forestry sources or from solid waste. The production facility must be located in Minnesota, must begin production at a specific location by June 30, 2025, and must not begin production of 3,000,000 pounds of chemicals annually before January 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Renewable chemical facilities must produce at least 3,000,000 pounds per year to be eligible for the program. Renewable chemicals produced through processes that are fully commercial before January 1, 2000, are not eligible.

(b) The commissioner shall make payments to eligible producers of renewable chemicals located in the state. For the purpose of this subdivision, an entity that holds a controlling interest in more than one renewable chemical production facility is considered a single eligible producer. The amount of the payment for each producer's annual production is $0.03 per pound of sugar-derived renewable chemical, $0.03 per pound of cellulosic sugar, and $0.06 per pound of cellulosic-derived renewable chemical produced at a specific location for ten years after the start of production. All forestry-derived cellulosic biomass must be produced using Minnesota state biomass harvesting guidelines or the equivalent. All cellulosic biomass from brushlands must be produced using Minnesota brushland harvesting biomass harvest guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres must be certified by the Forest Stewardship Council, Sustainable Forestry Initiative, or American Tree Farm System. Uncertified land from parcels of 160 acres or less and federal land must be harvested by a logger who has completed training for biomass harvesting from the Minnesota logger education program or the equivalent and have a forest stewardship plan. An eligible facility producing renewable chemicals using agricultural cellulosic biomass is eligible for a 20 percent bonus payment for each MMbtu produced from agricultural biomass that is derived from perennial crops or from acres where cover crops are used.

(c) An eligible producer who utilizes agricultural cellulosic biomass must submit a responsible biomass sourcing plan to the commissioner prior to applying for payments under this section. The plan must:

(1) provide a detailed explanation for how agricultural cellulosic biomass will be produced and managed in a way that preserves soil quality, does not increase soil and
nutrient runoff, avoids introduction of harmful invasive species, limits negative impacts
on wildlife habitat, and reduces greenhouse gas emissions;

(2) include the producer's approach to verifying that biomass suppliers are following
the plan;

(3) discuss how new technologies and practices that are not yet commercially viable
may be encouraged and adopted during the life of the facility, and how the producer will
encourage continuous improvement during the life of the project; and

(4) include specific numeric goals and timelines for making progress.

(d) An eligible producer who utilizes agricultural cellulosic biomass and receives
payments under this section shall submit an annual report on the producer's responsible
biomass sourcing plan to the commissioner by January 15 each year. The report must
include data on progress made by the producer in meeting specific goals laid out in the
plan. The commissioner shall make the report publicly available. The commissioner
shall perform an annual review of submitted reports and is authorized to make a
determination that the producer is not following the plan based on the reports submitted.
The commissioner may take appropriate steps, including reducing or ceasing payments
until the producer is in compliance with the plan.

(e) No payments shall be made for renewable chemical production that occurs after
June 30, 2035, for those eligible renewable chemical producers under paragraph (b). An
eligible producer of renewable chemicals shall not transfer the producer's eligibility for
payments under this section to a renewable chemical facility at a different location.

(f) Total payments under this section to an eligible renewable chemical producer in
a fiscal year may not exceed the amount necessary for 99,999,999 pounds of renewable
chemical production. Total payments under this section to all eligible renewable chemical
producers in a fiscal year may not exceed the amount necessary for 599,999,999 pounds of
renewable chemical production.

(g) By the last day of October, January, April, and July, each eligible renewable
chemical producer shall file a claim for payment for renewable chemical production
during the preceding three calendar months. An eligible renewable chemical producer
that files a claim under this paragraph shall include a statement of the eligible producer's
total renewable chemical production in Minnesota during the quarter covered by the
claim. For each claim and statement of total renewable chemical production filed under
this paragraph, the volume of renewable chemical production must be examined by an
independent certified public accountant firm licensed under chapter 326A, in accordance
with Statements on Standards for Attestation Engagements established by the American
Institute of Certified Public Accountants.
(h) Payments must be made November 15, February 15, May 15, and August 15.

A separate payment must be made for each claim filed.

(i) Any producer that ceases production for any reason is ineligible to receive payments under the program until they begin producing again.

(j) Advanced biofuel production for which payment has been received under section 41A.14, and biomass thermal production for which payment has been received under section 41A.16, is not eligible for payment under this section.

Sec. 51. [41A.16] BIOMASS THERMAL PRODUCTION INCENTIVE.

(a) A facility eligible for payment under this program must source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from the state border, raw materials may be sourced from within a 100-mile radius. Raw materials must be from agricultural or forestry sources. The production facility must be located in Minnesota and must not begin before July 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Biomass thermal production facilities must produce at least 1,000 MMbtu per year to be eligible for the program.

(b) The commissioner shall make payments to eligible producers of biomass thermal located in the state that have begun production at a specific location by June 30, 2025. For the purpose of this subdivision, an entity that holds a controlling interest in more than one biomass thermal production facility is considered a single eligible producer. The amount of the payment for each producer's annual production is $5.00 per MMbtu of biomass thermal production produced at a specific location for ten years after the start of production. All forestry-derived cellulosic biomass must be produced using Minnesota state biomass harvesting guidelines or the equivalent. All biomass from brushland must be produced using Minnesota brushland harvesting biomass guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres must be certified by the Forest Stewardship Council, the Sustainable Forestry Initiative, or American Tree Farm System. Uncertified land from parcels of 160 acres or less and federal land must be harvested by a logger who has completed training for biomass harvesting from the Minnesota logger education program or the equivalent and have a forest stewardship plan. An eligible facility producing biomass thermal using agricultural cellulosic biomass is eligible for a 20 percent bonus payment for each MMbtu produced from agricultural biomass that is derived from perennial crops or from acres where cover crops are used.
(c) An eligible producer who utilizes agricultural cellulosic biomass must submit a responsible biomass sourcing plan to the commissioner prior to applying for payments under this section. The plan must:

1. provide a detailed explanation for how agricultural cellulosic biomass will be produced and managed in a way that preserves soil quality, does not increase soil and nutrient runoff, avoids introduction of harmful invasive species, limits negative impacts on wildlife habitat, and reduces greenhouse gas emissions;

2. include the producer's approach to verifying that biomass suppliers are following the plan;

3. discuss how new technologies and practices that are not yet commercially viable may be encouraged and adopted during the life of the facility, and how the producer will encourage continuous improvement during the life of the project; and

4. include specific numeric goals and timelines for making progress.

(d) An eligible producer who utilizes agricultural cellulosic biomass and receives payments under this section shall submit an annual report on the producer's responsible biomass sourcing plan to the commissioner by January 15 each year. The report must include data on progress made by the producer in meeting specific goals laid out in the plan. The commissioner shall make the report publicly available. The commissioner shall perform an annual review of submitted reports and is authorized to make a determination that the producer is not following the plan based on the reports submitted. The commissioner may take appropriate steps, including reducing or ceasing payments until the producer is in compliance with the plan.

(e) No payments shall be made for biomass thermal production that occurs after June 30, 2035, for those eligible biomass thermal producers under paragraph (b). A producer of biomass thermal production shall not transfer the producer's eligibility for payments under this section to a biomass thermal production facility at a different location.

(f) Total payments under this section to an eligible thermal producer in a fiscal year may not exceed the amount necessary for 30,000 MMbtu of thermal production. Total payments under this section to all eligible thermal producers in a fiscal year may not exceed the amount necessary for 150,000 MMbtu of total thermal production.

(g) An eligible facility may blend a cellulosic feedstock with other fuels in the biomass thermal production facility, but only the percentage attributable to cellulosic material listed is eligible to receive the producer payment.

(h) By the last day of October, January, April, and July, each producer shall file a claim for payment for biomass thermal production during the preceding three calendar months. A producer that files a claim under this paragraph shall include a statement of
the producer’s total biomass thermal production in Minnesota during the quarter covered
by the claim. For each claim and statement of total biomass thermal production filed
under this paragraph, the volume of biomass thermal production must be examined by an
independent certified public accountant firm licensed under chapter 326A, in accordance
with Statements on Standards for Attestation Engagements established by the American
Institute of Certified Public Accountants.

(i) Payments shall be made November 15, February 15, May 15, and August 15. A
separate payment shall be made for each claim filed.

(j) Biofuel production for which payment has been received under section 41A.14,
and renewable chemical production for which payment has been received under section
41A.15, is not eligible for payment under this section.

Sec. 52. [41A.17] REPORT; INCENTIVE PROGRAMS.

By January 15 each year, the commissioner shall report on the incentive programs
under sections 41A.14, 41A.15, and 41A.16 to the legislative policy and finance
committees with primary jurisdiction over environment and agriculture. The report shall
include information on production and expenditures for incentives under the programs.

Sec. 53. [41A.18] AGRICULTURE RESEARCH, EDUCATION, EXTENSION,
AND TECHNOLOGY TRANSFER GRANT PROGRAM.

Subdivision 1. Duties; grants. The agriculture research, education, extension, and
technology transfer grant program is created. The purpose of the grant program is to
provide investments that will most efficiently achieve long-term agricultural sustainability
and productivity increases through improved infrastructure, vision, and accountability.
The scope and intent of the grants, to the extent possible, shall provide for a long-term
base funding that allows the research grantee to continue the functions of the research,
education, and extension efforts to a practical conclusion. Priority for grants shall be
given to human infrastructure. To be eligible for grants under this section, the dean of the
College of Food, Agricultural and Natural Resource Sciences, in consultation with the
dean of the College of Veterinarian Medicine, and the dean of the University of Minnesota
Extension Service must consult with stakeholders representing general farm, forestry, and
agricultural producer organizations. The commissioner shall provide grants for:

(1) agricultural research and technology transfer needs and recipients including, but
not limited to, agricultural research and extension at the University of Minnesota, research
and outreach centers, the College of Food, Agricultural and Natural Resource Sciences,
the Minnesota Agricultural Experiment Station, University of Minnesota Extension

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Service, the University of Minnesota Veterinary School, the Veterinary Diagnostic Laboratory, the Stakman-Borlaug Center, and the Minnesota Agriculture Fertilizer Research and Education Council;

(2) agriculture rapid response for plant and animal diseases and pests; and

(3) agricultural education including, but not limited to, the Minnesota Agriculture Education Leadership Council, farm business management, mentoring programs, graduate debt forgiveness, and high school programs.

Subd. 2. Fund. An agriculture research, education, extension, and technology transfer fund is created in the state treasury. The fund consists of money received in the form of gifts, grants, reimbursement, or appropriations from any source for any of the purposes provided in subdivision 1, and any interest or earnings of the fund. Money in the fund is appropriated to the commissioner of agriculture for the purposes under subdivision 1.

Sec. 54. Minnesota Statutes 2014, section 41B.03, subdivision 6, is amended to read:

Subd. 6. Application fee. The authority may impose a reasonable nonrefundable application fee for each application submitted for a beginning farmer loan or a seller-sponsored loan. The application fee is initially $50. The authority may review the fee annually and make adjustments as necessary. The fee must be deposited in the state treasury and credited to an account in the special revenue fund. Money in the account is appropriated to the commissioner for administrative expenses of the beginning farmer and seller-sponsored loan programs, the Rural Finance Authority administrative account established in subdivision 7.

Sec. 55. Minnesota Statutes 2014, section 41B.03, is amended by adding a subdivision to read:

Subd. 7. Rural Finance Authority administrative account. There is established in the special revenue fund a Rural Finance Authority administrative account. Money in the account, including interest, is appropriated to the commissioner for the administrative expenses of the loan programs administered by the Rural Finance Authority.

Sec. 56. Minnesota Statutes 2014, section 41B.04, subdivision 17, is amended to read:

Subd. 17. Application and origination fee. The authority may impose a reasonable nonrefundable application fee for each application and an origination fee for each loan issued under the loan restructuring program. The origination fee is 1.5 percent of the authority's participation interest in the loan and the application fee is $50. The authority may review the fees annually and make adjustments as necessary. The fees must be
deposited in the state treasury and credited to an account in the special revenue fund.

Money in the account is appropriated to the commissioner for administrative expenses of the loan restructuring program the Rural Finance Authority administrative account established in section 41B.03.

Sec. 57. Minnesota Statutes 2014, section 41B.043, subdivision 3, is amended to read:

Subd. 3. Application and origination fee. The authority may impose a reasonable nonrefundable application fee for each application submitted for a participation issued under the agricultural improvement loan program. The application fee is initially $50. The authority may review the fees annually and make adjustments as necessary. The fees must be deposited in the state treasury and credited to an account in the special revenue fund.

Money in this account is appropriated to the commissioner for administrative expenses of the agricultural improvement loan program the Rural Finance Authority administrative account established in section 41B.03.

Sec. 58. Minnesota Statutes 2014, section 41B.045, subdivision 3, is amended to read:

Subd. 3. Specifications. No loan may be made to refinance an existing debt. Each loan participation must be secured by a mortgage on real property and such other security as the authority may require.

Sec. 59. Minnesota Statutes 2014, section 41B.045, subdivision 4, is amended to read:

Subd. 4. Application and origination fee. The authority may impose a reasonable nonrefundable application fee for each application for a loan participation and an origination fee for each loan issued under the livestock expansion loan program. The origination fee initially shall be set at 1.5 percent and the application fee at $50. The authority may review the fees annually and make adjustments as necessary. The fees must be deposited in the state treasury and credited to an account in the special revenue fund.

Money in this account is appropriated to the commissioner for administrative expenses of the livestock expansion loan program the Rural Finance Authority administrative account established in section 41B.03.

Sec. 60. Minnesota Statutes 2014, section 41B.046, subdivision 5, is amended to read:

Subd. 5. Loans. (a) The authority may participate in a stock loan with an eligible lender to a farmer who is eligible under subdivision 4. Participation is limited to 45 percent of the principal amount of the loan or $40,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may differ from the
interest rates and repayment terms of the lender's retained portion of the loan, but the
authority's interest rate must not exceed 50 percent of the lender's interest rate.

(b) No more than 95 percent of the purchase price of the stock may be financed
under this program.

(c) Security for stock loans must be the stock purchased, a personal note executed by
the borrower, and whatever other security is required by the eligible lender or the authority.

(d) The authority may impose a reasonable nonrefundable application fee for each
application for a stock loan. The authority may review the fee annually and make
adjustments as necessary. The application fee is initially $50. Application fees received
by the authority must be deposited in the revolving loan account established in section
41B.06 Rural Finance Authority administrative account established in section 41B.03.

(e) Stock loans under this program will be made using money in the revolving
loan account established in section 41B.06.

(f) The authority may not grant stock loans in a cumulative amount exceeding
$2,000,000 for the financing of stock purchases in any one cooperative.

(g) Repayments of financial assistance under this section, including principal and
interest, must be deposited into the revolving loan account established in section 41B.06.

Sec. 61. Minnesota Statutes 2014, section 41B.047, subdivision 1, is amended to read:
Subdivision 1. Establishment. The authority shall establish and implement a
disaster recovery loan program to help farmers:

(1) clean up, repair, or replace farm structures and septic and water systems, as well
as replace seed, other crop inputs, feed, and livestock, when damaged by high winds,
hail, tornado, or flood; or

(2) purchase watering systems, irrigation systems, and other drought mitigation
systems and practices when drought is the cause of the purchase; or

(3) restore farmland.

Sec. 62. Minnesota Statutes 2014, section 41B.047, subdivision 4, is amended to read:
Subd. 4. Loans. (a) The authority may participate in a disaster recovery loan with
an eligible lender to a farmer who is eligible under subdivision 3. Participation is limited
to 45 percent of the principal amount of the loan or $50,000, whichever is less. The
interest rates and repayment terms of the authority's participation interest may differ from
the interest rates and repayment terms of the lender's retained portion of the loan, but the
authority's interest rate must not exceed four percent.
(b) Standards for loan amortization shall be set by the Rural Finance Authority not to exceed ten years.

(c) Security for the disaster recovery loans must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(d) The authority may impose a reasonable nonrefundable application fee for a disaster recovery loan. The authority may review the fee annually and make adjustments as necessary. The application fee is initially $50. Application fees received by the authority must be deposited in the revolving loan account established under section 41B.06. Rural Finance Authority administrative account established in section 41B.03.

(e) Disaster recovery loans under this program will be made using money in the revolving loan account established under section 41B.06.

(f) Repayments of financial assistance under this section, including principal and interest, must be deposited into the revolving loan account established under section 41B.06.

Sec. 63. Minnesota Statutes 2014, section 41B.048, subdivision 6, is amended to read:

Subd. 6. Loans. (a) The authority may disburse loans through a fiscal agent to farmers and agricultural landowners who are eligible under subdivision 5. The total accumulative loan principal must not exceed $75,000 per loan.

(b) The fiscal agent may impose a loan origination fee in the amount of one percent of the total approved loan. This fee is to be paid by the borrower to the fiscal agent at the time of loan closing.

(c) The loan may be disbursed over a period not to exceed 12 years.

(d) A borrower may receive loans, depending on the availability of funds, for planted areas up to 160 acres for up to:

(1) the total amount necessary for establishment of the crop;

(2) the total amount of maintenance costs, including weed control, during the first three years; and

(3) 70 percent of the estimated value of one year's growth of the crop for years four through 12.

(e) Security for the loan must be the crop, a personal note executed by the borrower, an interest in the land upon which the crop is growing, and whatever other security is required by the fiscal agent or the authority. All recording fees must be paid by the borrower.

(f) The authority may prescribe forms and establish an application process for applicants to apply for a loan.
(g) The authority may impose a reasonable, nonrefundable application fee for each application for a loan under this program. The application fee is initially $50. Application fees received by the authority must be deposited in the revolving loan account established under section 41B.06 Rural Finance Authority administrative account established in section 41B.03.

(h) Loans under the program must be made using money in the revolving loan account established under section 41B.06.

(i) All repayments of financial assistance granted under this section, including principal and interest, must be deposited into the revolving loan account established under section 41B.06.

(j) The interest payable on loans made by the authority for the agroforestry loan program must, if funded by revenue bond proceeds, be at a rate not less than the rate on the revenue bonds, and may be established at a higher rate necessary to pay costs associated with the issuance of the revenue bonds and a proportionate share of the cost of administering the program. The interest payable on loans for the agroforestry loan program funded from sources other than revenue bond proceeds must be at a rate determined by the authority.

(k) Loan principal balance outstanding plus all assessed interest must be repaid within 120 days of harvest, but no later than 15 years from planting.

Sec. 64. Minnesota Statutes 2014, section 41B.049, subdivision 4, is amended to read:

Subd. 4. Loans. (a) The authority may make a direct loan or participate in a loan with an eligible lender to a farmer who is eligible under subdivision 3. Repayment terms of the authority's participation interest may differ from repayment terms of the lender's retained portion of the loan. Loans made under this section must be no-interest loans.

(b) Application for a direct loan or a loan participation must be made on forms prescribed by the authority.

(c) Standards for loan amortization shall be set by the Rural Finance Authority not to exceed ten years.

(d) Security for the loans must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(e) No loan proceeds may be used to refinance a debt existing prior to application.

(f) The authority may impose a reasonable nonrefundable application fee for each application for a direct loan or a loan participation. The authority may review the application fees annually and make adjustments as necessary. The application fee is initially set at $100 for a loan under subdivision 1. The fees received by the authority must
be deposited in the revolving loan account established in section 41B.06 Rural Finance Authority administrative account established in section 41B.03.

Sec. 65. Minnesota Statutes 2014, section 41B.055, subdivision 3, is amended to read:

Subd. 3. Loans. (a) The authority may participate in a livestock equipment loan equal to 90 percent of the purchased equipment value with an eligible lender to a farmer who is eligible under subdivision 2. Participation is limited to 45 percent of the principal amount of the loan or $40,000, whichever is less. The interest rates and repayment terms of the authority’s participation interest may differ from the interest rates and repayment terms of the lender's retained portion of the loan, but the authority’s interest rate must not exceed three percent. The authority may review the interest annually and make adjustments as necessary.

(b) Standards for loan amortization must be set by the Rural Finance Authority and must not exceed ten years.

(c) Security for a livestock equipment loan must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(d) Refinancing of existing debt is not an eligible purpose.

(e) The authority may impose a reasonable, nonrefundable application fee for a livestock equipment loan. The authority may review the fee annually and make adjustments as necessary. The initial application fee is $50. Application fees received by the authority must be deposited in the revolving loan account established in section 41B.06 Rural Finance Authority administrative account established in section 41B.03.

(f) Loans under this program must be made using money in the revolving loan account established in section 41B.06.

Sec. 66. Minnesota Statutes 2014, section 41B.056, subdivision 2, is amended to read:

Subd. 2. Definitions. (a) The definitions in this subdivision apply to this section.

(b) "Intermediary" means any lending institution or other organization of a for-profit or nonprofit nature that is in good standing with the state of Minnesota that has the appropriate business structure and trained personnel suitable to providing efficient disbursement of loan funds and the servicing and collection of loans.

(c) "Specialty crops" means agricultural crops, such as annuals, flowers, perennials, and other horticultural products, that are intensively cultivated.

(d) "Eligible livestock" means poultry that has been allowed access to the outside, sheep, or goats, beef cattle, dairy cattle, swine, poultry, goats, mules, farmed cervidae, ratitae, bison, sheep, horses, and llamas.
Sec. 67. [41B.057] FARM OPPORTUNITY LOAN PROGRAM.

Subdivision 1. Establishment. The commissioner of agriculture shall establish a farm opportunity loan program to provide loans that enable farmers to:

1. add value to crops or livestock produced in Minnesota;
2. adopt best management practices that emphasize sufficiency and self-sufficiency;
3. reduce or improve management of agricultural inputs resulting in environmental improvements; or
4. increase production of on-farm energy.

Subd. 2. Loan criteria. (a) The farm opportunity loan program shall provide loans for purchase of new or used equipment and installation of equipment for projects that make environmental improvements and enhance farm profitability. The loan program shall also be used to add value to crops or livestock produced in Minnesota by, but not limited to, initiating or expanding livestock product processing; purchasing equipment to initiate, upgrade, or modernize value-added agricultural businesses; or increasing farmers' processing and aggregating capacity facilitating entry into farm-to-institution and other markets. Eligible loan uses do not include expenses related to seeds, fertilizer, fuel, or other operating expenses.

(b) The authority may impose a reasonable, nonrefundable application fee for a farm opportunity loan. The authority may review the fee annually and make adjustments as necessary. The initial application fee is $50. Application fees received by the authority must be deposited in the Rural Finance Authority administrative account established in section 41B.03.

(c) Loans may only be made to Minnesota residents engaged in farming. Standards for loan amortization must be set by the Rural Finance Authority and must not exceed ten years.

(d) The borrower must show the ability to repay the loan.

(e) Refinancing of existing debt is not an eligible expense.

(f) Loans under this program must be made using money in the revolving loan account established in section 41B.06.

Subd. 3. Loan participation. The authority may participate in a farm opportunity loan with an eligible lender, as defined in section 41B.02, subdivision 8, to a farmer or a group of farmers on joint projects who are eligible under subdivision 2, paragraph (c), and who are actively engaged in farming. Participation is limited to 45 percent of the principal amount of the loan or $45,000 per individual, whichever is less. For loans to a group made up of four or more individuals, participation is limited to 45 percent of the
principal amount of the loan or $180,000, whichever is less. The interest rate on the
loans must not exceed six percent.

Sec. 68. Minnesota Statutes 2014, section 41B.06, is amended to read:

### 41B.06 RURAL FINANCE AUTHORITY REVOLVING LOAN ACCOUNT.

There is established in the rural finance administration fund a Rural Finance
Authority revolving loan account that is eligible to receive appropriations and the transfer
of loan funds from other programs. All repayments of financial assistance granted from
this account, including principal and interest, must be deposited into this account. Interest
earned on money in the account accrues to the account, and the money in the account is
appropriated to the commissioner of agriculture for purposes of the Rural Finance Authority
livestock equipment, methane digester, disaster recovery, value-added agricultural
product, agroforestry, and agricultural microloan, and farm opportunity loan programs,
including costs incurred by the authority to establish and administer the programs.

Sec. 69. Minnesota Statutes 2014, section 375.30, subdivision 2, is amended to read:

Subd. 2. **Wild hemp.** A county board, by resolution, may appropriate and spend
money as necessary to spray and otherwise eradicate wild hemp, commonly known as
marijuana, on private property within the county. The county board may authorize the
use of county equipment, personnel and supplies and materials to spray or otherwise
eradicate wild hemp on private property, and may pro rate the expenses involved between
the county and owner or occupant of the property. Industrial hemp grown by a person
licensed under chapter 18K is not wild hemp.

Sec. 70. **CORRECTIONAL FACILITY BUTCHER TRAINING PILOT PROGRAM.**

Subdivision 1. **Pilot program.** The commissioner of agriculture must coordinate a
pilot program operated by the Northeast Regional Corrections Center to train inmates for
careers as butchers upon release. The commissioner must facilitate program development
and ensure that the program prepares inmates to meet applicable food safety and licensure
requirements.

Subd. 2. **Program development.** In facilitating development of the pilot program,
the commissioner must consult with the commissioner of employment and economic
development and a representative of each of the following organizations:

1. Northeast Regional Corrections Center; and
2. United Food and Commercial Workers.
48.1 Subd. 3. **Report required.** No later than February 1, 2017, the commissioner must
report on the progress and outcomes of the program to the legislative committees with
jurisdiction over agriculture, higher education, and public safety.
48.2 Subd. 4. **Expiration.** This section expires July 1, 2017.

48.5 Sec. 71. **BALANCES TRANSFERRED; ACCOUNTS ABOLISHED.**
48.6 The balances in the accounts created under Minnesota Statutes, sections 41B.03,
subdivision 6; 41B.04, subdivision 17; 41B.043, subdivision 3; and 41B.045, subdivision
48.7 4, are transferred to the Rural Finance Authority administrative account established under
48.8 Minnesota Statutes, section 41B.03, subdivision 7, and the original accounts are abolished.
48.9 The balance in the account created under Minnesota Statutes, section 17.115,
48.10 is transferred to the Rural Finance Authority revolving loan account established under
48.11 Minnesota Statutes, section 41B.06, and the original account is abolished.

48.13 Sec. 72. **LIVESTOCK INDUSTRY STUDY.**
48.14 The commissioner of agriculture must identify causes of the relative growth or
decline of poultry and livestock production in Minnesota, Iowa, North Dakota, South
48.15 Dakota, Wisconsin, and Nebraska over the last ten years. The commissioner shall include
the most recent ten years of data on the number of livestock farms for each of the states
that are compared. No later than February 1, 2016, the commissioner must report findings
by poultry and livestock sector and provide recommendations on how to strengthen and
expand Minnesota animal agriculture to the legislative committees with jurisdiction over
agriculture policy and finance.

48.22 Sec. 73. **REPEALER.**
48.23 Minnesota Statutes 2014, sections 17.115; 28A.15, subdivisions 9 and 10; and
48.24 41A.12, subdivision 4, are repealed.

**ARTICLE 3**

**ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS**

Section 1. **ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS.**
48.27 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 "2016" and "2017" used in this article mean that the
appropriations listed under them are available for the fiscal year ending June 30, 2016, or
June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. "The biennium" is fiscal years 2016 and 2017. Appropriations for the fiscal year ending June 30, 2015, are effective the day following final enactment. 

Section 2. **Pollution Control Agency**

Subdivision 1. **Total Appropriation** $94,682,000 $91,884,000

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>5,495,000</td>
<td>5,477,000</td>
</tr>
<tr>
<td>State Government</td>
<td>75,000</td>
<td>75,000</td>
</tr>
<tr>
<td>Environmental</td>
<td>74,130,000</td>
<td>74,548,000</td>
</tr>
<tr>
<td>Remediation</td>
<td>14,982,000</td>
<td>11,784,000</td>
</tr>
</tbody>
</table>

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

Subd. 2. **Water**

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>4,207,000</td>
<td>3,777,000</td>
</tr>
<tr>
<td>State Government</td>
<td>75,000</td>
<td>75,000</td>
</tr>
<tr>
<td>Environmental</td>
<td>22,156,000</td>
<td>22,379,000</td>
</tr>
</tbody>
</table>

$1,959,000 the first year and $1,959,000 the second year are for grants to delegated counties to administer the county feedlot program under Minnesota Statutes, section 116.0711, subdivisions 2 and 3. Money remaining after the first year is available for the second year.

$753,000 the first year and $765,000 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.

$400,000 the first year and $400,000 the second year are for the clean water partnership program. Any unexpended balance in the first year does not cancel but is available in the second year. Priority shall be given to projects preventing impairments and degradation of lakes, rivers, streams, and groundwater according to Minnesota Statutes, section 114D.20, subdivision 2, clause (4).

$673,000 the first year and $683,000 the second year are from the environmental fund for subsurface sewage treatment system (SSTS) program administration and community technical assistance and education, including grants and technical assistance to communities for water quality protection. Of this amount, $129,000 each year is for assistance to counties through grants for SSTS program administration. A county receiving a grant from this appropriation shall submit the results achieved with the grant to the commissioner as part of its annual SSTS report. Any unexpended balance in the first year does not cancel but is available in the second year.
$107,000 the first year and $109,000 the second year are from the environmental fund for registration of wastewater laboratories.

$150,000 the first year from the environmental fund is for wild rice water quality rulemaking and implementation provided for in this act. This is a onetime appropriation.

$200,000 the first year is for a grant to the Red River Basin Commission for development of a water quality strategic plan for the Red River of the North, in cooperation with the Red River Board of the International Joint Commission. The appropriation must be matched by equal amounts from both North Dakota and Manitoba and a proportionate amount from South Dakota. This is a onetime appropriation and does not cancel. The plan must include, but is not limited to, consistency in water quality goals and objectives for the Red River of the North and pollution reduction allocations for both point and nonpoint sources on the Red River of the North and for individual major watersheds tributary to the Red River of the North. The Red River Basin Commission must involve the interests of local, state, and federal government, business and industry, environmental groups, and Red River basin landowners. The Red River Basin Commission must report progress on the plan to the house of representatives and senate committees and divisions with jurisdiction over environment policy and finance by February 15 in 2016 and 2017 and must
submit the completed plan by December 31, 2017.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2017, as grants or contracts for SSTS’s, surface water and groundwater assessments, total maximum daily loads, storm water, and water quality protection in this subdivision are available until June 30, 2020.

Subd. 3.  Air

Appropriations by Fund

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental</td>
<td>15,640,000</td>
<td>16,087,000</td>
</tr>
</tbody>
</table>

$202,000 the first year and $204,000 the second year are from the environmental fund for a monitoring program under Minnesota Statutes, section 116.454.

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.

$126,000 the first year and $127,000 the second year are from the environmental fund for monitoring ambient air for hazardous pollutants in the metropolitan area.

$214,000 the first year and $219,000 the second year are from the environmental fund for systematic, localized monitoring efforts in the state that sample ambient air to determine whether significant localized differences exist. The commissioner, when selecting areas to monitor, shall give priority...
to areas where low income, indigenous American Indians, and communities of color are disproportionately impacted by pollution from highway traffic, air traffic, and industrial sources.

$691,000 the first year and $693,000 the second year are from the environmental fund for emission reduction activities and grants to small businesses and other nonpoint emission reduction efforts. Any unexpended balance in the first year does not cancel but is available in the second year.

### Appropriations by Fund

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental</td>
<td>7,031,000</td>
<td>7,150,000</td>
</tr>
<tr>
<td>Remediation</td>
<td>14,982,000</td>
<td>11,784,000</td>
</tr>
</tbody>
</table>

All money for environmental response, compensation, and compliance in the remediation fund not otherwise appropriated is appropriated to the commissioners of the Pollution Control Agency and agriculture for purposes of Minnesota Statutes, section 115B.20, subdivision 2, clauses (1), (2), (3), (6), and (7). At the beginning of each fiscal year, the two commissioners shall jointly submit an annual spending plan to the commissioner of management and budget that maximizes the utilization of resources and appropriately allocates the money between the two departments. This appropriation is available until June 30, 2017. $4,279,000 the first year and $4,343,000 the second year are from the remediation fund for purposes of the leaking underground...
storage tank program to investigate, clean up, and prevent future releases from underground petroleum storage tanks, and to the petroleum remediation program for purposes of vapor assessment and remediation. These same annual amounts are transferred from the petroleum tank fund to the remediation fund. $252,000 the first year and $252,000 the second year are from the remediation fund for transfer to the commissioner of health for private water supply monitoring and health assessment costs in areas contaminated by unpermitted mixed municipal solid waste disposal facilities and drinking water advisories and public information activities for areas contaminated by hazardous releases. $743,000 the first year is transferred from the general account in the remediation fund to the dry cleaner environmental response and reimbursement account in the remediation fund for the purpose of remediating land contaminated by a release from a dry cleaning facility, as provided under Minnesota Statutes, section 115B.50. The commissioner shall prioritize expenditures from this transfer to address contaminated sites that pose the greatest risk to public health or welfare or to the environment, as established in Minnesota Statutes, section 115B.17, subdivision 13. This is a onetime transfer. $868,000 the first year is from the remediation fund for a grant to the city of Mountain Iron for remediation of the abandoned wastewater treatment pond of the former Nichols...
Township. This is a onetime appropriation that is available until June 30, 2019.

Subd. 5. Environmental Assistance and Cross-Media Appropriations by Fund

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental</td>
<td>29,303,000</td>
<td>28,932,000</td>
</tr>
<tr>
<td>General</td>
<td>1,288,000</td>
<td>1,700,000</td>
</tr>
</tbody>
</table>

$17,250,000 the first year and $17,250,000 the second year are from the environmental fund for SCORE block grants to counties.

$119,000 the first year and $119,000 the second year are from the environmental fund for environmental assistance grants or loans under Minnesota Statutes, section 115A.0716. Any unencumbered grant and loan balances in the first year do not cancel but are available for grants and loans in the second year.

$90,000 the first year and $90,000 the second year are from the environmental fund for duties related to harmful chemicals in products under Minnesota Statutes, sections 116.9401 to 116.9407. Of this amount, $57,000 each year is transferred to the commissioner of health.

$400,000 the second year is to enhance awareness of and reduce priority chemicals in consumer products. Of this amount, $90,000 the second year is for transfer to the Department of Commerce and $90,000 the second year is for transfer to the Department of Health. This is a onetime appropriation.

The agency base for fiscal year 2018 shall include $826,000 for this purpose.
$203,000 the first year and $207,000 the second year are from the environmental fund for the costs of implementing general operating permits for feedlots over 1,000 animal units.

$565,000 the first year and $569,000 the second year are from the general fund and $192,000 the first year and $192,000 the second year are from the environmental fund for Environmental Quality Board operations and support.

$500,000 the first year from the environmental fund is a onetime appropriation to the Environmental Quality Board for development of a Web-based environmental review tool.

$50,000 the first year and $50,000 the second year are from the environmental fund for transfer to the Office of Administrative Hearings to establish sanitary districts.

$502,000 the first year and $503,000 the second year are from the general fund for the Environmental Quality Board to lead an interagency team to provide technical assistance regarding the mining, processing, and transporting of silica sand.

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

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2017, as contracts or
57.1 grants for surface water and groundwater assessments; environmental assistance awarded under Minnesota Statutes, section 115A.0716; technical and research assistance under Minnesota Statutes, section 115A.152; technical assistance under Minnesota Statutes, section 115A.52; and pollution prevention assistance under Minnesota Statutes, section 115D.04, are available until June 30, 2019.

57.11 Subd. 6. Remediation Fund

57.12 The commissioner shall transfer up to $42,000,000 from the environmental fund to the remediation fund for the purposes of the remediation fund under Minnesota Statutes, section 116.155, subdivision 2. $2,500,000 of the amount transferred under this subdivision is appropriated in the first year from the remediation fund to the commissioner for a grant to the city of Paynesville to add an air stripping treatment process to a water treatment plant for removal of volatile organic compounds.

57.24 Subd. 7. Transfer

57.25 By June 30, 2016, the commissioner of management and budget shall transfer $33,276,000 from the closed landfill investment fund to the general fund.

57.29 Sec. 3. NATURAL RESOURCES

57.30 Subdivision 1. Total Appropriation $ 267,802,000 $ 262,288,000

57.31 Appropriations by Fund

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>76,484,000</td>
<td>74,994,000</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>84,786,000</td>
<td>85,236,000</td>
</tr>
<tr>
<td>Game and Fish</td>
<td>106,232,000</td>
<td>101,758,000</td>
</tr>
</tbody>
</table>
58.1 Remediation 100,000 100,000
58.2 Permanent School 200,000 200,000

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

58.6 Subd. 2. Land and Mineral Resources Management

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>1,585,000</td>
<td>1,585,000</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>3,332,000</td>
<td>3,392,000</td>
</tr>
<tr>
<td>Game and Fish</td>
<td>344,000</td>
<td>344,000</td>
</tr>
<tr>
<td>Permanent School</td>
<td>200,000</td>
<td>200,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>$68,000 the first year and $68,000 the second year are for minerals cooperative environmental research, of which $34,000 the first year and $34,000 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.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>$251,000 the first year and $251,000 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. $175,000 the first year and $175,000 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. Any unencumbered balance from the first year does not cancel and is available in the second year.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>$2,755,000 the first year and $2,815,000 the second year are from the minerals management account in the natural resources fund for use as provided in Minnesota Statutes, section 93.2236, paragraph (c).</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
for mineral resource management, projects
to enhance future mineral income, and
projects to promote new mineral resource
opportunities.

$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
long-term economic return from the
school trust lands consistent with fiduciary
responsibilities and sound natural resources
conservation and management principles.

Prior to June 30, 2015, the commissioner
shall offer to renegotiate mineral royalty
rates under Minnesota Statutes, section
93.20. In renegotiating the royalty rates, the
commissioner shall consider the long-term
effect of the royalty rates on the beneficiary
funds, including the effect of the royalty
rates on the long-term health of the mining
industry in Minnesota. This paragraph is
effective the day following final enactment.

Subd. 3. Ecological and Water Resources

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>17,491,000</td>
<td>17,046,000</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>10,487,000</td>
<td>10,546,000</td>
</tr>
<tr>
<td>Game and Fish</td>
<td>4,790,000</td>
<td>4,914,000</td>
</tr>
</tbody>
</table>

$3,242,000 the first year and $3,242,000 the
second year are from the invasive species
account in the natural resources fund and
$3,206,000 the first year and $3,206,000 the
second year are from the general fund for management, public awareness, assessment and monitoring research, and water access inspection to prevent the spread of invasive species; management of invasive plants in public waters; and management of terrestrial invasive species on state-administered lands.

$5,000,000 the first year and $5,000,000 the second year are from the water management account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 103G.27, subdivision 2.

$124,000 the first year and $124,000 the second year are for a grant to the Mississippi Headwaters Board for up to 50 percent of the cost of implementing the comprehensive plan for the upper Mississippi within areas under the board's jurisdiction.

$10,000 the first year and $10,000 the second year are for payment to the Leech Lake Band of Chippewa Indians to implement the band's portion of the comprehensive plan for the upper Mississippi.

$264,000 the first year and $264,000 the second year are for grants for up to 50 percent of the cost of implementation of the Red River mediation agreement.

$2,393,000 the first year and $2,393,000 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).

$950,000 the first year and $950,000 the second year are from the nongame wildlife
management account in the natural resources
fund for the purpose of nongame wildlife
management. Notwithstanding Minnesota
Statutes, section 290.431, $100,000 the first
year and $100,000 the second year may
be used for nongame wildlife information,
education, and promotion.

$6,000,000 the first year and $6,000,000 the
second year are from the general fund for the
following activities:

(1) financial reimbursement and technical
support to soil and water conservation
districts or other local units of government
for groundwater level monitoring;
(2) surface water monitoring and analysis,
including installation of monitoring gauges;
(3) groundwater analysis to assist with water
appropriation permitting decisions;
(4) permit application review incorporating
surface water and groundwater technical
analysis;
(5) precipitation data and analysis to improve
the use of irrigation;
(6) information technology, including
electronic permitting and integrated data
systems; and
(7) compliance and monitoring.

$150,000 is for the commissioner of
natural resources, in cooperation with the
commissioners of the Pollution Control
Agency and health, the Public Facilities
Authority, and local units of government to
conduct a study and report to the legislature
on:
(1) the feasibility of constructing a wastewater treatment facility for communities surrounding White Bear Lake that will provide treated wastewater to be used to augment water levels in White Bear Lake; and

(2) design and construction of an augmentation supply from Sucker Lake to White Bear Lake. The commissioner shall submit the report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over environment and natural resources policy and finance no later than January 15, 2016.

$400,000 the first year is for grants to assist in the construction of flood protection rural and farmstead ring levees in the Red River watershed. Grants may not exceed 50 percent of the cost of the projects. This is a onetime appropriation and is available until June 30, 2019.

Subd. 4. **Forest Management**

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>28,046,000</td>
<td>27,450,000</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>11,123,000</td>
<td>11,123,000</td>
</tr>
<tr>
<td>Game and Fish</td>
<td>1,287,000</td>
<td>1,287,000</td>
</tr>
</tbody>
</table>

$7,145,000 the first year and $7,145,000 the second year are for prevention, presuppression, and suppression costs of emergency firefighting and other costs incurred under Minnesota Statutes, section 88.12. The amount necessary to pay for presuppression and suppression costs during
the biennium is appropriated from the general fund.

By January 15 of each year, the commissioner of natural resources shall submit a report to the chairs and ranking minority members of the house and senate committees and divisions having jurisdiction over environment and natural resources finance, identifying all firefighting costs incurred and reimbursements received in the prior fiscal year. These appropriations may not be transferred. Any reimbursement of firefighting expenditures made to the commissioner from any source other than federal mobilizations shall be deposited into the general fund.

$11,123,000 the first year and $11,123,000 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.

$1,287,000 the first year and $1,287,000 the second year are from the heritage enhancement account in the game and fish fund to advance ecological classification systems (ECS) scientific management tools for forest and invasive species management. This appropriation is from revenue deposited in the game and fish fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

$880,000 the first year and $880,000 the second year are for the Forest Resources
64.1 Council for implementation of the
64.2 Sustainable Forest Resources Act.
64.3 $1,000,000 the first year is for a pilot
64.4 program to increase forest road maintenance.
64.5 The commissioner shall use the money to
64.6 perform needed maintenance on forest roads
64.7 in conjunction with timber sales. Optional
64.8 forest road maintenance contracts may be
64.9 offered to successful purchasers of state
64.10 timber sales at the commissioner's discretion.
64.11 This is a onetime appropriation.
64.12 $250,000 the first year and $250,000 the
64.13 second year are for the FORIST system.
64.14 The commissioner shall contract with a
64.15 telecommunication provider to place a cell
64.16 phone transmitter on the ranger tower on
64.17 Side Lake in St. Louis County.
64.18 The general fund base budget for forest
64.19 management in fiscal year 2018 and
64.20 thereafter is $27,450,000.
64.21 Subd. 5. Parks and Trails Management

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>23,627,000</td>
<td>23,777,000</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>47,521,000</td>
<td>47,750,000</td>
</tr>
<tr>
<td>Game and Fish</td>
<td>2,266,000</td>
<td>2,273,000</td>
</tr>
</tbody>
</table>

64.22 $1,075,000 the first year and $1,075,000 the
64.23 second year are from the water recreation
64.24 account in the natural resources fund for
64.25 enhancing public water access facilities.
64.26 $5,740,000 the first year and $5,740,000 the
64.27 second year are from the natural resources
64.28 fund for state trail, park, and recreation area
64.29 operations. This appropriation is from the
64.30 revenue deposited in the natural resources

Article 3 Sec. 3. 64
fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (2).

$1,005,000 the first year and $1,005,000 the second year are from the natural resources fund for park and trail grants to local units of government on land to be maintained for at least 20 years for the purposes of the grants.

This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (4). Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

$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 the snowmobile grants-in-aid program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

$1,460,000 the first year and $1,460,000 the second year are from the natural resources fund for the off-highway vehicle grants-in-aid program. Of this amount, $1,210,000 each year is from the all-terrain vehicle account; $150,000 each year is from the off-highway motorcycle account; and $100,000 each year is from the off-road vehicle account. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

$968,000 the first year and $968,000 the second year are from the off-road vehicle account in the natural resources fund. Of this amount, $568,000 each year is for parks.
and trails management for off-road vehicle
purposes; $325,000 is for the off-road
vehicle grant-in-aid program; and $75,000
is for a new full-time employee position or
contract in northern Minnesota to work in
conjunction with the Minnesota Four-Wheel
Drive Association to address off-road vehicle
touring routes and other issues related to
off-road vehicle activities. This is a onetime
appropriation.

$75,000 the first year and $75,000 the second
year are from the cross-country ski account
in the natural resources fund for grooming
and maintaining cross-country ski trails in
state parks, trails, and recreation areas.

$250,000 the first year and $250,000 the
second year are from the state land and
water conservation account (LAWCON)
in the natural resources fund for priorities
established by the commissioner for eligible
state projects and administrative and
planning activities consistent with Minnesota
Statutes, section 84.0264, and the federal
Any unencumbered balance does not cancel
at the end of the first year and is available for
the second year.

$65,000 the first year is from the water
recreation account in the natural resources
fund to cooperate with local units of
government in marking routes and
designating river accesses and campsites
under Minnesota Statutes, section 85.32.
This is a onetime appropriation and is
available until June 30, 2019.
$190,000 from the natural resources fund the first year is for a grant to the city of Virginia for the additional cost of supporting a trail due to the rerouting of U.S. Highway No. 53. This is a onetime appropriation and is available until June 30, 2019.

$50,000 the first year is for development of a master plan for the Mississippi Blufflands Trail, including work on possible extensions or connections to other state or regional trails. This is a onetime appropriation that is available until June 30, 2017.

$61,000 from the natural resources fund the first year is for a grant to the city of East Grand Forks for payment under a reciprocity agreement for the Red River State Recreation Area.

Subd. 6. Fish and Wildlife Management

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Resources</td>
<td>1,908,000</td>
<td>1,912,000</td>
</tr>
<tr>
<td>Game and Fish</td>
<td>73,412,000</td>
<td>69,091,000</td>
</tr>
</tbody>
</table>

$8,167,000 the first year and $8,167,000 the second year are from the heritage enhancement account in the game and fish fund only for activities specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1). Notwithstanding Minnesota Statutes, section 297A.94, five percent of this appropriation may be used for expanding hunter and angler recruitment and retention.

$5,000,000 the first year from the game and fish fund is for trap, skeet, and archery shooting sports facility grants under Minnesota Statutes, section 87A.10. This is...
a onetime appropriation and is available until June 30, 2018.

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.

**Subd. 7. Enforcement**

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>4,985,000</td>
<td>4,386,000</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>10,095,000</td>
<td>10,193,000</td>
</tr>
<tr>
<td>Game and Fish</td>
<td>24,133,000</td>
<td>23,849,000</td>
</tr>
<tr>
<td>Remediation</td>
<td>100,000</td>
<td>100,000</td>
</tr>
</tbody>
</table>

$870,000 the first year and $130,000 the second year from the general fund and $1,330,000 the first year and $220,000 the second year from the game and fish fund are for aviation services. This appropriation is onetime.

$1,718,000 the first year and $1,718,000 the second year are from the general fund for enforcement efforts to prevent the spread of aquatic invasive species.

$1,520,000 the first year and $1,563,000 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). The base for these purposes in fiscal year 2018 and thereafter is $1,590,000.

$1,082,000 the first year and $1,082,000 the second year are from the water recreation
account in the natural resources fund for
grants to counties for boat and water safety.
Any unencumbered balance does not cancel
at the end of the first year and is available for
the second year.
$315,000 the first year and $315,000 the
second year are from the snowmobile
trails and enforcement account in the
natural resources fund for grants to local
law enforcement agencies for snowmobile
enforcement activities. Any unencumbered
balance does not cancel at the end of the first
year and is available for the second year.
$250,000 the first year and $250,000 the
second year are from the all-terrain
vehicle account for grants to qualifying
organizations to assist in safety and
environmental education and monitoring
trails on public lands under Minnesota
Statutes, section 84.9011. Grants issued
under this paragraph must be issued through
a formal agreement with the organization.
By December 15 each year, an organization
receiving a grant under this paragraph shall
report to the commissioner with details on
expenditures and outcomes from the grant.
Of this appropriation, $25,000 each year
is for administration of these grants. Any
unencumbered balance does not cancel at the
end of the first year and is available for the
second year.
$510,000 the first year and $510,000 the
second year are from the natural
resources fund for grants to county law
enforcement agencies for off-highway
Article 3 Sec. 3.
vehicle enforcement and public education
activities based on off-highway vehicle use
in the county. Of this amount, $498,000 each
year is from the all-terrain vehicle account;
$11,000 each year is from the off-highway
motorcycle account; and $1,000 each year
is from the off-road vehicle account. The
county enforcement agencies may use
money received under this appropriation
to make grants to other local enforcement
agencies within the county that have a high
concentration of off-highway vehicle use.
Of this appropriation, $25,000 each year
is for administration of these grants. Any
unencumbered balance does not cancel at the
end of the first year and is available for the
second year.

Subd. 8. **Operations Support**

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>750,000</td>
<td>750,000</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>320,000</td>
<td>320,000</td>
</tr>
</tbody>
</table>

$320,000 the first year and $320,000 the
second year are from the natural resources
fund for grants to be divided equally between
the city of St. Paul for the Como Park Zoo
and Conservatory and the city of Duluth
for the Duluth Zoo. This appropriation
is from the revenue deposited to the fund
under Minnesota Statutes, section 297A.94,
paragraph (e), clause (5).

$500,000 each year is for legal costs related
to water management. This is a onetime
appropriation and is available until June 30,
2018.
Money appropriated in this section may not
be spent on a new contract for a call center
that is located outside the state of Minnesota.

Sec. 4. BOARD OF WATER AND SOIL
RESOURCES

$13,959,000

$13,133,000

$3,423,000 the first year and $3,423,000 the
second year are for natural resources block
grants to local governments. Grants must be
matched with a combination of local cash or
in-kind contributions. The base grant portion
related to water planning must be matched
by an amount as specified by Minnesota
Statutes, section 103B.3369. The board may
reduce the amount of the natural resources
block grant to a county by an amount equal to
any reduction in the county's general services
allocation to a soil and water conservation
district from the county's previous year
allocation when the board determines that
the reduction was disproportionate.

$3,116,000 the first year and $3,116,000 the
second year are for grants to soil and water
conservation districts for general purposes,
nonpoint engineering, and implementation of
the reinvest in Minnesota reserve program.
Expenditures may be made from these
appropriations for supplies and services
benefiting soil and water conservation
districts. Any district receiving a grant under
this paragraph shall maintain a Web page that
publishes, at a minimum, its annual report,
annual audit, annual budget, and meeting
notices.
$1,560,000 the first year and $1,560,000 the second year are for the following cost-share programs:

1. $260,000 each year is for feedlot water quality grants for feedlots under 300 animal units and nutrient and manure management projects in watersheds where there are impaired waters;

2. $1,200,000 each year is for soil and water conservation district cost-sharing contracts for perennially vegetated riparian buffers, erosion control, water retention and treatment, and other high-priority conservation practices; and

3. $100,000 each year is for county cooperative weed management programs and to restore native plants in selected invasive species management sites by providing local native seeds and plants to landowners for implementation.

$800,000 the first year and $750,000 the second year are for implementation, enforcement, and oversight of the Wetland Conservation Act.

$166,000 the first year and $166,000 the second year are to provide technical assistance to local drainage management officials and for the costs of the Drainage Work Group.

$100,000 the first year and $100,000 the second year are for a grant to the Red River Basin Commission for water quality and floodplain management, including administration of programs. This appropriation must be matched by nonstate
funds. If the appropriation in either year is insufficient, the appropriation in the other year is available for it.

$120,000 the first year and $120,000 the second year are for grants to Area II Minnesota River Basin Projects for floodplain management.

Notwithstanding Minnesota Statutes, section 103C.501, the board may shift cost-share funds in this section and may adjust the technical and administrative assistance portion of the grant funds to leverage federal or other nonstate funds or to address high-priority needs identified in local water management plans or comprehensive water management plans.

$750,000 the first year is for purposes of Minnesota Statutes, section 103F.519. This appropriation is onetime and is available until June 30, 2017.

The appropriations for grants in this section are available until June 30, 2019. If an appropriation for grants in either year is insufficient, the appropriation in the other year is available for it.

Sec. 5. **METROPOLITAN COUNCIL** $8,540,000 $8,540,000

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>2,870,000</td>
<td>2,870,000</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>5,670,000</td>
<td>5,670,000</td>
</tr>
</tbody>
</table>

$2,870,000 the first year and $2,870,000 the second year are for metropolitan area regional parks operation and maintenance according to Minnesota Statutes, section 473.351.
$5,670,000 the first year and $5,670,000 the second year are from the natural resources fund for metropolitan area regional parks and trails maintenance and operations. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (3).

Sec. 6. CONSERVATION CORPS

**CONSERVATION CORPS MINNESOTA**

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>455,000</td>
<td>455,000</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>490,000</td>
<td>490,000</td>
</tr>
</tbody>
</table>

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

Sec. 7. ZOOLOGICAL BOARD

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General</td>
<td>8,250,000</td>
<td>8,250,000</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>160,000</td>
<td>160,000</td>
</tr>
</tbody>
</table>

$160,000 the first year and $160,000 the second year are from the natural resources fund from the revenue deposited under Minnesota Statutes, section 297A.94, paragraph (e), clause (5).

Sec. 8. SCIENCE MUSEUM

<table>
<thead>
<tr>
<th>Appropriations by Fund</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Resources</td>
<td>160,000</td>
<td>160,000</td>
</tr>
</tbody>
</table>

$1,079,000 the first year and $1,079,000 the second year are from the natural resources fund from the revenue deposited under Minnesota Statutes, section 297A.94, paragraph (e), clause (5).

Sec. 9. REPAYMENT; TRANSFER

The commissioner of management and budget shall transfer $14,000,000 in fiscal...
year 2018 and $14,000,000 in fiscal year
2019 from the general fund to the closed
landfill investment fund created in Minnesota
Statutes, section 115B.421.

ARTICLE 4
ENVIRONMENT AND NATURAL RESOURCES STATUTORY CHANGES

Section 1. Minnesota Statutes 2014, section 13.7411, subdivision 8, is amended to read:

Subd. 8. Pollution Control Agency. (a) Hazardous waste generators.
Information provided by hazardous waste generators under section 473.151 and for which
confidentiality is claimed is governed by section 116.075, subdivision 2.
(b) Priority chemicals. Trade secret information and other information submitted
to the Pollution Control Agency related to priority chemicals in children's products are
governed by section 116.9408.

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

Sec. 2. Minnesota Statutes 2014, section 84.415, subdivision 7, is amended to read:

Subd. 7. Existing road right-of-way; Application fee exemption. (a) A utility
license for crossing public lands or public waters is exempt from all application fees
specified in this section and in rules adopted under this section when the utility crossing is
on an existing right-of-way of a public road.
(b) This subdivision does not apply to electric power lines, cables, or conduits 100
kilovolts or greater or to main pipelines for gas, liquids, or solids in suspension.

EFFECTIVE DATE. This section is effective retroactively from July 1, 2014.

Sec. 3. [84.69] NATURAL RESOURCES CONSERVATION EASEMENT

STEWARDSHIP ACCOUNT.

Subdivision 1. Account established; sources. The natural resources conservation
easement stewardship account is created in the special revenue fund. The account consists
of money credited to the account and interest and other earnings on money in the account.
The State Board of Investment must manage the account to maximize long-term gain. The
following revenue must be deposited in the natural resources conservation easement
stewardship account:
(1) contributions to the account or specified for any purpose of the account;
(2) contributions under subdivision 3; section 84.66, subdivision 11; or other applicable law;

(3) money appropriated for any of the purposes described in subdivision 2;

(4) money appropriated for monitoring and enforcement of easements and earnings on the money appropriated that revert to the state under section 97A.056, subdivision 17, or other applicable law; and

(5) gifts under section 84.085 for conservation easement stewardship.

Subd. 2. Appropriation; purposes of account. Five percent of the balance on July 1 of each year in the natural resources conservation easement stewardship account is annually appropriated to the commissioner of natural resources and may be spent only to cover the costs of managing conservation easements held by the Department of Natural Resources, including costs associated with monitoring, landowner contacts, records storage and management, processing landowner notices, requests for approval or amendments, enforcement, and legal services associated with conservation easement management activities.

Subd. 3. Financial contributions. The commissioner shall seek a financial contribution to the natural resources conservation easement stewardship account for each conservation easement acquired by or assigned to the Department of Natural Resources. Unless otherwise provided by law, the commissioner shall determine the amount of the contribution, which must be an amount calculated to earn sufficient money to meet the costs of managing the conservation easement at a level that neither significantly overrecovers nor underrecovers the costs. In determining the amount of the financial contribution, the commissioner shall consider:

(1) the estimated annual staff hours needed to manage the conservation easement, taking into consideration factors such as easement type, size, location, and complexity;

(2) the average hourly wages for the class or classes of employees expected to manage the conservation easement;

(3) the estimated annual travel expenses to manage the conservation easement;

(4) the estimated annual miscellaneous costs to manage the conservation easement, including supplies and equipment, information technology support, and aerial flyovers;

(5) the estimated annualized cost of legal services, including the cost to enforce the easement in the event of a violation; and

(6) the expected rate of return on investments in the account.

EFFECTIVE DATE. Subdivisions 1 and 2 of this section are effective the day following final enactment. Subdivision 3 of this section is effective for conservation
easements acquired with money appropriated on or after July 1, 2015, and for acquisitions of conservation easements by gift that are initiated on or after July 1, 2015.

Sec. 4. Minnesota Statutes 2014, section 84.82, subdivision 2a, is amended to read:

Subd. 2a. **Nontrail use registration.** A snowmobile may be registered for nontrail use. A snowmobile registered under this subdivision may not be operated on a state or grant-in-aid snowmobile trail. The fee for a nontrail use registration of a snowmobile with an engine displacement that is greater than 125 cubic centimeters is $45 for three years. A nontrail use registration is not transferable. In addition to other penalties prescribed by law, the penalty for violation of this subdivision is immediate revocation of the nontrail use registration. The commissioner shall ensure that the registration sticker provided for limited nontrail use is of a different color and is distinguishable from other snowmobile registration and state trail stickers provided.

Sec. 5. Minnesota Statutes 2014, section 84.82, subdivision 6, is amended to read:

Subd. 6. **Exemptions.** Registration is not required under this section for:

1. a snowmobile owned and used by the United States, an Indian tribal government, another state, or a political subdivision thereof;
2. a snowmobile registered in a country other than the United States temporarily used within this state;
3. a snowmobile that is covered by a valid license of another state and has not been within this state for more than 30 consecutive days or that is registered by an Indian tribal government to a tribal member and has not been outside the tribal reservation boundary for more than 30 consecutive days;
4. a snowmobile used exclusively in organized track racing events;
5. a snowmobile in transit by a manufacturer, distributor, or dealer;
6. a snowmobile at least 15 years old in transit by an individual for use only on land owned or leased by the individual; or
7. a snowmobile while being used to groom a state or grant-in-aid trail; or
8. a snowmobile with an engine displacement that is 125 cubic centimeters or less and the snowmobile is not operated on a state or grant-in-aid trail.

Sec. 6. Minnesota Statutes 2014, section 84.92, subdivision 8, is amended to read:

Subd. 8. **All-terrain vehicle or vehicle.** "All-terrain vehicle" or "vehicle" means a motorized vehicle of which: (1) not less than three, but not more than six low pressure or non-pneumatic tires, that is limited in engine displacement of less than 1,000 cubic
Sec. 7. Minnesota Statutes 2014, section 84.92, subdivision 9, is amended to read:

Subd. 9. **Class 1 all-terrain vehicle.** "Class 1 all-terrain vehicle" means an all-terrain vehicle that has a total dry weight of less than 1,200 pounds width from outside of tire rim to outside of tire rim that is 50 inches or less.

Sec. 8. Minnesota Statutes 2014, section 84.92, subdivision 10, is amended to read:

Subd. 10. **Class 2 all-terrain vehicle.** "Class 2 all-terrain vehicle" means an all-terrain vehicle that has a total dry weight of 1,200 to 1,800 pounds width from outside of tire rim to outside of tire rim that is greater than 50 inches but not more than 65 inches.

Sec. 9. Minnesota Statutes 2014, section 84.922, subdivision 5, is amended to read:

Subd. 5. **Fees for registration.** (a) The fee for a three-year registration of an all-terrain vehicle under this section, other than those registered by a dealer or manufacturer under paragraph (b) or (c), is:

1. for public use, $45 for class 1 all-terrain vehicles and $48 for class 2 all-terrain vehicles;
2. for private use, $6; and
3. for a duplicate or transfer, $4.

(b) The total registration fee for all-terrain vehicles owned by a dealer and operated for demonstration or testing purposes is $50 per year. Dealer registrations are not transferable.

(c) The total registration fee for all-terrain vehicles owned by a manufacturer and operated for research, testing, experimentation, or demonstration purposes is $150 per year. Manufacturer registrations are not transferable.

(d) The onetime fee for registration of an all-terrain vehicle under subdivision 2b is $6.

(e) The fees collected under this subdivision must be credited to the all-terrain vehicle account.

Sec. 10. Minnesota Statutes 2014, section 84D.01, is amended by adding a subdivision to read:
Subd. 1a. **Aquatic invasive species affirmation.** "Aquatic invasive species affirmation" means an affirmation of the summary of the aquatic invasive species laws of this chapter that is part of watercraft licenses and nonresident fishing licenses, as provided in section 84D.106.

**EFFECTIVE DATE.** This section is effective January 1, 2016.

Sec. 11. [84D.106] **AQUATIC INVASIVE SPECIES AFFIRMATION.**

Aquatic invasive species affirmation is required for all:

(1) watercraft licenses issued under section 86B.401; and

(2) all nonresident fishing licenses, as provided in section 97C.301, subdivision 2a.

**EFFECTIVE DATE.** Clause (1) of this section is effective January 1, 2016. Clause (2) of this section is effective March 1, 2016.

Sec. 12. Minnesota Statutes 2014, section 84D.13, subdivision 5, is amended to read:

Subd. 5. **Civil penalties.** (a) A civil citation issued under this section must impose the following penalty amounts:

(1) for transporting aquatic macrophytes in violation of section 84D.09, $100;

(2) for placing or attempting to place into waters of the state water-related equipment that has aquatic macrophytes attached, $200;

(3) for unlawfully possessing or transporting a prohibited invasive species other than an aquatic macrophyte, $500;

(4) for placing or attempting to place into waters of the state water-related equipment that has prohibited invasive species attached when the waters are not listed by the commissioner as being infested with that invasive species, $500;

(5) for intentionally damaging, moving, removing, or sinking a buoy marking, as prescribed by rule, Eurasian water milfoil, $100;

(6) for failing to have drain plugs or similar devices removed or opened while transporting water-related equipment or for failing to remove plugs, open valves, and drain water from water-related equipment, other than marine sanitary systems, before leaving waters of the state, $100; and

(7) for transporting infested water off riparian property without a permit as required by rule, $200; and

(8) for failing to have aquatic invasive species affirmation displayed or available for inspection as provided in sections 86B.401 and 97C.301, subdivision 2a, $25.
80.1 (b) A civil citation that is issued to a person who has one or more prior convictions or final orders for violations of this chapter is subject to twice the penalty amounts listed in paragraph (a).

80.4 Sec. 13. Minnesota Statutes 2014, section 84D.15, subdivision 3, is amended to read:

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, habitat improvements, and research.

80.10 Sec. 14. Minnesota Statutes 2014, section 85.015, is amended by adding a subdivision to read:

Subd. 6a. Mississippi Blufflands Trail; Goodhue and Wabasha Counties. (a) The Mississippi Blufflands Trail shall originate at the Cannon Valley Trail and thence extend generally southeasterly along the Mississippi River through Frontenac State Park in Goodhue County and continue through Goodhue and Wabasha Counties to the city of Lake City, and there terminate. The trail shall include connections to the Rattlesnake Bluff Trail.

(b) The trail shall be developed primarily for riding and hiking.

(c) In establishing, developing, maintaining, and operating the trail, the commissioner shall cooperate with local units of government and private individuals and groups whenever feasible.

80.21 Sec. 15. Minnesota Statutes 2014, section 85.055, subdivision 1, is amended to read:

Subdivision 1. Fees. The fee for state park permits for:

(1) an annual use of state parks is $25 $30;

(2) a second or subsequent vehicle state park permit is $18;

(3) a state park permit valid for one day is $6 $6;

(4) a daily vehicle state park permit for groups is $3;

(5) an annual permit for motorcycles is $20;

(6) an employee's state park permit is without charge; and

(7) a state park permit for persons with disabilities under section 85.053, subdivision 7, paragraph (a), clauses (1) to (3), is $12.

The fees specified in this subdivision include any sales tax required by state law.

80.32 Sec. 16. Minnesota Statutes 2014, section 85.32, subdivision 1, is amended to read:
Subdivision 1. Areas marked. The commissioner of natural resources is authorized
in cooperation with local units of government and private individuals and groups when
feasible to mark state water trails on the Little Fork, Big Fork, Minnesota, St. Croix,
Snake, Mississippi, Red Lake, Cannon, Straight, Des Moines, Crow Wing, St. Louis, Pine,
Rum, Kettle, Cloquet, Root, Zumbro, Pomme de Terre within Swift County, Watonwan,
Cottonwood, Whitewater, Chippewa from Benson in Swift County to Montevideo in
Chippewa County, Long Prairie, Red River of the North, Sauk, Otter Tail, Redwood,
Blue Earth, Cedar, Shell Rock, and Crow Rivers which have historic and scenic values
and to mark appropriately points of interest, portages, camp sites, and all dams, rapids,
waterfalls, whirlpools, and other serious hazards which are dangerous to canoe, kayak,
and watercraft travelers.

Sec. 17. Minnesota Statutes 2014, section 86B.401, subdivision 3, is amended to read:

Subd. 3. Licensing. (a) The license agent shall register the watercraft on receiving
an application and the license fee. A license and registration sticker with a registration
number shall be issued and must be affixed to the watercraft as prescribed by the
commissioner of natural resources.

(b) A license includes aquatic invasive species affirmation as provided in section
84D.106. The aquatic invasive species affirmation portion of the license must be displayed
with the signed license certificate. The aquatic invasive species affirmation will be
provided with an application for a new, transfer, duplicate, or renewal watercraft license.

(c) The license is not valid unless signed by at least one owner.

(d) Failure to complete the aquatic invasive species affirmation in this subdivision is
subject to the penalty prescribed in section 84D.13, subdivision 5.

EFFECTIVE DATE. This section is effective January 1, 2016.

Sec. 18. Minnesota Statutes 2014, section 87A.10, is amended to read:

87A.10 TRAP, SKEET, AND ARCHERY SHOOTING SPORTS FACILITY
GRANTS.

The commissioner of natural resources shall administer a program to provide
cost-share grants to local recreational shooting clubs or local units of government for up to
50 percent of the costs of developing or rehabilitating trap, skeet, and archery shooting
sports facilities for public use. A facility rehabilitated or developed with a grant under this
section must be open to the general public at reasonable times and for a reasonable fee
on a walk-in basis. The commissioner shall give preference to projects that will provide
the most opportunities for youth.

Sec. 19. Minnesota Statutes 2014, section 88.6435, subdivision 4, is amended to read:

Subd. 4. Forest bough account; disposition of fees. (a) The forest bough account
is established in the state treasury within the natural resources fund.

(b) Fees for permits issued under this section shall must be deposited in the state
treasury and credited to the forest bough account and, except for the electronic licensing
system commission established by the commissioner under section 84.027, subdivision
15, are annually appropriated to the commissioner of natural resources for costs associated
with balsam bough educational special forest product information and education programs
for harvesters and buyers.

Sec. 20. Minnesota Statutes 2014, section 90.14, is amended to read:

90.14 AUCTION SALE PROCEDURE.

(a) All state timber shall be offered and sold by the same unit of measurement as it
was appraised. No tract shall be sold to any person other than the purchaser in whose name
the bid was made. The commissioner may refuse to approve any and all bids received and
cancel a sale of state timber for good and sufficient reasons.

(b) The purchaser at any sale of timber shall, immediately upon the approval of the
bid, or, if unsold at public auction, at the time of purchase at a subsequent sale under section
90.101, subdivision 1, pay to the commissioner a down payment of 15 percent of the
appraised value. In case any purchaser fails to make such payment, the purchaser shall be
liable therefor to the state in a civil action, and the commissioner may reoffer the timber for
sale as though no bid or sale under section 90.101, subdivision 1, therefor had been made.

(c) In lieu of the scaling of state timber required by this chapter, a purchaser of state
timber may, at the time of payment by the purchaser to the commissioner of 15 percent
of the appraised value, elect in writing on a form prescribed by the attorney general to
purchase a permit based solely on the appraiser's estimate of the volume of timber described
in the permit, provided that the commissioner has expressly designated the availability of
such option for that tract on the list of tracts available for sale as required under section
90.101. A purchaser who elects in writing on a form prescribed by the attorney general
to purchase a permit based solely on the appraiser's estimate of the volume of timber
described on the permit does not have recourse to the provisions of section 90.281.

(d) In the case of a public auction sale conducted by a sealed bid process, tracts shall
be awarded to the high bidder, who shall pay to the commissioner a down payment of 15
percent of the appraised value that must be received or postmarked within 14 days of
the date of the sealed bid opening. If a purchaser fails to make the down payment, the
purchaser is liable for the down payment to the state and the commissioner may offer the
timber for sale to the next highest bidder as though no higher bid had been made.
(c) Except as otherwise provided by law, at the time the purchaser signs a permit
issued under section 90.151, the commissioner shall require the purchaser to make a bid
guarantee payment to the commissioner in an amount equal to 15 percent of the total
purchase price of the permit less the down payment amount required by paragraph (b)
for any bid increase in excess of $5,000. $10,000 of the appraised value. If a required bid
guarantee payment is not submitted with the signed permit, no harvesting may occur, the
permit cancels, and the down payment for timber forfeits to the state. The bid guarantee
payment forfeits to the state if the purchaser and successors in interest fail to execute
an effective permit.

**EFFECTIVE DATE.** This section is effective June 1, 2015, and applies to permits
sold on or after that date.

Sec. 21. Minnesota Statutes 2014, section 90.193, is amended to read:

**90.193 EXTENSION OF TIMBER PERMITS.**

The commissioner may, in the case of an exceptional circumstance beyond the
control of the timber permit holder which makes it unreasonable, impractical, and not
feasible to complete cutting and removal under the permit within the time allowed, grant
one regular extension for one year. A written request for the regular extension must be
received by the commissioner before the permit expires. The request must state the reason
the extension is necessary and be signed by the permit holder. An interest rate of eight
five percent may be charged for the period of extension.

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

Sec. 22. [92.83] CONDEMNATION OF SCHOOL TRUST LAND.

Subdivision 1. **Purpose.** The purpose of this section is to extinguish the school trust
interest in school trust lands where long-term economic return is prohibited by designation
or policy while producing economic benefits for Minnesota's public schools. For the
purposes of satisfying the Minnesota Constitution, article XI, section 8, which limits the
sale of school trust lands to a public sale, the commissioner of natural resources shall
acquire school trust lands through condemnation, as provided in subdivision 2.
Subd. 2. Commencement of condemnation proceedings. When the commissioner of natural resources has determined sufficient money is available to acquire any of the lands identified under section 84.027, subdivision 18, paragraph (c), the commissioner shall proceed to extinguish the school trust interest by condemnation action. When requested by the commissioner, the attorney general shall commence condemnation of the identified school trust lands.

Subd. 3. Payment. The portion of the payment of the award and judgment that is for the value of the land shall be deposited into the permanent school fund. The remainder of the award and judgment shall first be remitted for reimbursement to the accounts from which expenses were paid, with any remainder deposited into the permanent school fund.

Subd. 4. Account. The school trust lands account is created in the state treasury. Money credited to the account is appropriated to the commissioner of natural resources for the purposes of this section.

Sec. 23. Minnesota Statutes 2014, section 93.20, subdivision 18, is amended to read:

Subd. 18. Schedule 7. Schedule 7. Taconite ore shall be understood to mean a ferruginous chert or ferruginous slate in the form of compact siliceous rock, in which the iron oxide is so finely disseminated that substantially all of the iron-bearing particles of merchantable grade are smaller than 20 mesh.

Taconite concentrates shall be understood to mean the merchantable product, suitable for blast furnace use, which, in accordance with good engineering and metallurgical practice, has been produced from taconite ore which requires treatment by fine grinding, magnetic separation, flotation, or some other method or methods other than or in addition to one or more of the methods specified in schedules 1 to 6, inclusive.

On a ton of taconite concentrates averaging in dried iron 40.49 percent or less, the royalty shall be no less than 11 cents. The royalty rate shall be increased one percent for each increase of one percent, or fraction thereof, in dried iron analysis.

In lieu of payment of such royalty on the taconite concentrates, royalty payments may be made on the taconite ore as set forth in section 93.201.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to both existing and new leases entered into under this section.

Sec. 24. Minnesota Statutes 2014, section 94.16, subdivision 3, is amended to read:

Subd. 3. Proceeds from natural resources land. (a) Except as provided in paragraphs (b) and (c), the remainder of the proceeds from the sale of lands
classified as a unit of the outdoor recreation system under section 86A.05 that were under
the control and supervision of the commissioner of natural resources shall be credited to
the land acquisition account in the natural resources fund.

(b) The remainder of the proceeds from the sale of administrative sites under the
control and supervision of the commissioner of natural resources shall be credited to the
facilities management account established under section 84.0857 and used to acquire
facilities or renovate existing buildings for administrative use or to acquire land for,
design, and construct administrative buildings for the Department of Natural Resources.

(c) The remainder of the proceeds from the sale of land not within a unit of the
outdoor recreation system under section 86A.05 and not an administrative site, but under
the control and supervision of the commissioner of natural resources, shall be credited to
the school trust lands account established under section 92.83.

Sec. 25. Minnesota Statutes 2014, section 97A.055, subdivision 4b, is amended to read:

Subd. 4b. Citizen oversight committees. (a) The commissioner shall appoint
committees of affected persons to review the reports prepared under subdivision 4; review
the proposed work plans and budgets for the coming year; propose changes in policies,
activities, and revenue enhancements or reductions; review other relevant information;
and make recommendations to the legislature and the commissioner for improvements in
the management and use of money in the game and fish fund.

(b) The commissioner shall appoint the following committees, each comprised
of at least ten affected persons:

(1) a Fisheries Oversight Committee to review fisheries funding and expenditures,
including activities related to trout and salmon stamps and walleye stamps; and

(2) a Wildlife Oversight Committee to review wildlife funding and expenditures,
including activities related to migratory waterfowl, pheasant, and wild turkey management
and deer and big game management.

(c) The chairs of the Fisheries Oversight Committee and the Wildlife Oversight
Committee, and four additional members from each committee, shall form a Budgetary
Oversight Committee to coordinate the integration of the fisheries and wildlife oversight
commitee reports into an annual report to the legislature; recommend changes on a broad
level in policies, activities, and revenue enhancements or reductions; and provide a forum
to address issues that transcend the fisheries and wildlife oversight committees.

(d) The Budgetary Oversight Committee shall develop recommendations for a
biennial budget plan and report for expenditures on game and fish activities. By August 15
of each even-numbered year, the committee shall submit the budget plan recommendations
to the commissioner and to the senate and house of representatives committees with jurisdiction over natural resources finance.

(e) The chairs of the Fisheries Oversight Committee and the Wildlife Oversight Committee shall be chosen by their respective committees. The chair of the Budgetary Oversight Committee shall be appointed by the commissioner and may not be the chair of either of the other oversight committees.

(f) The Budgetary Oversight Committee may make recommendations to the commissioner and to the senate and house of representatives committees with jurisdiction over natural resources finance for outcome goals from expenditures.

(g) The committees authorized under this subdivision are not advisory councils or committees governed by section 15.059 and are not subject to section 15.059. Committee members appointed by the commissioner may request reimbursement for mileage expenses in the same manner and amount as authorized by the commissioner's plan adopted under section 43A.18, subdivision 2. Committee members must not receive daily compensation for oversight activities. The Fisheries Oversight Committee, the Wildlife Oversight Committee, and the Budgetary Oversight Committee expire June 30, 2015 2020.

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

Sec. 26. Minnesota Statutes 2014, section 97B.301, is amended by adding a subdivision to read:

Subd. 9. Residents age 84 or over may take deer of either sex. A resident age 84 or over may take a deer of either sex. This subdivision does not authorize the taking of an antlerless deer by another member of a party under subdivision 3.

Sec. 27. Minnesota Statutes 2014, section 97C.301, is amended by adding a subdivision to read:

Subd. 2a. Aquatic invasive species affirmation. (a) A nonresident license to take fish issued under section 97A.475, subdivision 7, includes aquatic invasive species affirmation as provided in section 84D.106.

(b) The aquatic invasive species affirmation portion of the license must be displayed with the signed nonresident license to take fish issued under section 97A.475, subdivision 7. The aquatic invasive species affirmation will be provided at the time of purchase of a new or duplicate nonresident license.

(c) If a license is purchased online, the aquatic invasive species affirmation may be completed electronically as part of the online sales process, and the electronic record of the license sale will be sufficient for documenting the affirmation.
(d) Failure to complete the aquatic invasive species affirmation in this subdivision is subject to the penalty prescribed in section 84D.13, subdivision 5.

**EFFECTIVE DATE.** This section is effective March 1, 2016.

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Sec. 28. Minnesota Statutes 2014, section 103B.101, is amended by adding a subdivision to read:

**Subd. 16. Wetland stakeholder coordination.** The board shall work with wetland stakeholders to foster mutual understanding and provide recommendations for improvements to the management of wetlands and related land and water resources, including recommendations for updating the Wetland Conservation Act, developing an in-lieu fee program as defined in section 103G.005, subdivision 10g, and related provisions. The board may convene informal working groups or work teams to provide information and education and to develop recommendations.

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Sec. 29. **[103B.103] EASEMENT STEWARDSHIP ACCOUNTS.**

**Subdivision 1. Accounts established; sources.** (a) The water and soil conservation easement stewardship account and the mitigation easement stewardship account are created in the special revenue fund. The accounts consist of money credited to the accounts and interest and other earnings on money in the accounts. The State Board of Investment must manage the accounts to maximize long-term gain.

(b) Revenue from contributions and money appropriated for any purposes of the account as described in subdivision 2 must be deposited in the water and soil conservation easement stewardship account. Revenue from contributions, wetland banking fees designated for stewardship purposes by the board, easement stewardship payments authorized under subdivision 3, and money appropriated for any purposes of the account as described in subdivision 2 must be deposited in the mitigation easement stewardship account.

**Subd. 2. Appropriation; purposes of accounts.** Five percent of the balance on July 1 each year in the water and soil conservation easement stewardship account and five percent of the balance on July 1 each year in the mitigation easement stewardship account are annually appropriated to the board and may be spent only to cover the costs of managing easements held by the board, including costs associated with monitoring, landowner contacts, records storage and management, processing landowner notices, requests for approval or amendments, enforcement, and legal services associated with easement management activities.
Subd. 3. **Financial contributions.** The board shall seek a financial contribution to the water and soil conservation easement stewardship account for each conservation easement acquired by the board. The board shall seek a financial contribution or assess an easement stewardship payment to the mitigation easement stewardship account for each wetland banking easement acquired by the board. Unless otherwise provided by law, the board shall determine the amount of the contribution or payment, which must be an amount calculated to earn sufficient money to meet the costs of managing the easement at a level that neither significantly overrecovers nor underrecovers the costs. In determining the amount of the financial contribution, the board shall consider:

1. the estimated annual staff hours needed to manage the conservation easement, taking into consideration factors such as easement type, size, location, and complexity;
2. the average hourly wages for the class or classes of state and local employees expected to manage the easement;
3. the estimated annual travel expenses to manage the easement;
4. the estimated annual miscellaneous costs to manage the easement, including supplies and equipment, information technology support, and aerial flyovers;
5. the estimated annualized costs of legal services, including the cost to enforce the easement in the event of a violation; and
6. the expected rate of return on investments in the account.

**EFFECTIVE DATE.** Subdivisions 1 and 2 of this section are effective the day following final enactment. Subdivision 3 of this section is effective for conservation easements acquired with money appropriated on or after July 1, 2015, and for acquisitions of conservation easements by gift or as a condition of approval for wetland mitigation as provided in Minnesota Rules, chapter 8420, that are initiated on or after July 1, 2015.

Sec. 30. Minnesota Statutes 2014, section 103B.3355, is amended to read:

**103B.3355 WETLAND FUNCTIONS FOR DETERMINING PUBLIC VALUES.**

(a) The public values of wetlands must be determined based upon the functions of wetlands for:

1. water quality, including filtering of pollutants to surface and groundwater,
2. utilization of nutrients that would otherwise pollute public waters, trapping of sediments,
3. shoreline protection, and utilization of the wetland as a recharge area for groundwater;
(2) floodwater and storm water retention, including the potential for flooding in
the watershed, the value of property subject to flooding, and the reduction in potential
flooding by the wetland;
(3) public recreation and education, including hunting and fishing areas, wildlife
viewing areas, and nature areas;
(4) commercial uses, including wild rice and cranberry growing and harvesting
and aquaculture;
(5) fish, wildlife, native plant habitats;
(6) low-flow augmentation;
(7) carbon sequestration; and
(8) other public uses.
(b) The Board of Water and Soil Resources, in consultation with the commissioners of
natural resources and agriculture and local government units, shall adopt rules establishing:
(1) scientific methodologies for determining the functions of wetlands; and
(2) criteria for determining the resulting public values of wetlands.
(c) The methodologies and criteria established under this section or other
methodologies and criteria that include the functions in paragraph (a) and are approved
by the board, in consultation with the commissioners of natural resources and agriculture
and local government units, must be used to determine the functions and resulting public
values of wetlands in the state. The functions listed in paragraph (a) are not listed in
order of priority.
(d) Public value criteria established or approved by the board under this section do
not apply in areas subject to local comprehensive wetland protection and management
plans established under section 103G.2243.
(e) The Board of Water and Soil Resources, in consultation with the commissioners
of natural resources and agriculture and local government units, may identify regions
areas of the state where preservation, enhancement, restoration, and establishment
of wetlands would have high public value. The board, in consultation with the
commissioners, may identify high priority wetland replacement areas for wetland
replacement using available information relating to the factors listed in paragraph
(a), the historic loss and abundance of wetlands, current applicable state and local
government water management and natural resource plans, and studies using a watershed
approach to identify current and future watershed needs. The board shall notify local
units of government with water planning authority of these high priority regions.
Designation of high priority areas is exempt from the rulemaking requirements of chapter
14, and section 14.386 does not apply. Designation of high priority areas is not effective until 30 days after publication in the State Register.

(f) Local units of government, as part of a state-approved comprehensive local water management plan as defined in section 103B.3363, subdivision 3, a state-approved comprehensive watershed management plan as defined in section 103B.3363, subdivision 3a, or a state-approved local comprehensive wetland protection and management plan under section 103G.2243, may identify priority areas for wetland replacement and provide them for consideration under paragraph (e).

Sec. 31. [103F.519] WORKING LANDS WATERSHED RESTORATION PROGRAM.

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

(b) "Advanced biofuel" has the meaning given in section 239.051, subdivision 1a.

(c) "Agricultural use" has the meaning given in section 17.81, subdivision 4.

(d) "Board" means the Board of Water and Soil Resources.

(e) "Perennial crops" means agriculturally produced plants that are known to be noninvasive and not listed as a noxious weed in Minnesota and that have a life cycle of at least three years at the location where the plants are being cultivated. Biomass from alfalfa produced in a two-year rotation is considered a perennial crop.

Subd. 2. Establishment. The board shall administer a perennial feedstock program to incentivize the establishment and maintenance of perennial agricultural crops. The board shall contract with landowners and give priority to contracts that implement water protection actions as identified in a completed watershed restoration and protection strategy developed under section 114D.26.

Subd. 3. Eligible land. Land eligible under this section must:

(1) have been in agricultural use or have been set aside, enrolled, or diverted under another federal or state government program for at least two of the last five years before the date of application; and

(2) not be currently set aside, enrolled, or diverted under another federal or state government program.

Subd. 4. Contract terms. (a) The board shall offer a contract rate of no more than 90 percent of the most recent federal conservation reserve program payment for the county in which the land is located. The board may make additional payments to assist with the establishment of perennial crops.

(b) Contracts must be at least ten years in duration.
(c) Perennial crops grown on lands enrolled under this section may be used for advanced biofuel feedstock or livestock feed. Perennial plants may be processed in a manner that utilizes a portion of the plant for livestock. Mechanical harvest is not allowed before July 1 in any year.

(d) The board shall prioritize lands with the highest potential to leverage federal funding.

(e) The board may establish additional contract terms.

Subd. 5. **Pilot watershed selection.** The board may select up to two watersheds in which to conduct an initial pilot program of up to 100,000 total acres. Project watersheds must have, as determined by the board:

1. A completed watershed restoration and protection strategy developed under section 114D.26 or a hydrological simulation program model approved by the Pollution Control Agency;
2. Multiple water quality impairments resulting primarily from agricultural practices;
3. A viable proposed advanced biofuel production facility located within 50 miles of the perennial feedstock grown under this section; and
4. Sufficient additional acres of cropland available for perennial crop production to adequately supply the proposed advanced biofuel production facility.

Sec. 32. Minnesota Statutes 2014, section 103F.612, subdivision 2, is amended to read:

**Article 4 Sec. 32.** (a) A wetland owner may apply to the county where a wetland is located for designation of a wetland preservation area in a high priority wetland area identified in a comprehensive local water plan, as defined in section 103B.3363, subdivision 2, and located within a high priority wetland region designated by the Board of Water and Soil Resources, if the county chooses to accept wetland preservation area applications. The application must be made on forms provided by the board. If a wetland is located in more than one county, the application must be submitted to the county where the majority of the wetland is located.

(b) The application shall be executed and acknowledged in the manner required by law to execute and acknowledge a deed and must contain at least the following information and other information the Board of Water and Soil Resources requires:

1. Legal description of the area to be approved, which must include an upland strip at least 16-1/2 feet in width around the perimeter of wetlands within the area and may include total upland area of up to four acres for each acre of wetland;
2. Parcel identification numbers where designated by the county auditor;
3. Name and address of the owner;
(4) a statement by the owner covenantee that the land will be preserved as a wetland and will only be used in accordance with conditions prescribed by the Board of Water and Soil Resources and providing that the restrictive covenant will be binding on the owner and the owner's successors or assigns, and will run with the land.

(c) The upland strip required in paragraph (b), clause (1), must be planted with permanent vegetation other than a noxious weed.

Sec. 33. Minnesota Statutes 2014, section 103G.005, is amended by adding a subdivision to read:

Subd. 10g. In-lieu fee program. "In-lieu fee program" means a program in which wetland replacement requirements of section 103G.222 are satisfied through payment of money to the board or a board-approved sponsor to develop replacement credits according to section 103G.2242, subdivision 12.

Sec. 34. Minnesota Statutes 2014, 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 or actions that provide at least equal public value under a replacement plan approved as provided in section 103G.2242, a replacement plan under a local governmental unit's comprehensive wetland protection and management plan approved by the board under section 103G.2243, or, if a permit to mine is required under section 93.481, under a mining reclamation plan approved by the commissioner under the permit to mine. For project-specific wetland replacement completed prior to wetland impacts authorized or conducted under a permit to mine within the Great Lakes and Rainy River watershed basins, those basins shall be considered a single watershed for purposes of determining wetland replacement ratios. Mining reclamation plans shall apply the same principles and standards for replacing wetlands 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 the altered wetland is not converted to a nonagricultural use for at least ten years.

(d) If a wetland is replaced under paragraph (c), or drained under section 103G.2241, subdivision 2, paragraph (b) or (e), the local government unit may require a deed restriction that prohibits nonagricultural use for at least ten years. The local government unit may require the deed restriction if it determines the wetland area drained is at risk of conversion to a nonagricultural use within ten years based on the zoning classification, proximity to a municipality or full service road, or other criteria as determined by the local government unit.

(e) Restoration and replacement of wetlands must be accomplished in accordance with the ecology of the landscape area affected and ponds that are created primarily to fulfill storm water management, and water quality treatment requirements may not be used to satisfy replacement requirements under this chapter unless the design includes pretreatment of runoff and the pond is functioning as a wetland.

(f) Except as provided in paragraph (g), for a wetland or public waters wetland located on nonagricultural land, replacement must be in the ratio of two acres of replaced wetland for each acre of drained or filled wetland.

(g) For a wetland or public waters wetland located on agricultural land or in a greater than 80 percent area, replacement must be in the ratio of one acre of replaced wetland for each acre of drained or filled wetland.

(h) Wetlands that are restored or created as a result of an approved replacement plan are subject to the provisions of this section for any subsequent drainage or filling.
(i) Except in a greater than 80 percent area, only wetlands that have been restored from previously drained or filled wetlands, wetlands created by excavation in nonwetlands, wetlands created by dikes or dams along public or private drainage ditches, or wetlands created by dikes or dams associated with the restoration of previously drained or filled wetlands may be used in a statewide banking program established in wetland replacement according to rules adopted under section 103G.2242, subdivision 1.

Modification or conversion of nondegraded naturally occurring wetlands from one type to another are not eligible for enrollment in a statewide wetlands bank for wetland replacement.

(j) The Technical Evaluation Panel established under section 103G.2242, subdivision 2, shall ensure that sufficient time has occurred for the wetland to develop wetland characteristics of soils, vegetation, and hydrology before recommending that the wetland be deposited in the statewide wetland bank. If the Technical Evaluation Panel has reason to believe that the wetland characteristics may change substantially, the panel shall postpone its recommendation until the wetland has stabilized.

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

(l) For projects involving draining or filling of wetlands associated with a new public transportation project, and for projects expanded solely for additional traffic capacity, public transportation authorities may purchase credits from the board at the cost to the board to establish credits. Proceeds from the sale of credits provided under this paragraph are appropriated to the board for the purposes of this paragraph. For the purposes of this paragraph, "transportation project" does not include an airport project.

(m) A replacement plan for wetlands is not required for individual projects that result in the filling or draining of wetlands for the repair, rehabilitation, reconstruction, or replacement of a currently serviceable existing state, city, county, or town public road necessary, as determined by the public transportation authority, to meet state or federal design or safety standards or requirements, excluding new roads or roads expanded solely for additional traffic capacity lanes. This paragraph only applies to authorities for public transportation projects that:

(1) minimize the amount of wetland filling or draining associated with the project and consider mitigating important site-specific wetland functions on site;

(2) except as provided in clause (3), submit project-specific reports to the board, the Technical Evaluation Panel, the commissioner of natural resources, and members of the public requesting a copy at least 30 days prior to construction that indicate the location, amount, and type of wetlands to be filled or drained by the project or, alternatively,
convene an annual meeting of the parties required to receive notice to review projects to be commenced during the upcoming year; and

(3) for minor and emergency maintenance work impacting less than 10,000 square feet, submit project-specific reports, within 30 days of commencing the activity, to the board that indicate the location, amount, and type of wetlands that have been filled or drained.

Those required to receive notice of public transportation projects may appeal minimization, delineation, and on-site mitigation decisions made by the public transportation authority to the board according to the provisions of section 103G.2242, subdivision 9. The Technical Evaluation Panel shall review minimization and delineation decisions made by the public transportation authority and provide recommendations regarding on-site mitigation if requested to do so by the local government unit, a contiguous landowner, or a member of the Technical Evaluation Panel.

Except for state public transportation projects, for which the state Department of Transportation is responsible, the board must replace the wetlands, and wetland areas of public waters if authorized by the commissioner or a delegated authority, drained or filled by public transportation projects on existing roads.

Public transportation authorities at their discretion may deviate from federal and state design standards on existing road projects when practical and reasonable to avoid wetland filling or draining, provided that public safety is not unreasonably compromised. The local road authority and its officers and employees are exempt from liability for any tort claim for injury to persons or property arising from travel on the highway and related to the deviation from the design standards for construction or reconstruction under this paragraph. This paragraph does not preclude an action for damages arising from negligence in construction or maintenance on a highway.

(n) If a landowner seeks approval of a replacement plan after the proposed project has already affected the wetland, the local government unit may require the landowner to replace the affected wetland at a ratio not to exceed twice the replacement ratio otherwise required.

(o) A local government unit may request the board to reclassify a county or watershed on the basis of its percentage of presettlement wetlands remaining. After receipt of satisfactory documentation from the local government, the board shall change the classification of a county or watershed. If requested by the local government unit, the board must assist in developing the documentation. Within 30 days of its action to approve a change of wetland classifications, the board shall publish a notice of the change in the Environmental Quality Board Monitor.
(p) One hundred citizens who reside within the jurisdiction of the local government unit may request the local government unit to reclassify a county or watershed on the basis of its percentage of presettlement wetlands remaining. In support of their petition, the citizens shall provide satisfactory documentation to the local government unit. The local government unit shall consider the petition and forward the request to the board under paragraph (o) or provide a reason why the petition is denied.

Sec. 35. Minnesota Statutes 2014, section 103G.222, subdivision 3, is amended to read:

Subd. 3. Wetland replacement siting. (a) Impacted wetlands in a 50 to 80 percent area must be replaced in a 50 to 80 percent area or in a less than 50 percent area. Impacted wetlands in a less than 50 percent area must be replaced in a less than 50 percent area. All wetland replacement must follow this priority order:

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

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

(3) in the same county or wetland bank service area as the impacted wetland; and

(4) in another wetland bank service area; and

(5) statewide for public transportation projects, except that wetlands impacted in less than 50 percent areas must be replaced in less than 50 percent areas, and wetlands impacted 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) The exception in paragraph (a), clause (5), 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.

(b) Notwithstanding paragraph (a), wetland banking credits approved according to a complete wetland banking application submitted to a local government unit by April 1, 1996, may be used to replace wetland impacts resulting from public transportation projects statewide.

(c) Notwithstanding paragraph (a), clauses (1) and (2), the priority order for replacement by wetland banking begins at paragraph (a), clause (3), according to rules adopted under section 103G.2242, subdivision 1.

(e) (d) When reasonable, practicable, and environmentally beneficial replacement opportunities are not available in siting priorities listed in paragraph (a), the applicant may seek opportunities at the next level.
(d) (e) For the purposes of this section, "reasonable, practicable, and environmentally beneficial replacement opportunities" are defined as opportunities that:

(1) take advantage of naturally occurring hydrogeomorphological conditions and require minimal landscape alteration;

(2) have a high likelihood of becoming a functional wetland that will continue in perpetuity;

(3) do not adversely affect other habitat types or ecological communities that are important in maintaining the overall biological diversity of the area; and

(4) are available and capable of being done after taking into consideration cost, existing technology, and logistics consistent with overall project purposes.

(e) Applicants and local government units shall rely on board-approved comprehensive inventories of replacement opportunities and watershed conditions, including the Northeast Minnesota Wetland Mitigation Inventory and Assessment (January 2010), in determining whether reasonable, practicable, and environmentally beneficial replacement opportunities are available.

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

(g) The board must establish wetland replacement ratios and wetland bank service area priorities to implement the siting and targeting of wetland replacement and encourage the use of high priority areas for wetland replacement.

Sec. 36. Minnesota Statutes 2014, section 103G.2242, subdivision 1, is amended to read:

Subdivision 1. Rules. (a) The board, in consultation with the commissioner, shall adopt rules governing the approval of wetland value replacement plans under this section and public waters work permits affecting public waters wetlands under section 103G.245. These rules must address the criteria, procedure, timing, and location of acceptable replacement of wetland values; and may address the state establishment and administration of a wetland banking program for public and private projects, which may include provisions allowing monetary payment to the wetland banking program for alteration of wetlands on agricultural land for an in-lieu fee program; the administrative, monitoring, and enforcement procedures to be used; and a procedure for the review and appeal of decisions under this section. In the case of peatlands, the replacement plan rules must consider the impact on carbon balance described in the report required by Laws 1990, chapter 587, and
include the planting of trees or shrubs. Any in-lieu fee program established by the board
must conform with Code of Federal Regulations, title 33, section 332.8, as amended.

(b) After the adoption of the rules, a replacement plan must be approved by a
resolution of the governing body of the local government unit, consistent with the
provisions of the rules or a comprehensive wetland protection and management plan
approved under section 103G.2243.

(c) If the local government unit fails to apply the rules, or fails to implement a
local comprehensive wetland protection and management plan established under section
103G.2243, the government unit is subject to penalty as determined by the board.

Sec. 37. Minnesota Statutes 2014, 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 sequencing, exemption determination, no-loss determination, or
wetland boundary or type determination and may recommend approval or denial of the
plan. The authority must consider and include the decision of the Technical Evaluation
Panel in their approval or denial of a plan or determination.

(b) Persons conducting wetland or public waters boundary delineations or type
determinations are exempt from the requirements of chapter 326. The board may develop
a professional wetland delineator certification program.

(c) The board must establish an interagency team to assist in identifying and
evaluating potential wetland replacement sites. The team must consist of members
of the Technical Evaluation Panel and representatives from the Department of Natural
Resources; the Pollution Control Agency; the United States Army Corps of Engineers, St.
Paul district; and other organizations as determined by the board.

Sec. 38. Minnesota Statutes 2014, section 103G.2242, subdivision 3, is amended to read:

Subd. 3. Replacement completion. (a) Replacement of wetland values must be completed prior to or concurrent with the actual draining or filling of a wetland, unless:

(1) an irrevocable bank letter of credit or other security financial assurance acceptable to the local government unit or the board is given to the local government unit or the board to guarantee the successful completion of the replacement;

(2) the replacement is approved under an in-lieu fee program according to rules adopted under subdivision 1. In the case of an in-lieu fee program established by a board-approved sponsor, the board may require that a financial assurance in an amount and method acceptable to the board be given to the board to ensure the approved sponsor fulfills the sponsor's obligation to complete the required wetland replacement.

The board may establish, sponsor, or administer a wetland banking program, which may include provisions allowing monetary payment to the wetland bank for impacts to wetlands on agricultural land, for impacts that occur in greater than 80 percent areas, and for public road projects. (b) The board may acquire land in fee title, purchase or accept easements, enter into agreements, and purchase existing wetland replacement credits to facilitate the wetland banking program. The board may establish in-lieu fee payment amounts and hold money in an account in the special revenue fund, which is appropriated to the board to be used solely for establishing replacement wetlands and administering the wetland banking program.

(c) The board shall coordinate the establishment and operation of a wetland bank with the United States Army Corps of Engineers, the Natural Resources Conservation Service of the United States Department of Agriculture, and the commissioners of natural resources, agriculture, and the Pollution Control Agency.

Sec. 39. Minnesota Statutes 2014, section 103G.2242, subdivision 4, is amended to read:

Subd. 4. Decision. Upon receiving and considering all required data, the local government unit reviewing replacement plan applications, banking plan sequencing applications, and exemption or no-loss determination requests must act on all replacement plan applications, banking plan sequencing applications, and exemption or no-loss determination requests in compliance with section 15.99.
Sec. 40. Minnesota Statutes 2014, 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 (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 or the board, 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 storm water management plan for the local government; and

(5) in a greater than 80 percent area, restoration and protection of streams and riparian buffers that are important to the functions and sustainability of aquatic resources.

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

Sec. 41. Minnesota Statutes 2014, section 103G.2242, subdivision 14, is amended to read:
Subd. 14. **Fees established.** (a) Fees must be assessed for managing wetland bank accounts and transactions as follows:

1. (1) account maintenance annual fee: one percent of the value of credits not to exceed $500;
2. (2) account establishment, deposit, or transfer: 6.5 percent of the value of credits not to exceed $1,000 per establishment, deposit, or transfer; and
3. (3) withdrawal fee: 6.5 percent of the value of credits withdrawn.
4. (b) The board may establish fees at or below the amounts in paragraph (a) for single-user or other dedicated wetland banking accounts.
5. (c) Fees for single-user or other dedicated wetland banking accounts established pursuant to section 103G.005, subdivision 10e, clause (4), are limited to establishment of a wetland banking account and are assessed at the rate of 6.5 percent of the value of the credits not to exceed $1,000.
6. (d) The board may assess a fee to pay the costs associated with establishing conservation easements, or other long-term protection mechanisms prescribed in the rules adopted under subdivision 1, on property used for wetland replacement.

Sec. 42. Minnesota Statutes 2014, section 103G.2242, subdivision 15, is amended to read:

Subd. 15. **Fees paid to board.** All fees established in subdivisions 9 and 14 must be paid to the Board of Water and Soil Resources and are annually appropriated to the board for the purpose of administration of the wetland bank and to process appeals under section 103G.2242, subdivision 9. One-half of the fees collected for wetland bank credit withdrawals under subdivision 14, paragraph (a), clause (3), or alternative fees for wetland bank credit withdrawal under subdivision 14, paragraph (b), must be paid to the county where the property for wetland credit is located. The amount paid to the county must be distributed as follows: one-third to the school district; one-third to the city or organized township; and one-third to the county. If the property is located in an unorganized township, the county retains the township share.

Sec. 43. Minnesota Statutes 2014, section 103G.2251, is amended to read:

**103G.2251 STATE CONSERVATION EASEMENTS; WETLAND BANK CREDIT.**

In greater than 80 percent areas, preservation of wetlands, riparian buffers, and watershed areas essential to maintaining important functions and sustainability of aquatic resources in the watershed that are protected by a permanent conservation easement.
as defined under section 84C.01 and held by the board may be eligible for wetland
replacement or mitigation credits, according to rules adopted by the board. To be eligible
for credit under this section, a conservation easement must be established after May 24,
2008, and approved by the board. Wetland areas on private lands preserved under this
section are not eligible for replacement or mitigation credit if the area has been protected
using public conservation funds.

Sec. 44. Minnesota Statutes 2014, section 115A.1415, subdivision 16, is amended to
read:

Subd. 16. Administrative fee. (a) The stewardship organization or individual
producer submitting a stewardship plan shall pay an annual administrative fee to the
commissioner. The agency may establish a variable fee based on relevant factors,
including, but not limited to, the portion of architectural paint sold in the state by members
of the organization compared to the total amount of architectural paint sold in the state by
all organizations submitting a stewardship plan.

(b) Prior to July 1, 2014, and before July 1 annually thereafter, the agency shall
identify the costs it incurs under this section. The agency shall set the fee at an amount
that, when paid by every stewardship organization or individual producer that submits a
stewardship plan, is adequate to reimburse the agency's full costs of administering this
section. The total amount of annual fees collected under this subdivision must not exceed
the amount necessary to reimburse costs incurred by the agency to administer this section.

(c) A stewardship organization or individual producer subject to this subdivision
must pay the agency's administrative fee under paragraph (a) on or before July 1, 2014,
and annually thereafter. Each year after the initial payment, the annual administrative fee
may not exceed five percent of the aggregate stewardship assessment added to the cost of
all architectural paint sold by producers in the state for the preceding calendar year.

(d) All fees received under this section shall be deposited in the state treasury and
credited to a product stewardship account in the special revenue fund. For fiscal years
2014 and 2015, 2016, and 2017, the amount collected under this section is annually
appropriated to the agency to implement and enforce this section.

Sec. 45. Minnesota Statutes 2014, section 115A.557, subdivision 2, is amended to read:

Subd. 2. Purposes for which money may be spent. (a) A county receiving money
distributed by the commissioner under this section may use the money only for the
development and implementation of programs to:

(1) reduce the amount of solid waste generated;
(2) recycle the maximum amount of solid waste technically feasible;
(3) create and support markets for recycled products;
(4) remove problem materials from the solid waste stream and develop proper disposal options for them;
(5) inform and educate all sectors of the public about proper solid waste management procedures;
(6) provide technical assistance to public and private entities to ensure proper solid waste management;
(7) provide educational, technical, and financial assistance for litter prevention;
(8) process mixed municipal solid waste generated in the county at a resource recovery facility located in Minnesota; and
(9) compost source-separated compostable materials, including the provision of receptacles for residential composting;
(10) prevent food waste or collect and transport food donated to humans or to be fed to animals; and
(11) process source-separated compostable materials that are to be used to produce Class I or Class II compost, as defined in Minnesota Rules, part 7035.2836, after being processed in an anaerobic digester, but not to construct buildings or acquire equipment.

(b) Beginning in fiscal year 2015 and continuing thereafter, of any money distributed by the commissioner under this section to a metropolitan county, as defined in section 473.121, subdivision 4, that exceeds the amount the county was eligible to receive under this section in fiscal year 2014: (1) at least 50 percent must be expended on activities in paragraph (a), clauses (9) to (11); and (2) the remainder must be expended on activities in paragraph (a), clauses (1) to (7) and (9) to (11) that advance the county toward achieving its recycling goal under section 115A.551.

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

Sec. 46. Minnesota Statutes 2014, 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 the requirement to obtain a permit a notification,

permit, or license requirement under subchapter this chapter, subchapters I and V of

the federal Clean Air Act, United States Code, title 42, section 7401 et seq., or section

16.081 or rules adopted thereunder. The annual fee shall be used to pay for all direct

and indirect reasonable costs, including attorney general legal costs, required to develop

and administer the notification permit, or license program requirements of subchapter

this chapter, subchapters I and V of the federal Clean Air Act, United States Code, title

42, section 7401 et seq., and sections of this chapter and the or rules adopted under

this chapter related to air contamination and noise 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 (e) to implement paragraphs (b) and
(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) this subdivision must be
deposited in the environmental fund and must be used solely for the activities listed in
paragraph (b).

(f) Permit applicants who wish to construct, reconstruct, or modify a facility may
offer to reimburse the agency for the costs of staff time or consultant services needed to
expedite the permit development process, including the analysis of environmental review
documents. The reimbursement shall be in addition to permit application fees imposed by
law. When the agency determines that it needs additional resources to develop the permit
application in an expedited manner, and that expediting the development is consistent with
permitting program priorities, the agency may accept the reimbursement. 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. 47. Minnesota Statutes 2014, section 116.9401, is amended to read:

116.9401 DEFINITIONS.

(a) For the purposes of sections 116.9401 to 116.9411, the following terms
have the meanings given them.

(b) "Agency" means the Pollution Control Agency.
(c) "Alternative" means a substitute process, product, material, chemical, strategy, or combination of these that is technically feasible and serves a functionally equivalent purpose to a chemical in a children's product.

(d) "Chemical" means a substance with a distinct molecular composition or a group of structurally related substances and includes the breakdown products of the substance or substances that form through decomposition, degradation, or metabolism.

(e) "Chemical of high concern" means a chemical identified on the basis of credible scientific evidence by a state, federal, or international agency as being known or suspected with a high degree of probability to:

1. harm the normal development of a fetus or child or cause other developmental toxicity;
2. cause cancer, genetic damage, or reproductive harm;
3. disrupt the endocrine or hormone system;
4. damage the nervous system, immune system, or organs, or cause other systemic toxicity;
5. be persistent, bioaccumulative, and toxic; or
6. be very persistent and very bioaccumulative.

(f) "Child" means a person under 12 years of age.

(g) "Children's product" means a consumer product intended for use by children, such as baby products, toys, car seats, personal care products, and clothing.

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

(i) "Contaminant" means a trace amount of a chemical that is incidental to manufacturing and serves no intended function in the product component. Contaminant includes, but is not limited to, unintended by-products of chemical reactions that occur during the manufacture of the product component, trace impurities in feedstock, incompletely reacted chemical mixtures, and degradation products.

(j) "Department" means the Department of Health.

(k) "Distributor" means a person who sells consumer products to retail establishments on a wholesale basis.

(l) "Green chemistry" means an approach to designing and manufacturing products that minimizes the use and generation of toxic substances.

(m) "Manufacturer" means any person who manufactures a final consumer product sold at retail or whose brand name is affixed to the consumer product. In the case of a consumer product imported into the United States, manufacturer includes the importer or domestic distributor of the consumer product if the person who manufactured
or assembled the consumer product or whose brand name is affixed to the consumer product does not have a presence in the United States.

(n) "Practical quantification limit" means the lowest concentration of a chemical that can be reliably measured within specified limits of precision, accuracy, representativeness, completeness, and comparability under routine laboratory operating conditions, the value of which:

(1) is based on scientifically defensible, standard analytical methods;

(2) may vary depending on the matrix and analytical method used; and

(3) will be determined jointly by the agency and the department, taking into consideration practical quantification limits established by federal or state agencies.

(o) "Priority chemical" means a chemical identified by the Department of Health and Human Services as a chemical of high concern that meets the criteria in section 116.9403.

(p) "Product category" means the brick level of the GS1 Global Product Classification (GPC) standard, which identifies products that serve a common purpose, are of a similar form and material, and share the same set of category attributes.

(q) "Safer alternative" means an alternative whose potential to harm human health is less than that of the use of a priority chemical that it could replace.

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

Sec. 48. Minnesota Statutes 2014, section 116.9402, is amended to read:

116.9402 IDENTIFICATION OF CHEMICALS OF HIGH CONCERN.

(a) By July 1, 2010, the department shall, after consultation with the agency, generate a list of chemicals of high concern.

(b) The department must periodically review and revise the list of chemicals of high concern at least every three years. The department may add chemicals to the list if the chemical meets one or more of the criteria in section 116.9401, paragraph (e). Any changes to the list of chemicals of high concern must be published on the department's Web site and in the State Register when a change is made.

(c) The department shall consider chemicals listed as a suspected carcinogen, reproductive or developmental toxicant, or as being persistent, bioaccumulative, toxic, or very persistent and very bioaccumulative by a state, federal, or international agency. These agencies may include, but are not limited to, the California Environmental Protection Agency, the Washington Department of Ecology, the United States Department of Health, the United States Environmental Protection Agency, the United Nation's World
Health Organization, and European Parliament Annex XIV concerning the Registration,
evaluation, Authorisation, and Restriction of Chemicals.

(d) The department may consider chemicals listed by another state as harmful to
human health or the environment for possible inclusion in the list of chemicals of high
concern.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

Sec. 49. Minnesota Statutes 2014, section 116.9403, is amended to read:

**116.9403 IDENTIFICATION OF PRIORITY CHEMICALS.**

(a) The department, after consultation with the agency, may designate a chemical of
high concern as a priority chemical if the department finds that the chemical:

1. has been identified as a high-production volume chemical by the United States
Environmental Protection Agency; and

2. meets any of the following criteria:

   i. the chemical has been found through biomonitoring to be present in human blood,
including umbilical cord blood, breast milk, urine, or other bodily tissues or fluids;

   ii. the chemical has been found through sampling and analysis to be present in
household dust, indoor air, drinking water, or elsewhere in the home environment; or

   iii. the chemical has been found through monitoring to be present in fish, wildlife,
or the natural environment.

(b) By February 1, 2011, the department shall publish a list of priority chemicals in
the State Register and on the department's Internet Web site and shall update the published
list whenever a new priority chemical is designated. Any proposed changes to the list of
priority chemicals must be published on the department's Web site and in the State Register
and is subject to a minimum 60-day public comment period. After the department's
review and consideration of public comments, a final list of changes to the list of priority
chemicals must be published on the department's Web site and in the State Register.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

Sec. 50. Minnesota Statutes 2014, section 116.9405, is amended to read:

**116.9405 APPLICABILITY.**

The requirements of sections 116.9401 to 116.9411 do not apply to:

1. chemicals in used children's products;

2. priority chemicals used in the manufacturing process, but that are not present
in the final product;
(3) priority chemicals used in agricultural production;
(4) motor vehicles as defined in chapter 168 or watercraft as defined in chapter 86B or their component parts, except that the use of priority chemicals in detachable car seats is not exempt;
(5) priority chemicals generated solely as combustion by-products or that are present in combustible fuels;
(6) retailers, except if a retailer is also the producer, manufacturer, importer, or domestic distributor of a children's product containing a priority chemical or the retailer's brand name is affixed to a children's product containing a priority chemical;
(7) pharmaceutical products or biologies;
(8) a medical device as defined in the federal Food, Drug, and Cosmetic Act, United States Code, title 21, section 321(h);
(9) food and food or beverage packaging, except a container containing baby food or infant formula;
(10) consumer electronics products and electronic components, including but not limited to personal computers; audio and video equipment; calculators; digital displays; wireless phones; cameras; game consoles; printers; and handheld electronic and electrical devices used to access interactive software or their associated peripherals; or products that comply with the provisions of directive 2002/95/EC of the European Union, adopted by the European Parliament and Council of the European Union now or hereafter in effect; or
(11) outdoor sport equipment, including snowmobiles as defined in section 84.81, subdivision 3; all-terrain vehicles as defined in section 84.92, subdivision 8; personal watercraft as defined in section 86B.005, subdivision 14a; watercraft as defined in section 86B.005, subdivision 18; and off-highway motorcycles, as defined in section 84.787, subdivision 7, and all attachments and repair parts for all of this equipment;
(12) a manufacturer or distributor of a children's product whose annual aggregate gross sales, both within and outside this state, as reported in the manufacturer's or distributor's most recently filed federal tax return, is below $100,000; or
(13) a children's product if the annual production of the children's product is less than 3,000 units.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

Sec. 51. Minnesota Statutes 2014, section 116.9406, is amended to read:

**116.9406 DONATIONS TO THE STATE.**
110.1 The commissioner may accept donations, grants, and other funds to carry out the purposes of sections 116.9401 to 116.9407 116.9411. All donations, grants, and other funds must be accepted without preconditions regarding the outcomes of the regulatory oversight processes set forth in sections 116.9401 to 116.9407 116.9411.

110.5 EFFECTIVE DATE. This section is effective July 1, 2016.

110.6 Sec. 52. [116.9408] CHILDREN'S PRODUCTS; REPORTING INFORMATION

110.7 ON PRIORITY CHEMICALS.

110.8 Subdivision 1. Reporting; content. A manufacturer or distributor of a children's product offered for sale in this state that contains one or more priority chemicals designated under section 116.9403 must, unless the children's product is exempt under section 116.9405, provide the following information to the agency, on a form developed by the agency, for each priority chemical that is intentionally added to the children's product and present at or above the practical quantification limit or that is a contaminant present in a component of the children's product at a concentration above 100 parts per million:

110.15 (1) the name of the priority chemical;

110.16 (2) the Chemical Abstracts Service Registry number of the priority chemical;

110.17 (3) the concentration of each priority chemical contained in a children's product, a description of how the concentration was determined, and an evaluation of the accuracy of the determination. Concentrations at or above the practical quantification limit must be reported, but may be reported in the following ranges:

110.21 (i) greater than or equal to the practical quantification limit but less than 100 parts per million (ppm);

110.22 (ii) greater than or equal to 100 ppm but less than 500 ppm;

110.24 (iii) greater than or equal to 500 ppm but less than 1,000 ppm;

110.25 (iv) greater than or equal to 1,000 ppm but less than 5,000 ppm;

110.26 (v) greater than or equal to 5,000 ppm but less than 10,000 ppm; and

110.27 (vi) greater than or equal to 10,000 ppm;

110.28 (4) the product category of the children's product;

110.29 (5) the number of units of the children's product sold in Minnesota or nationally in the most recently completed calendar year;

110.31 (6) information that the agency determines is necessary to determine the extent to which a child is likely to be exposed to the priority chemical through normal use of the product;
(7) any assessment conducted by the manufacturer or distributor of the children's product or others regarding the use of safer alternatives to the priority chemical contained in the children's product; and

(8) any additional information requested by the agency.

Subd. 2. Report timing. (a) A manufacturer or distributor subject to this section must report the information required under this section to the agency no later than one year after a priority chemical has been designated under section 116.9403 or, for a priority chemical designated under section 116.9403 before July 1, 2011, on the following schedule based on the manufacturer's or distributor's annual aggregate gross sales, both within and outside the state, as reported in the manufacturer's or distributor's most recently filed federal tax return:

1. for a manufacturer or distributor with gross sales exceeding $1,000,000,000, by July 1, 2018;
2. for a manufacturer or distributor with gross sales exceeding $250,000,000 but less than or equal to $1,000,000,000, by January 1, 2019;
3. for a manufacturer or distributor with gross sales exceeding $100,000,000 but less than or equal to $250,000,000, by July 1, 2019;
4. for a manufacturer or distributor with gross sales exceeding $5,000,000 but less than or equal to $100,000,000, by July 1, 2020; and
5. for a manufacturer or distributor with gross sales exceeding $100,000 but less than or equal to $5,000,000, by July 1, 2021.

(b) Two years after submitting an initial report to the agency under this section, a manufacturer or distributor of a children's product offered for sale in this state that continues to contain one or more priority chemicals must submit an updated report containing the information required under subdivision 1 and the 12-digit Universal Product Code for the children's product. If the children's product continues to be offered for sale in this state and to contain the priority chemical, the information required under this paragraph must be submitted to the agency every two years.

Subd. 3. Public data. Notwithstanding section 13.37, subdivision 2, the presence and concentration of a priority chemical in a specific children's product reported to the agency under this section are classified as public data.

Subd. 4. Not misappropriation of trade secret. Notwithstanding section 325C.01, subdivision 3, publication by the agency of the presence and concentration of a priority chemical in a specific children's product reported to the agency under this section is not misappropriation of a trade secret.
Subd. 5. **Removal of priority chemical; reporting.** A manufacturer or distributor who removes a priority chemical from a children's product reported under this section must notify the agency of the removal at the earliest possible date. If the priority chemical removed is replaced by a safer alternative, the manufacturer or distributor must provide, on a form developed by the agency, the name of the safer alternative and its Chemical Abstracts Service Registry number or, if not replaced by a chemical alternative, a description of the techniques or design changes implemented. The safer alternative or nonchemical techniques or design changes may be designated as trade secrets. Upon verification that all priority chemicals in the product have been replaced by safer alternatives, the commissioner must promptly remove from state agency Web sites any reference to the relevant children's product of the manufacturer, and the manufacturer will no longer report or pay fees on that children's product.

Subd. 6. **Failure to report.** If the information required in this section is not submitted in a timely fashion or is incomplete or otherwise unacceptable as determined by the agency, the agency may contract with an independent third party of the agency's choice to provide the information and may assess a fee on the manufacturer or distributor to pay the costs specified under section 116.9409.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

Sec. 53. **[116.9409] FEES.**

(a) The agency shall collect a fee of $1,000 for each priority chemical initially reported under section 116.9408. The fee increases by $1,000 for each report subsequently filed with the agency under section 116.9408 for the same chemical contained in the same children's product category, up to a maximum of $3,000.

(b) The agency shall collect a fee equal to the costs billed by the independent contractor plus the agency's actual incurred costs to bid and administer the contract for each contract issued under section 116.9408, subdivision 6.

(c) The commissioner shall deposit all fees received under this section in an account in the special revenue fund.

(d) Fees collected under this section are exempt from section 16A.1285.

**EFFECTIVE DATE.** This section is effective July 1, 2016.

Sec. 54. **[116.9410] ENFORCEMENT.**
113.1 The agency shall enforce sections 116.9401 to 116.9409 in the manner provided by
113.2 section 115.071, subdivisions 1, 3, 4, 5, and 6. Section 115.071, subdivision 2, does not
113.3 apply to violations of sections 116.9401 to 116.9409.
113.4
113.5 EFFECTIVE DATE. This section is effective July 1, 2016.
113.6
113.7 Sec. 55. [116.9411] STATE AGENCY DUTIES.
113.8 Subdivision 1. Safer alternative grants. If there is fee revenue collected under
113.9 section 116.9409, paragraph (a), in excess of program implementation costs, the
113.10 commissioner, in consultation with the commissioners of commerce and health, may
113.11 use that fee revenue to offer grants awarded competitively to manufacturers or other
113.12 researchers to develop safer alternatives to priority chemicals in children's products,
113.13 to establish alternatives as safer alternatives, or to accelerate the commercialization of
113.14 safer alternatives.
113.15 Subd. 2. Education and outreach. The commissioners of health and commerce
113.16 shall develop and implement an education and outreach effort regarding priority chemicals
113.17 in children's products.
113.18 Subd. 3. Report. By January 15, 2019, and every three years thereafter, the
113.19 commissioners of the Pollution Control Agency, health, and commerce shall report to
113.20 the legislative committees with jurisdiction over environment and natural resources,
113.21 commerce, and public health on the implementation of sections 116.9401 to 116.9411.
113.22
113.23 EFFECTIVE DATE. This section is effective July 1, 2016.
113.24
113.25 Sec. 56. TRANSFERS.
113.26 (a) On June 30, 2015, the commissioner of management and budget shall transfer
113.27 to the natural resources conservation easement stewardship account, established in
113.28 Minnesota Statutes, section 84.69, the remaining balance:
113.29 (1) in the forests for the future conservation easement account under section 84.68;
113.30 and
113.31 (2) of all appropriations to the Department of Natural Resources from the outdoor
113.32 heritage fund for the establishment of conservation easement monitoring and enforcement
113.33 accounts.
113.34 (b) On June 30, 2015, the commissioner of management and budget shall transfer to
113.35 the water and soil conservation easement stewardship account, established in Minnesota
113.36 Statutes, section 103B.103, the remaining balance of all appropriations to the board from
113.37
113.38 Article 4 Sec. 56. 113
the outdoor heritage fund for the establishment of conservation easement monitoring and enforcement accounts.

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

Sec. 57. **WETLAND CONSERVATION ACT REPORT.**

By March 15, 2016, the Board of Water and Soil Resources, in cooperation with the Department of Natural Resources, shall report to the committees with jurisdiction over environment and natural resources on the proposals to implement high priority areas for wetland replacement and in-lieu fees for replacement and modify wetland replacement siting and actions eligible for credit. In developing the report, the board and department shall consult with stakeholders and agencies.

Sec. 58. **REFUNDS; YOUTH BEAR LICENSES.**

The commissioner of natural resources may issue refunds for youth bear licenses that were purchased between August 1, 2013, and June 30, 2014, to individuals who were 10, 11, or 12 years old at the time of purchase.

Sec. 59. **WILD RICE WATER QUALITY STANDARDS.**

(a) Until the commissioner of the Pollution Control Agency adopts rules refining the wild rice water quality standard in Minnesota Rules, part 7050.0224, subpart 2, to incorporate new science and to include criteria for identifying waters and a list of waters subject to the standard, implementation of the wild rice water quality standard in Minnesota Rules, part 7050.0224, subpart 2, is limited to the following, unless the permittee requests additional conditions:

1. The agency shall ensure that no existing discharge further causes or contributes to sulfate impacts to wild rice and, to accomplish this, is limited by the following conditions:
   1. The agency shall not require permittees to expend money for design or implementation of sulfate treatment technologies or other forms of sulfate mitigation; and
   2. The agency may require sulfate minimization plans in permits;

2. The agency shall consider wild rice protection when evaluating proposals for new or expanded discharges that include sulfate; and

3. The agency shall not list waters containing natural beds of wild rice as impaired for sulfate under section 303(d) of the federal Clean Water Act, United States Code, title 33, section 1313, until the rulemaking described in this paragraph takes effect.
(b) Upon the rule described in paragraph (a) taking effect, the agency may reopen permits issued or reissued after the effective date of this section as needed to include numeric permit limits based on the wild rice water quality standard.

(c) The commissioner shall complete the rulemaking described in paragraph (a) by January 15, 2018.

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

Sec. 60. WORKING LANDS WATERSHED RESTORATION

IMPLEMENTATION PLAN.

(a) The Board of Water and Soil Resources shall develop a detailed plan to implement Minnesota Statutes, section 103F.519, that includes the following:

(1) selection of pilot watersheds that are expected to best demonstrate water quality improvements and exhibit readiness to participate in the program;

(2) an assessment of the quantity of agricultural lands that are expected to be eligible for the program in each watershed;

(3) an assessment of landowner interest in participating in the program;

(4) an assessment of the contract terms and any recommendations for changes to the terms;

(5) an assessment of the opportunity to leverage federal funds through the program and recommendations on how to maximize the use of federal funds in the future;

(6) an estimate of water quality improvements resulting from implementation;

(7) an assessment of potential groundwater quantity use of the proposed advanced biofuel production facilities;

(8) an assessment of how to best integrate implementation with existing conservation requirements and practices;

(9) a timeline for implementation, coordinated to the extent possible with the proposed advanced biofuel production facilities; and

(10) a projection of funding sources needed to complete implementation.

(b) The board shall coordinate development of the plan with the commissioners of natural resources, agriculture, and the Pollution Control Agency. The implementation plan must be submitted by October 1, 2016, to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture, natural resources, and environment policy and finance and to the Clean Water Council.

Sec. 61. INDEPENDENT PEER REVIEW OF WATER QUALITY STANDARDS.
(a) The commissioner of the Pollution Control Agency must ensure that an independent peer review is conducted on any proposed change to a water quality standard under Minnesota Statutes, chapter 115 or 116, when the estimated financial impact to affected permittees is $50,000,000 or more, in total, within the first five years of implementation. The commissioner must provide notice and take public comment on the charge questions for independent peer review and must allow written and oral public comment as part of the independent peer review process and the peer review report. Documentation of compliance with the notice and comment requirements and the peer review report must be included as part of the statement of need and reasonableness for the proposed rule.

(b) The commissioner of the Pollution Control Agency must ensure that an independent peer review according to paragraph (a) is conducted on the water quality standards adopted by rule on August 4, 2014, and those rules are suspended until the independent peer review and a new rulemaking is completed on those rules. The rules in effect prior to adoption of the August 4, 2014, rules remain in effect until new rules are adopted.

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

Sec. 62. **MINIMUM WATER QUALITY STANDARDS.**

Until the Red River of the North water quality strategic plan is completed and submitted to the legislature according to article 3, section 2, subdivision 2, the Minnesota Pollution Control Agency must not require a current permittee that discharges to the Red River of the North to meet standards above the minimum standards for water quality that are set by the United States Environmental Protection Agency and that are applicable in North Dakota.

Sec. 63. **COST ANALYSIS OF WATER QUALITY STANDARDS; APPROPRIATION.**

(a) The commissioner of the Pollution Control Agency, after consultation with the commissioner of management and budget, shall issue a request for proposal not to exceed $250,000 to contract with a nonstate entity for an engineering cost analysis of current and recently adopted, proposed, or anticipated changes to water quality standards and rules, including:

(1) recently adopted or proposed changes to total suspended solid, nutrient, chloride, nitrate, and sulfate standards;

(2) proposed nondegradation rulemaking provisions; and
(3) proposed changes to water quality standards to incorporate a tiered aquatic life use framework.

(b) The contractor may employ engineering subcontractors serving local governments to complete the analysis. The analysis must include a cost analysis for a representative sample of at least 15 communities. The sample must include a diverse set of communities based on geography, watersheds, community size, wastewater facility types and operators, storm water system types, and other factors to ensure the analysis is representative of the state as a whole. The analysis must include:

(1) an estimate of the overall capital and operating costs to maintain and upgrade wastewater and storm water systems for existing water quality standards;

(2) an estimate of the overall capital and operating costs likely to be incurred to upgrade wastewater and storm water systems for recently adopted, proposed, or anticipated changes to water quality standards; and

(3) an estimate of the incremental effect to overall water quality in the receiving waters as a direct result of the recently adopted, proposed, or anticipated changes to water quality standards.

(c) The commissioner shall submit the analysis to the chairs and ranking minority members of the committees and divisions of the house of representatives and senate with jurisdiction over water quality standards no later than January 1, 2017.

(d) Until 45 legislative days after the report is submitted under paragraph (c), the commissioner of the Pollution Control Agency must not require additional wastewater treatment at wastewater treatment facilities that are necessary due to the changes in the agency’s water quality rules adopted on August 4, 2014.

EFFECTIVE DATE. Paragraph (d) of this section is effective the day following final enactment.

Sec. 64. SURPLUS STATE LAND SALES.

The school trust lands director shall identify at least $5,000,000 in state-owned lands suitable for sale and notify the commissioner of natural resources of the identified lands. The lands identified shall not be within a unit of the outdoor recreation system under Minnesota Statutes, section 86A.05, an administrative site, or trust land. The commissioner shall sell at least $3,000,000 worth of lands identified by the school trust lands director by June 30, 2017. Notwithstanding Minnesota Statutes, section 94.16, subdivision 3, or any other law to the contrary, the amount of the proceeds from the sale of lands that exceeds the actual expenses of selling the lands must be deposited in the school trust lands account and used to extinguish the school trust interest as provided under
Minnesota Statutes, section 92.83, on school trust lands that have public water access
sites or old growth forests located on them.

Sec. 65. REVISOR'S INSTRUCTION.
The revisor of statutes shall renumber the subdivisions of Minnesota Statutes, section 103G.005, to retain alphabetical order and shall correct cross-references to the renumbered subdivisions.

Sec. 66. REPEALER.
(a) Minnesota Statutes 2014, section 84.68, is repealed.
(b) Minnesota Statutes 2014, section 86B.13, subdivisions 2 and 4, are repealed.
(c) Laws 2010, chapter 215, article 3, section 3, subdivision 6, as amended by Laws 2010, First Special Session chapter 1, article 6, section 6, Laws 2013, chapter 114, article 3, section 9, is repealed.

EFFECTIVE DATE. Paragraph (b) of this section is effective the day following final enactment.
APPENDIX
Article locations in S1764-1

ARTICLE 1  AGRICULTURE APPROPRIATIONS ...........................................  Page.Ln 2.7
ARTICLE 2  AGRICULTURE STATUTORY CHANGES....................................  Page.Ln 14.4
            ENVIRONMENT AND NATURAL RESOURCES
ARTICLE 3  APPROPRIATIONS ...............................................................  Page.Ln 48.25
            ENVIRONMENT AND NATURAL RESOURCES STATUTORY
ARTICLE 4  CHANGES ..............................................................................  Page.Ln 75.5
No active language found for: 17.115

28A.15 EXCLUSIONS.
No active language found for: 28A.15.9
No active language found for: 28A.15.10

41A.12 AGRICULTURAL GROWTH, RESEARCH, AND INNOVATION PROGRAM.
Subd. 4. Sunset. This section expires on June 30, 2025.
No active language found for: 84.68

86B.13 AQUATIC INVASIVE SPECIES PREVENTION PROGRAM.
No active language found for: 86B.13.2
No active language found for: 86B.13.4
Laws 2010, chapter 215, article 3, section 3, subdivision 6, as amended by Laws 2013, chapter 114, article 3, section 9;

Sec. 3. POLLUTION CONTROL AGENCY

Subd. 6. Transfers In

(a) The amounts appropriated from the agency indirect costs account in the special revenue fund are reduced by $328,000 in fiscal year 2010 and $462,000 in fiscal year 2011, and those amounts must be transferred to the general fund by June 30, 2011. The appropriation reductions are onetime.

(b) The commissioner of management and budget shall transfer $48,000,000 in fiscal year 2011 from the closed landfill investment fund in Minnesota Statutes, section 115B.421, to the general fund. The commissioner shall transfer $9,900,000 on July 1, 2014, $12,550,000 in each of the years 2015 and 2016, and $13,000,000 in 2017 from the general fund to the closed landfill investment fund. For each transfer to the closed landfill investment fund, the commissioner shall determine the total amount of interest and other earnings that would have accrued to the fund if the transfers to the general fund under this paragraph had not been made and add this amount to the transfer. The amounts necessary for these transfers are appropriated from the general fund in the fiscal years specified for the transfers.