

**SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION**

S.F. No. 4942

(SENATE AUTHORS: FRENTZ)

DATE	D-PG	OFFICIAL STATUS
03/13/2024	12195	Introduction and first reading Referred to State and Local Government and Veterans
04/11/2024	13655	Withdrawn and re-referred to Energy, Utilities, Environment, and Climate
04/18/2024	14300a	Comm report: To pass as amended and re-refer to Finance
04/24/2024	14747a	Comm report: To pass as amended
	14822	Second reading
05/06/2024		Special Order: Amended
		Third reading Passed

1.1 A bill for an act

1.2 relating to state government; authorizing supplemental agriculture appropriations;

1.3 providing broadband appropriation transfer authority; making policy and technical

1.4 changes to agriculture provisions; establishing and modifying agriculture programs;

1.5 requiring an application for federal broadband aid; modifying appropriations to

1.6 the Office of Cannabis Management and the Department of Health; modifying

1.7 fees assessed by the Department of Commerce; adding the Minnesota Consumer

1.8 Data Privacy Act; adding and modifying consumer protection provisions;

1.9 appropriating money for energy, utilities, environment, and climate; requiring

1.10 utilities to accept an individual taxpayer identification number when new customers

1.11 apply for utility service; allowing public utilities providing electric service to

1.12 propose goals for fuel-switching improvement achievements to the commissioner

1.13 of commerce; modifying the commercial property assessed clean energy program;

1.14 making technical changes to various provisions governing or administered by the

1.15 Department of Commerce; requiring reports; appropriating money; amending

1.16 Minnesota Statutes 2022, sections 17.116, subdivision 2; 17.133, subdivision 1;

1.17 18C.70, subdivision 5; 18C.71, subdivision 4; 18C.80, subdivision 2; 28A.10;

1.18 31.94; 32D.30; 41B.047, subdivision 1; 45.0135, subdivision 7; 62Q.73, subdivision

1.19 3; 116J.396, by adding a subdivision; 216B.098, by adding a subdivision; 216B.16,

1.20 subdivisions 6c, 8; 216B.2402, subdivision 10, by adding a subdivision; 216B.2403,

1.21 subdivisions 2, 3, 5, 8; 216B.241, subdivisions 2, 11, 12; 216C.10; 216C.435,

1.22 subdivisions 3a, 3b, 4, 10, by adding subdivisions; 216C.436, subdivisions 1, 4,

1.23 7, 8, 10; 325E.21, by adding a subdivision; Minnesota Statutes 2023 Supplement,

1.24 sections 17.055, subdivision 3; 17.133, subdivision 3; 18C.425, subdivision 6;

1.25 35.155, subdivision 12; 41B.0391, subdivisions 1, 2, 4, 6; 116C.779, subdivision

1.26 1; 144.197; 216C.08; 216C.09; 216C.435, subdivision 8; 216C.436, subdivisions

1.27 1b, 2; 325E.21, subdivision 1b; 342.72; Laws 2023, chapter 43, article 1, section

1.28 2, subdivisions 1, 2, 3, 4, 5; Laws 2023, chapter 63, article 9, sections 5; 10; 15,

1.29 subdivision 4; 20; proposing coding for new law in Minnesota Statutes, chapters

1.30 13; 58B; 62J; 216C; proposing coding for new law as Minnesota Statutes, chapter

1.31 325O; repealing Minnesota Statutes 2022, section 34.07.

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

2.2 **ARTICLE 1**

2.3 **AGRICULTURE APPROPRIATIONS**

2.4 Section 1. **APPROPRIATIONS.**

2.5 The sums shown in the columns marked "Appropriations" are added to or, if shown in
 2.6 parenthesis, subtracted from the appropriation in Laws 2023, chapter 43, or appropriated
 2.7 to the agencies and for the purposes specified in this article. The appropriations are from
 2.8 the general fund or another named fund and are available for the fiscal years indicated for
 2.9 each purpose. The figures "2024" and "2025" used in this article mean that the appropriations
 2.10 listed under them are available for the fiscal year ending June 30, 2024, or June 30, 2025,
 2.11 respectively. "The first year" is fiscal year 2024. "The second year" is fiscal year 2025. "The
 2.12 biennium" is fiscal years 2024 and 2025.

2.13		<u>APPROPRIATIONS</u>	
2.14		<u>Available for the Year</u>	
2.15		<u>Ending June 30</u>	
2.16		<u>2024</u>	<u>2025</u>
2.17	Sec. 2. <u>DEPARTMENT OF AGRICULTURE</u>	<u>\$ 475,000</u>	<u>\$ 1,650,000</u>

2.18 (a) \$750,000 the second year is for home water
 2.19 treatment such as reverse osmosis treatment
 2.20 for private wells that are tested at or above the
 2.21 maximum contaminant level of 10 mg/L and
 2.22 located in Dodge, Fillmore, Goodhue,
 2.23 Houston, Mower, Olmsted, Wabasha, or
 2.24 Winona County. Priority must be given to
 2.25 households at or below 300 percent of the
 2.26 federal poverty guidelines and households
 2.27 with infants and pregnant individuals. This
 2.28 appropriation may also be used for education,
 2.29 outreach, and technical assistance to
 2.30 homeowners. Notwithstanding Minnesota
 2.31 Statutes, section 16B.98, subdivision 14, the
 2.32 commissioner may use up to 6.5 percent of
 2.33 this appropriation for administrative costs.
 2.34 This appropriation is available until June 30,
 2.35 2027. This is a onetime appropriation.

3.1 By December 15 each year through 2027, the
3.2 commissioner must report to the chairs and
3.3 ranking minority members of the legislative
3.4 committees with jurisdiction over agriculture
3.5 and health detailing the use of this
3.6 appropriation and the number of households
3.7 served in each county.

3.8 (b) \$500,000 the second year is for the soil
3.9 health financial assistance program under
3.10 Minnesota Statutes, section 17.134, for
3.11 projects located in Dodge, Fillmore, Goodhue,
3.12 Houston, Mower, Olmsted, Wabasha, or
3.13 Winona County. The commissioner may
3.14 award no more than \$50,000 of the
3.15 appropriation each year to a single recipient.

3.16 Notwithstanding Minnesota Statutes, section
3.17 16B.98, subdivision 14, the commissioner may
3.18 use up to 6.5 percent of this appropriation for
3.19 costs incurred to administer the program.

3.20 Appropriations encumbered under contract on
3.21 or before June 30, 2025, for soil health
3.22 financial assistance grants are available until
3.23 June 30, 2027. This appropriation is in
3.24 addition to the appropriation in Laws 2023,
3.25 chapter 43, article 1, section 2, subdivision 2,
3.26 paragraph (b). This is a onetime appropriation.

3.27 (c) \$50,000 the first year is to convene a
3.28 working group of interested parties, including
3.29 representatives from the Department of
3.30 Natural Resources, to investigate and
3.31 recommend options for addressing crop and
3.32 fence destruction due to Cervidae. By
3.33 February 1, 2025, the commissioner must
3.34 submit a report on the findings and
3.35 recommendations of the working group to the

4.1 chairs and ranking minority members of the
4.2 legislative committees with jurisdiction over
4.3 agriculture policy and finance.
4.4 Notwithstanding Minnesota Statutes, section
4.5 16A.28, any unencumbered balance does not
4.6 cancel at the end of the first year and is
4.7 available in the second year. This is a onetime
4.8 appropriation.

4.9 (d) \$100,000 the second year is to develop and
4.10 enhance farm-to-school markets by providing
4.11 more fruits, vegetables, meat, poultry, grain,
4.12 and dairy for children in schools and early
4.13 childhood education centers, child care
4.14 centers, and family child care programs,
4.15 including, at the commissioner's discretion,
4.16 providing grants to reimburse schools, early
4.17 childhood education centers, child care
4.18 centers, and family child care programs for
4.19 purchasing equipment and agricultural
4.20 products. This appropriation is for the
4.21 agricultural growth, research, and innovation
4.22 program under Minnesota Statutes, section
4.23 41A.12. Any unencumbered balance at the
4.24 end of the second year may be used for other
4.25 purposes under the agricultural growth,
4.26 research, and innovation program and is
4.27 available until June 30, 2027. Notwithstanding
4.28 Minnesota Statutes, section 16B.98,
4.29 subdivision 14, the commissioner may use up
4.30 to 6.5 percent of this appropriation for
4.31 administrative costs. This appropriation is in
4.32 addition to the appropriation in Laws 2023,
4.33 chapter 43, article 1, section 2, subdivision 4,
4.34 paragraph (c). This is a onetime appropriation.

5.1 (e) \$300,000 the second year is for the
5.2 protecting livestock grant program for
5.3 producers to support the installation of
5.4 measures to prevent the transmission of avian
5.5 influenza. For the appropriation in this
5.6 paragraph, a grant applicant must document
5.7 a cost-share of 20 percent. An applicant's
5.8 cost-share amount may be reduced up to
5.9 \$2,000 to cover time and labor costs. This
5.10 appropriation is for the agricultural growth,
5.11 research, and innovation program under
5.12 Minnesota Statutes, section 41A.12.
5.13 Notwithstanding Minnesota Statutes, section
5.14 16B.98, subdivision 14, the commissioner may
5.15 use up to 6.5 percent of this appropriation for
5.16 administrative costs. This appropriation is
5.17 available until June 30, 2027. This is a onetime
5.18 appropriation.

5.19 (f) \$375,000 the first year is to provide grants
5.20 to secondary career and technical education
5.21 programs for the purpose of offering
5.22 instruction in meat cutting and butchery. This
5.23 appropriation is for the agricultural growth,
5.24 research, and innovation program under
5.25 Minnesota Statutes, section 41A.12.
5.26 Notwithstanding Minnesota Statutes, section
5.27 16B.98, subdivision 14, the commissioner may
5.28 use up to 6.5 percent of this appropriation for
5.29 administrative costs. This is a onetime
5.30 appropriation. Notwithstanding Minnesota
5.31 Statutes, section 16A.28, any unencumbered
5.32 balance does not cancel at the end of the first
5.33 year and is available in the second year. Grants
5.34 may be used for costs, including but not
5.35 limited to:

6.1 (1) equipment required for a meat cutting
6.2 program;

6.3 (2) facility renovation to accommodate meat
6.4 cutting; and

6.5 (3) training faculty to teach the fundamentals
6.6 of meat processing.

6.7 A grant recipient may be awarded a grant of
6.8 up to \$75,000 and may use up to ten percent
6.9 of the grant for faculty training. Priority may
6.10 be given to applicants who are coordinating
6.11 with meat cutting and butchery programs at
6.12 Minnesota State Colleges and Universities
6.13 institutions or with local industry partners.

6.14 By January 15, 2025, the commissioner must
6.15 report to the chairs and ranking minority
6.16 members of the legislative committees with
6.17 jurisdiction over agriculture finance and
6.18 education finance by listing the grants made
6.19 under this paragraph by county and noting the
6.20 number and amount of grant requests not
6.21 fulfilled. The report may include additional
6.22 information as determined by the
6.23 commissioner, including but not limited to
6.24 information regarding the outcomes produced
6.25 by these grants. If additional grants are
6.26 awarded under this paragraph that were not
6.27 covered in the report due by January 15, 2025,
6.28 the commissioner must submit an additional
6.29 report to the chairs and ranking minority
6.30 members of the legislative committees with
6.31 jurisdiction over agriculture finance and
6.32 education finance regarding all grants issued
6.33 under this paragraph by November 1, 2025.

7.1 (g) \$50,000 the first year is to prepare a report
 7.2 on agricultural land trends. For the purposes
 7.3 of this section, "agricultural land" means
 7.4 property classified as class 2a agricultural land
 7.5 or class 2b rural vacant land under Minnesota
 7.6 Statutes, section 273.13, subdivision 23. The
 7.7 report must include the following:

7.8 (1) information about agricultural land sales,
 7.9 including the price, number of acres, type of
 7.10 buyer, and type of financing used;

7.11 (2) information about agricultural land use,
 7.12 including differences among regions; and

7.13 (3) legislative recommendations for ensuring
 7.14 that agricultural land is available to farmers.

7.15 No data included in this report shall reveal
 7.16 personally identifiable information. The
 7.17 commissioner may contract with external
 7.18 experts to develop this report and may
 7.19 coordinate with the Department of Revenue,
 7.20 University of Minnesota Extension, and
 7.21 Minnesota State Colleges and Universities.

7.22 No later than January 3, 2025, the
 7.23 commissioner must submit the report to the
 7.24 chairs and ranking minority members of the
 7.25 legislative committees and divisions with
 7.26 jurisdiction over agriculture. Notwithstanding
 7.27 Minnesota Statutes, section 16A.28, any
 7.28 unencumbered balance does not cancel at the
 7.29 end of the first year and is available in the
 7.30 second year. This is a onetime appropriation.

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

7.32 Sec. 3. Laws 2023, chapter 43, article 1, section 2, subdivision 1, is amended to read:

7.33		<u>92,025,000</u>	<u>72,223,000</u>
7.34	Subdivision 1. Total Appropriation	\$ <u>88,025,000</u>	\$ <u>76,643,000</u>

8.1	Appropriations by Fund	
8.2	2024	2025
8.3	91,626,000	71,824,000
8.4	General	<u>87,626,000</u>
8.5	Remediation	399,000

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

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

8.10 Sec. 4. Laws 2023, chapter 43, article 1, section 2, subdivision 2, is amended to read:

8.11 Subd. 2. **Protection Services**

8.12	Appropriations by Fund	
8.13	2024	2025
8.14		18,743,000
8.15	General	<u>18,818,000</u>
8.16	Remediation	399,000

8.17 (a) \$399,000 the first year and \$399,000 the
8.18 second year are from the remediation fund for
8.19 administrative funding for the voluntary
8.20 cleanup program.

8.21 (b) \$625,000 the first year and \$625,000 the
8.22 second year are for the soil health financial
8.23 assistance program under Minnesota Statutes,
8.24 section 17.134. The commissioner may award
8.25 no more than \$50,000 of the appropriation
8.26 each year to a single recipient. The
8.27 commissioner may use up to 6.5 percent of
8.28 this appropriation for costs incurred to
8.29 administer the program. Any unencumbered
8.30 balance does not cancel at the end of the first
8.31 year and is available in the second year.

8.32 Appropriations encumbered under contract on
8.33 or before June 30, 2025, for soil health
8.34 financial assistance grants are available until

9.1 June 30, 2027. The base for this appropriation
9.2 is \$639,000 in fiscal year 2026 and each year
9.3 thereafter.

9.4 (c) \$800,000 the first year is for transfer to the
9.5 pollinator research account established under
9.6 Minnesota Statutes, section 18B.051. The base
9.7 for this transfer is \$100,000 in fiscal year 2026
9.8 and each year thereafter.

9.9 (d) \$150,000 the first year and \$150,000 the
9.10 second year are for transfer to the noxious
9.11 weed and invasive plant species assistance
9.12 account established under Minnesota Statutes,
9.13 section 18.89, to award grants under
9.14 Minnesota Statutes, section 18.90, to counties,
9.15 municipalities, and other weed management
9.16 entities, including Minnesota Tribal
9.17 governments as defined in Minnesota Statutes,
9.18 section 10.65. This is a onetime appropriation.

9.19 (e) \$175,000 the first year and \$175,000 the
9.20 second year are for compensation for
9.21 destroyed or crippled livestock under
9.22 Minnesota Statutes, section 3.737. The first
9.23 year appropriation may be spent to compensate
9.24 for livestock that were destroyed or crippled
9.25 during fiscal year 2023. If the amount in the
9.26 first year is insufficient, the amount in the
9.27 second year is available in the first year. The
9.28 commissioner may use up to \$5,000 each year
9.29 to reimburse expenses incurred by university
9.30 extension educators to provide fair market
9.31 values of destroyed or crippled livestock. If
9.32 the commissioner receives federal dollars to
9.33 pay claims for destroyed or crippled livestock,
9.34 an equivalent amount of this appropriation
9.35 may be used to reimburse nonlethal prevention

10.1 methods performed by federal wildlife services
10.2 staff.

10.3 (f) \$155,000 the first year and ~~\$155,000~~
10.4 \$230,000 the second year are for compensation
10.5 for crop damage under Minnesota Statutes,
10.6 section 3.7371. If the amount in the first year
10.7 is insufficient, the amount in the second year
10.8 is available in the first year. The commissioner
10.9 may use up to \$10,000 of the appropriation
10.10 each year to reimburse expenses incurred by
10.11 the commissioner or the commissioner's
10.12 approved agent to investigate and resolve
10.13 claims, as well as for costs associated with
10.14 training for approved agents. The
10.15 commissioner may use up to \$40,000 of the
10.16 appropriation each year to make grants to
10.17 producers for measures to protect stored crops
10.18 from elk damage. If the commissioner
10.19 determines that claims made under Minnesota
10.20 Statutes, section 3.737 or 3.7371, are
10.21 unusually high, amounts appropriated for
10.22 either program may be transferred to the
10.23 appropriation for the other program. The base
10.24 for this appropriation is \$155,000 in fiscal year
10.25 2026 and each year thereafter.

10.26 (g) \$825,000 the first year and \$825,000 the
10.27 second year are to replace capital equipment
10.28 in the Department of Agriculture's analytical
10.29 laboratory.

10.30 (h) \$75,000 the first year and \$75,000 the
10.31 second year are to support a meat processing
10.32 liaison position to assist new or existing meat
10.33 and poultry processing operations in getting
10.34 started, expanding, growing, or transitioning
10.35 into new business models.

11.1 (i) \$2,200,000 the first year and \$1,650,000
11.2 the second year are additional funding to
11.3 maintain the current level of service delivery
11.4 for programs under this subdivision. The base
11.5 for this appropriation is \$1,925,000 for fiscal
11.6 year 2026 and each year thereafter.

11.7 (j) \$250,000 the first year and \$250,000 the
11.8 second year are for grants to organizations in
11.9 Minnesota to develop enterprises, supply
11.10 chains, and markets for continuous-living
11.11 cover crops and cropping systems in the early
11.12 stages of commercial development. For the
11.13 purposes of this paragraph, "continuous-living
11.14 cover crops and cropping systems" refers to
11.15 agroforestry, perennial biomass, perennial
11.16 forage, perennial grains, and winter-annual
11.17 cereal grains and oilseeds that have market
11.18 value as harvested or grazed commodities. By
11.19 February 1 each year, the commissioner must
11.20 submit a report to the chairs and ranking
11.21 minority members of the legislative
11.22 committees with jurisdiction over agriculture
11.23 finance and policy detailing uses of the funds
11.24 in this paragraph, including administrative
11.25 costs, and the achievements these funds
11.26 contributed to. The commissioner may use up
11.27 to 6.5 percent of this appropriation for
11.28 administrative costs. This is a onetime
11.29 appropriation.

11.30 (k) \$45,000 the first year and \$45,000 the
11.31 second year are appropriated for
11.32 wolf-livestock conflict-prevention grants. The
11.33 commissioner may use some of this
11.34 appropriation to support nonlethal prevention

12.1 work performed by federal wildlife services.

12.2 This is a onetime appropriation.

12.3 (l) \$10,000,000 the first year is for transfer to

12.4 the grain indemnity account established in

12.5 Minnesota Statutes, section 223.24. This is a

12.6 onetime transfer.

12.7 (m) \$125,000 the first year and \$125,000 the

12.8 second year are for the PFAS in pesticides

12.9 review. This is a onetime appropriation.

12.10 (n) \$1,941,000 the first year is for transfer to

12.11 the food handler license account. This is a

12.12 onetime transfer.

12.13 Sec. 5. Laws 2023, chapter 43, article 1, section 2, subdivision 3, is amended to read:

12.14 **Subd. 3. Agricultural Marketing and**

12.15 **Development**

5,165,000

4,985,000

12.16 (a) \$150,000 the first year and \$150,000 the

12.17 second year are to expand international trade

12.18 opportunities and markets for Minnesota

12.19 agricultural products.

12.20 (b) \$186,000 the first year and \$186,000 the

12.21 second year are for transfer to the Minnesota

12.22 grown account and may be used as grants for

12.23 Minnesota grown promotion under Minnesota

12.24 Statutes, section 17.102. Notwithstanding

12.25 Minnesota Statutes, section 16A.28, the

12.26 appropriations encumbered under contract on

12.27 or before June 30, 2025, for Minnesota grown

12.28 grants in this paragraph are available until June

12.29 30, 2027.

12.30 (c) \$634,000 the first year and \$634,000 the

12.31 second year are for the continuation of the

12.32 dairy development and profitability

12.33 enhancement programs, including dairy

- 13.1 profitability teams and dairy business planning
- 13.2 grants under Minnesota Statutes, section
- 13.3 32D.30.
- 13.4 (d) The commissioner may use funds
- 13.5 appropriated in this subdivision for annual
- 13.6 cost-share payments to resident farmers or
- 13.7 entities that sell, process, or package
- 13.8 agricultural products in this state for the costs
- 13.9 of organic certification. The commissioner
- 13.10 may allocate these funds for assistance to
- 13.11 persons transitioning from conventional to
- 13.12 organic agriculture.
- 13.13 (e) \$600,000 the first year and \$420,000 the
- 13.14 second year are to maintain the current level
- 13.15 of service delivery. The base for this
- 13.16 appropriation is ~~\$490,000~~ \$510,000 for fiscal
- 13.17 year 2026 and each year thereafter.
- 13.18 (f) \$100,000 the first year and \$100,000 the
- 13.19 second year are for mental health outreach and
- 13.20 support to farmers, ranchers, and others in the
- 13.21 agricultural community and for farm safety
- 13.22 grant and outreach programs under Minnesota
- 13.23 Statutes, section 17.1195. Mental health
- 13.24 outreach and support may include a 24-hour
- 13.25 hotline, stigma reduction, and education.
- 13.26 Notwithstanding Minnesota Statutes, section
- 13.27 16A.28, any unencumbered balance does not
- 13.28 cancel at the end of the first year and is
- 13.29 available in the second year. This is a onetime
- 13.30 appropriation.
- 13.31 (g) \$100,000 the first year and \$100,000 the
- 13.32 second year are to award and administer grants
- 13.33 for infrastructure and other forms of financial
- 13.34 assistance to support EBT, SNAP, SFMNP,
- 13.35 and related programs at farmers markets.

14.1 Grants may be used for staff costs associated
 14.2 with program administration, compliance, and
 14.3 reporting. The commissioner may use up to
 14.4 6.5 percent of the appropriation each year to
 14.5 administer the grant program. Notwithstanding
 14.6 Minnesota Statutes, section 16A.28, any
 14.7 unencumbered balance does not cancel at the
 14.8 end of the first year and is available in the
 14.9 second year. This is a onetime appropriation.

14.10 (h) \$200,000 the first year and \$200,000 the
 14.11 second year are to award cooperative grants
 14.12 under Minnesota Statutes, section 17.1016.

14.13 The commissioner may use up to 6.5 percent
 14.14 of the appropriation each year to administer
 14.15 the grant program. Notwithstanding Minnesota
 14.16 Statutes, section 16A.28, any unencumbered
 14.17 balance does not cancel at the end of the first
 14.18 year and is available in the second year. This
 14.19 is a onetime appropriation.

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

14.21 Sec. 6. Laws 2023, chapter 43, article 1, section 2, subdivision 4, is amended to read:

14.22	Subd. 4. Agriculture, Bioenergy, and Bioproduct	37,809,000	33,809,000
14.23	Advancement	<u>33,809,000</u>	<u>38,154,000</u>

14.24 (a) \$10,702,000 the first year and \$10,702,000
 14.25 the second year are for the agriculture
 14.26 research, education, extension, and technology
 14.27 transfer program under Minnesota Statutes,
 14.28 section 41A.14. Except as provided below,
 14.29 the appropriation each year is for transfer to
 14.30 the agriculture research, education, extension,
 14.31 and technology transfer account under
 14.32 Minnesota Statutes, section 41A.14,
 14.33 subdivision 3, and the commissioner shall
 14.34 transfer funds each year to the Board of

15.1 Regents of the University of Minnesota for
15.2 purposes of Minnesota Statutes, section
15.3 41A.14. To the extent practicable, money
15.4 expended under Minnesota Statutes, section
15.5 41A.14, subdivision 1, clauses (1) and (2),
15.6 must supplement and not supplant existing
15.7 sources and levels of funding. The
15.8 commissioner may use up to one percent of
15.9 this appropriation for costs incurred to
15.10 administer the program.

15.11 Of the amount appropriated for the agriculture
15.12 research, education, extension, and technology
15.13 transfer grant program under Minnesota
15.14 Statutes, section 41A.14:

15.15 (1) \$600,000 the first year and \$600,000 the
15.16 second year are for the Minnesota Agricultural
15.17 Experiment Station's agriculture rapid
15.18 response fund under Minnesota Statutes,
15.19 section 41A.14, subdivision 1, clause (2);

15.20 (2) up to \$1,000,000 the first year and up to
15.21 \$1,000,000 the second year are for research
15.22 on avian influenza, salmonella, and other
15.23 turkey-related diseases and disease prevention
15.24 measures;

15.25 (3) \$2,250,000 the first year and \$2,250,000
15.26 the second year are for grants to the Minnesota
15.27 Agricultural Education Leadership Council to
15.28 enhance agricultural education with priority
15.29 given to Farm Business Management
15.30 challenge grants;

15.31 (4) \$450,000 the first year is for the cultivated
15.32 wild rice breeding project at the North Central
15.33 Research and Outreach Center to include a
15.34 tenure track/research associate plant breeder;

16.1 (5) \$350,000 the first year and \$350,000 the
16.2 second year are for potato breeding;

16.3 (6) \$802,000 the first year and \$802,000 the
16.4 second year are to fund the Forever Green
16.5 Initiative and protect the state's natural
16.6 resources while increasing the efficiency,
16.7 profitability, and productivity of Minnesota
16.8 farmers by incorporating perennial and
16.9 winter-annual crops into existing agricultural
16.10 practices. The base for the allocation under
16.11 this clause is \$802,000 in fiscal year 2026 and
16.12 each year thereafter. By February 1 each year,
16.13 the dean of the College of Food, Agricultural
16.14 and Natural Resource Sciences must submit
16.15 a report to the chairs and ranking minority
16.16 members of the legislative committees with
16.17 jurisdiction over agriculture finance and policy
16.18 and higher education detailing uses of the
16.19 funds in this paragraph, including
16.20 administrative costs, and the achievements
16.21 these funds contributed to; ~~and~~

16.22 (7) \$350,000 each year is for farm-scale winter
16.23 greenhouse research and development
16.24 coordinated by University of Minnesota
16.25 Extension Regional Sustainable Development
16.26 Partnerships. The allocation in this clause is
16.27 onetime;

16.28 (8) \$200,000 the second year is for research
16.29 on natural stands of wild rice; and

16.30 (9) \$250,000 the second year is for the
16.31 cultivated wild rice forward selection project
16.32 at the North Central Research and Outreach
16.33 Center, including a tenure track or research
16.34 associate plant scientist.

17.1 (b) The base for the agriculture research,
17.2 education, extension, and technology transfer
17.3 program is \$10,352,000 in fiscal year 2026
17.4 and \$10,352,000 in fiscal year 2027.

17.5 (c) ~~\$27,107,000~~ \$23,107,000 the first year ~~and~~
17.6 ~~\$23,107,000 the second year are~~ is for the
17.7 agricultural growth, research, and innovation
17.8 program under Minnesota Statutes, section
17.9 41A.12. Except as provided below, the
17.10 commissioner may allocate this appropriation
17.11 ~~each year~~ among the following areas:
17.12 facilitating the start-up, modernization,
17.13 improvement, or expansion of livestock
17.14 operations, including beginning and
17.15 transitioning livestock operations with
17.16 preference given to robotic dairy-milking
17.17 equipment; assisting value-added agricultural
17.18 businesses to begin or expand, to access new
17.19 markets, or to diversify, including aquaponics
17.20 systems, with preference given to hemp fiber
17.21 processing equipment; facilitating the start-up,
17.22 modernization, or expansion of other
17.23 beginning and transitioning farms, including
17.24 by providing loans under Minnesota Statutes,
17.25 section 41B.056; sustainable agriculture
17.26 on-farm research and demonstration; the
17.27 development or expansion of food hubs and
17.28 other alternative community-based food
17.29 distribution systems; enhancing renewable
17.30 energy infrastructure and use; crop research,
17.31 including basic and applied turf seed research;
17.32 Farm Business Management tuition assistance;
17.33 and good agricultural practices and good
17.34 handling practices certification assistance. The
17.35 commissioner may use up to 6.5 percent of

18.1 this appropriation for costs incurred to
18.2 administer the program.

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

18.6 (1) \$1,000,000 the first year ~~and \$1,000,000~~
18.7 ~~the second year are~~ is for distribution in equal
18.8 amounts to each of the state's county fairs to
18.9 preserve and promote Minnesota agriculture;

18.10 (2) \$5,750,000 the first year ~~and \$5,750,000~~
18.11 ~~the second year are~~ is for incentive payments
18.12 under Minnesota Statutes, sections 41A.16,
18.13 41A.17, 41A.18, and 41A.20. Notwithstanding
18.14 Minnesota Statutes, section 16A.28, the first
18.15 year appropriation is available until June 30,
18.16 2025, ~~and the second year appropriation is~~
18.17 ~~available until June 30, 2026~~. If this
18.18 appropriation exceeds the total amount for
18.19 which all producers are eligible in a fiscal
18.20 year, the balance of the appropriation is
18.21 available for other purposes under this
18.22 paragraph. ~~The base under this clause is~~
18.23 ~~\$3,000,000 in fiscal year 2026 and each year~~
18.24 ~~thereafter;~~

18.25 (3) \$3,375,000 the first year ~~and \$3,375,000~~
18.26 ~~the second year are~~ is for grants that enable
18.27 retail petroleum dispensers, fuel storage tanks,
18.28 and other equipment to dispense biofuels to
18.29 the public in accordance with the biofuel
18.30 replacement goals established under
18.31 Minnesota Statutes, section 239.7911. A retail
18.32 petroleum dispenser selling petroleum for use
18.33 in spark ignition engines for vehicle model
18.34 years after 2000 is eligible for grant money
18.35 under this clause if the retail petroleum

19.1 dispenser has no more than ~~10~~ 20 retail
 19.2 petroleum dispensing sites and each site is
 19.3 located in Minnesota. The grant money must
 19.4 be used to replace or upgrade equipment that
 19.5 does not have the ability to be certified for
 19.6 E25. A grant award must not exceed 65
 19.7 percent of the cost of the appropriate
 19.8 technology. A grant award must not exceed
 19.9 \$200,000 per station. The commissioner must
 19.10 cooperate with biofuel stakeholders in the
 19.11 implementation of the grant program. The
 19.12 commissioner, in cooperation with any
 19.13 economic or community development
 19.14 financial institution and any other entity with
 19.15 which the commissioner contracts, must
 19.16 submit a report on the biofuels infrastructure
 19.17 financial assistance program by January 15 of
 19.18 each year to the chairs and ranking minority
 19.19 members of the legislative committees and
 19.20 divisions with jurisdiction over agriculture
 19.21 policy and finance. The annual report must
 19.22 include but not be limited to a summary of the
 19.23 following metrics: (i) the number and types
 19.24 of projects financed; (ii) the amount of dollars
 19.25 leveraged or matched per project; (iii) the
 19.26 geographic distribution of financed projects;
 19.27 (iv) any market expansion associated with
 19.28 upgraded infrastructure; (v) the demographics
 19.29 of the areas served; (vi) the costs of the
 19.30 program; and (vii) the number of grants to
 19.31 minority-owned or female-owned businesses:
 19.32 ~~The base under this clause is \$3,000,000 for~~
 19.33 ~~fiscal year 2026 and each year thereafter;~~
 19.34 (4) \$1,250,000 the first year ~~and \$1,250,000~~
 19.35 ~~the second year are~~ is for grants to facilitate
 19.36 the start-up, modernization, or expansion of

20.1 meat, poultry, egg, and milk processing
 20.2 facilities. A grant award under this clause must
 20.3 not exceed \$200,000. Any unencumbered
 20.4 balance at the end of the second year does not
 20.5 cancel until June 30, 2026, and may be used
 20.6 for other purposes under this paragraph. ~~The~~
 20.7 ~~base under this clause is \$250,000 in fiscal~~
 20.8 ~~year 2026 and each year thereafter;~~

20.9 (5) \$1,150,000 the first year ~~and \$1,150,000~~
 20.10 ~~the second year are for~~ is to develop and
 20.11 enhance farm-to-school markets for Minnesota
 20.12 farmers by providing more fruits, vegetables,
 20.13 meat, poultry, grain, and dairy for children in
 20.14 school and schools, early childhood education
 20.15 centers, child care centers, and family child
 20.16 care programs, including, at the
 20.17 commissioner's discretion, providing grants
 20.18 to reimburse schools and, early childhood
 20.19 education centers, child care centers, and
 20.20 family child care programs, for purchasing
 20.21 equipment and agricultural products. Of the
 20.22 amount appropriated, \$150,000 each year is
 20.23 for a statewide coordinator of
 20.24 farm-to-institution strategy and programming.
 20.25 The coordinator must consult with relevant
 20.26 stakeholders and provide technical assistance
 20.27 and training for participating farmers and
 20.28 eligible grant recipients. ~~The base under this~~
 20.29 ~~clause is \$1,294,000 in fiscal year 2026 and~~
 20.30 ~~each year thereafter;~~

20.31 ~~(6) \$4,000,000 the first year is for Dairy~~
 20.32 ~~Assistance, Investment, Relief Initiative~~
 20.33 ~~(DAIRI) grants and other forms of financial~~
 20.34 ~~assistance to Minnesota dairy farms that enroll~~
 20.35 ~~in coverage under a federal dairy risk~~

21.1 ~~protection program and produced no more~~
 21.2 ~~than 16,000,000 pounds of milk in 2022. The~~
 21.3 ~~commissioner must make DAIRI payments~~
 21.4 ~~based on the amount of milk produced in~~
 21.5 ~~2022, up to 5,000,000 pounds per participating~~
 21.6 ~~farm, at a rate determined by the commissioner~~
 21.7 ~~within the limits of available funding. Any~~
 21.8 ~~unencumbered balance does not cancel at the~~
 21.9 ~~end of the first year and is available in the~~
 21.10 ~~second year. Any unencumbered balance at~~
 21.11 ~~the end of the second year does not cancel~~
 21.12 ~~until June 30, 2026, and may be used for other~~
 21.13 ~~purposes under this paragraph. The allocation~~
 21.14 ~~in this clause is onetime;~~
 21.15 ~~(7) (6) \$2,000,000 the first year and~~
 21.16 ~~\$2,000,000 the second year are is for urban~~
 21.17 ~~youth agricultural education or urban~~
 21.18 ~~agriculture community development; and~~
 21.19 ~~(8) (7) \$1,000,000 the first year and~~
 21.20 ~~\$1,000,000 the second year are is for the good~~
 21.21 ~~food access program under Minnesota~~
 21.22 ~~Statutes, section 17.1017.~~
 21.23 Notwithstanding Minnesota Statutes, section
 21.24 16A.28, any unencumbered balance does not
 21.25 cancel at the end of the first year and is
 21.26 available for the second year, and
 21.27 appropriations encumbered under contract on
 21.28 or before June 30, 2025, for agricultural
 21.29 growth, research, and innovation grants are
 21.30 available until June 30, 2028.
 21.31 (d) \$27,452,000 the second year is for the
 21.32 agricultural growth, research, and innovation
 21.33 program under Minnesota Statutes, section
 21.34 41A.12. Except as provided below, the
 21.35 commissioner may allocate this appropriation

22.1 among the following areas: facilitating the
22.2 start-up, modernization, improvement, or
22.3 expansion of livestock operations, including
22.4 beginning and transitioning livestock
22.5 operations with preference given to robotic
22.6 dairy-milking equipment; assisting
22.7 value-added agricultural businesses to begin
22.8 or expand, to access new markets, or to
22.9 diversify, including aquaponics systems, with
22.10 preference given to hemp fiber processing
22.11 equipment; facilitating the start-up,
22.12 modernization, or expansion of other
22.13 beginning and transitioning farms, including
22.14 by providing loans under Minnesota Statutes,
22.15 section 41B.056; sustainable agriculture
22.16 on-farm research and demonstration; the
22.17 development or expansion of food hubs and
22.18 other alternative community-based food
22.19 distribution systems; enhancing renewable
22.20 energy infrastructure and use; crop research,
22.21 including basic and applied turf seed research;
22.22 Farm Business Management tuition assistance;
22.23 and good agricultural practices and good
22.24 handling practices certification assistance. The
22.25 commissioner may use up to 6.5 percent of
22.26 this appropriation for costs incurred to
22.27 administer the program.

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

22.31 (1) \$1,000,000 the second year is for
22.32 distribution in equal amounts to each of the
22.33 state's county fairs to preserve and promote
22.34 Minnesota agriculture;

23.1 (2) \$5,750,000 the second year is for incentive
23.2 payments under Minnesota Statutes, sections
23.3 41A.16, 41A.17, 41A.18, and 41A.20.
23.4 Notwithstanding Minnesota Statutes, section
23.5 16A.28, this appropriation is available until
23.6 June 30, 2027. If this appropriation exceeds
23.7 the total amount for which all producers are
23.8 eligible in a fiscal year, the balance of the
23.9 appropriation is available for other purposes
23.10 under this paragraph. The base under this
23.11 clause is \$3,000,000 in fiscal year 2026 and
23.12 each year thereafter;

23.13 (3) \$3,375,000 the second year is for grants
23.14 that enable retail petroleum dispensers, fuel
23.15 storage tanks, and other equipment to dispense
23.16 biofuels to the public in accordance with the
23.17 biofuel replacement goals established under
23.18 Minnesota Statutes, section 239.7911. A retail
23.19 petroleum dispenser selling petroleum for use
23.20 in spark ignition engines for vehicle model
23.21 years after 2000 is eligible for grant money
23.22 under this clause if the retail petroleum
23.23 dispenser has no more than 20 retail petroleum
23.24 dispensing sites and each site is located in
23.25 Minnesota. The grant money must be used to
23.26 replace or upgrade equipment that does not
23.27 have the ability to be certified for E25. A grant
23.28 award must not exceed 65 percent of the cost
23.29 of the appropriate technology. A grant award
23.30 must not exceed \$200,000 per station. The
23.31 commissioner must cooperate with biofuel
23.32 stakeholders in the implementation of the grant
23.33 program. The commissioner, in cooperation
23.34 with any economic or community development
23.35 financial institution and any other entity with
23.36 which the commissioner contracts, must

24.1 submit a report on the biofuels infrastructure
24.2 financial assistance program by January 15 of
24.3 each year to the chairs and ranking minority
24.4 members of the legislative committees and
24.5 divisions with jurisdiction over agriculture
24.6 policy and finance. The annual report must
24.7 include but not be limited to a summary of the
24.8 following metrics: (i) the number and types
24.9 of projects financed; (ii) the amount of dollars
24.10 leveraged or matched per project; (iii) the
24.11 geographic distribution of financed projects;
24.12 (iv) any market expansion associated with
24.13 upgraded infrastructure; (v) the demographics
24.14 of the areas served; (vi) the costs of the
24.15 program; and (vii) the number of grants to
24.16 minority-owned or female-owned businesses.
24.17 The base under this clause is \$3,000,000 for
24.18 fiscal year 2026 and each year thereafter;
24.19 (4) \$1,250,000 the second year is for grants
24.20 to facilitate the start-up, modernization, or
24.21 expansion of meat, poultry, egg, and milk
24.22 processing facilities. A grant award under this
24.23 clause must not exceed \$200,000. Any
24.24 unencumbered balance at the end of the second
24.25 year does not cancel until June 30, 2027, and
24.26 may be used for other purposes under this
24.27 paragraph. The base under this clause is
24.28 \$250,000 in fiscal year 2026 and each year
24.29 thereafter;
24.30 (5) \$1,150,000 the first year is to develop and
24.31 enhance farm-to-school markets for Minnesota
24.32 farmers by providing more fruits, vegetables,
24.33 meat, poultry, grain, and dairy for children in
24.34 schools, early childhood education centers,
24.35 child care centers, and family child care

25.1 programs, including, at the commissioner's
25.2 discretion, providing grants to reimburse
25.3 schools, early childhood education centers,
25.4 child care centers, and family child care
25.5 programs for purchasing equipment and
25.6 agricultural products. Of the amount
25.7 appropriated, \$150,000 each year is for a
25.8 statewide coordinator of farm-to-institution
25.9 strategy and programming. The coordinator
25.10 must consult with relevant stakeholders and
25.11 provide technical assistance and training for
25.12 participating farmers and eligible grant
25.13 recipients. The base under this clause is
25.14 \$1,294,000 in fiscal year 2026 and each year
25.15 thereafter;

25.16 (6) \$4,000,000 the second year is for Dairy
25.17 Assistance, Investment, Relief Initiative
25.18 (DAIRI) grants and other forms of financial
25.19 assistance to Minnesota dairy farms that enroll
25.20 in coverage under a federal dairy risk
25.21 protection program and produced no more
25.22 than 16,000,000 pounds of milk in 2022. The
25.23 commissioner must make DAIRI payments
25.24 based on the amount of milk produced in
25.25 2022, up to 5,000,000 pounds per participating
25.26 farm, at a rate determined by the commissioner
25.27 within the limits of available funding. Any
25.28 unencumbered balance on June 30, 2026, may
25.29 be used for other purposes under this
25.30 paragraph. The allocation in this clause is
25.31 onetime;

25.32 (7) \$2,000,000 the second year is for urban
25.33 youth agricultural education or urban
25.34 agriculture community development; and

26.1 (8) \$1,000,000 the second year is for the good
 26.2 food access program under Minnesota
 26.3 Statutes, section 17.1017.

26.4 Notwithstanding Minnesota Statutes, section
 26.5 16A.28, this appropriation does not cancel at
 26.6 the end of the second year and is available
 26.7 until June 30, 2027. Appropriations
 26.8 encumbered under contract on or before June
 26.9 30, 2027, for agricultural growth, research,
 26.10 and innovation grants are available until June
 26.11 30, 2030.

26.12 ~~(d)~~ (e) The base for the agricultural growth,
 26.13 research, and innovation program is
 26.14 ~~\$16,294,000~~ \$17,582,000 in fiscal year 2026
 26.15 and each year thereafter and includes \$200,000
 26.16 each year for cooperative development grants.

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

26.18 Sec. 7. Laws 2023, chapter 43, article 1, section 2, subdivision 5, is amended to read:

26.19 **Subd. 5. Administration and Financial**
 26.20 **Assistance**

16,618,000

14,287,000

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

26.31 (b) \$350,000 the first year and \$350,000 the
 26.32 second year are for grants to the Minnesota
 26.33 Agricultural Education and Leadership
 26.34 Council for programs of the council under

27.1 Minnesota Statutes, chapter 41D. The base for
27.2 this appropriation is \$250,000 in fiscal year
27.3 2026 and each year thereafter.

27.4 (c) \$2,000 the first year is for a grant to the
27.5 Minnesota State Poultry Association. This is
27.6 a onetime appropriation. Notwithstanding
27.7 Minnesota Statutes, section 16A.28, any
27.8 unencumbered balance does not cancel at the
27.9 end of the first year and is available for the
27.10 second year.

27.11 (d) \$18,000 the first year and \$18,000 the
27.12 second year are for grants to the Minnesota
27.13 Livestock Breeders Association. This is a
27.14 onetime appropriation.

27.15 (e) \$60,000 the first year and \$60,000 the
27.16 second year are for grants to the Northern
27.17 Crops Institute that may be used to purchase
27.18 equipment. This is a onetime appropriation.

27.19 (f) \$34,000 the first year and \$34,000 the
27.20 second year are for grants to the Minnesota
27.21 State Horticultural Society. This is a onetime
27.22 appropriation.

27.23 (g) \$25,000 the first year and \$25,000 the
27.24 second year are for grants to the Center for
27.25 Rural Policy and Development. This is a
27.26 onetime appropriation.

27.27 (h) \$75,000 the first year and \$75,000 the
27.28 second year are appropriated from the general
27.29 fund to the commissioner of agriculture for
27.30 grants to the Minnesota Turf Seed Council for
27.31 basic and applied research on: (1) the
27.32 improved production of forage and turf seed
27.33 related to new and improved varieties; and (2)
27.34 native plants, including plant breeding,

28.1 nutrient management, pest management,
28.2 disease management, yield, and viability. The
28.3 Minnesota Turf Seed Council may subcontract
28.4 with a qualified third party for some or all of
28.5 the basic or applied research. Any
28.6 unencumbered balance does not cancel at the
28.7 end of the first year and is available in the
28.8 second year. The Minnesota Turf Seed Council
28.9 must prepare a report outlining the use of the
28.10 grant money and related accomplishments. No
28.11 later than January 15, 2025, the council must
28.12 submit the report to the chairs and ranking
28.13 minority members of the legislative
28.14 committees and divisions with jurisdiction
28.15 over agriculture finance and policy. This is a
28.16 onetime appropriation.

28.17 (i) \$100,000 the first year and \$100,000 the
28.18 second year are for grants to GreenSeam for
28.19 assistance to agriculture-related businesses to
28.20 support business retention and development,
28.21 business attraction and creation, talent
28.22 development and attraction, and regional
28.23 branding and promotion. These are onetime
28.24 appropriations. No later than December 1,
28.25 2024, and December 1, 2025, GreenSeam
28.26 must report to the chairs and ranking minority
28.27 members of the legislative committees with
28.28 jurisdiction over agriculture and rural
28.29 development with information on new and
28.30 existing businesses supported, number of new
28.31 jobs created in the region, new educational
28.32 partnerships and programs supported, and
28.33 regional branding and promotional efforts.

28.34 (j) \$1,950,000 the first year and \$1,950,000
28.35 the second year are for grants to Second

29.1 Harvest Heartland on behalf of Minnesota's
29.2 six Feeding America food banks for the
29.3 following purposes:

29.4 (1) at least \$850,000 each year must be
29.5 allocated to purchase milk for distribution to
29.6 Minnesota's food shelves and other charitable
29.7 organizations that are eligible to receive food
29.8 from the food banks. Milk purchased under
29.9 the grants must be acquired from Minnesota
29.10 milk processors and based on low-cost bids.
29.11 The milk must be allocated to each Feeding
29.12 America food bank serving Minnesota
29.13 according to the formula used in the
29.14 distribution of United States Department of
29.15 Agriculture commodities under The
29.16 Emergency Food Assistance Program. Second
29.17 Harvest Heartland may enter into contracts or
29.18 agreements with food banks for shared funding
29.19 or reimbursement of the direct purchase of
29.20 milk. Each food bank that receives funding
29.21 under this clause may use up to two percent
29.22 for administrative expenses. Notwithstanding
29.23 Minnesota Statutes, section 16A.28, any
29.24 unencumbered balance the first year does not
29.25 cancel and is available the second year;

29.26 (2) to compensate agricultural producers and
29.27 processors for costs incurred to harvest and
29.28 package for transfer surplus fruits, vegetables,
29.29 and other agricultural commodities that would
29.30 otherwise go unharvested, be discarded, or be
29.31 sold in a secondary market. Surplus
29.32 commodities must be distributed statewide to
29.33 food shelves and other charitable organizations
29.34 that are eligible to receive food from the food
29.35 banks. Surplus food acquired under this clause

30.1 must be from Minnesota producers and
30.2 processors. Second Harvest Heartland may
30.3 use up to 15 percent of each grant awarded
30.4 under this clause for administrative and
30.5 transportation expenses; and
30.6 (3) to purchase and distribute protein products,
30.7 including but not limited to pork, poultry, beef,
30.8 dry legumes, cheese, and eggs to Minnesota's
30.9 food shelves and other charitable organizations
30.10 that are eligible to receive food from the food
30.11 banks. Second Harvest Heartland may use up
30.12 to two percent of each grant awarded under
30.13 this clause for administrative expenses. Protein
30.14 products purchased under the grants must be
30.15 acquired from Minnesota processors and
30.16 producers.

30.17 Second Harvest Heartland must submit
30.18 quarterly reports to the commissioner and the
30.19 chairs and ranking minority members of the
30.20 legislative committees with jurisdiction over
30.21 agriculture finance in the form prescribed by
30.22 the commissioner. The reports must include
30.23 but are not limited to information on the
30.24 expenditure of funds, the amount of milk or
30.25 other commodities purchased, and the
30.26 organizations to which this food was
30.27 distributed. The base for this appropriation is
30.28 \$1,700,000 for fiscal year 2026 and each year
30.29 thereafter.

30.30 (k) \$25,000 the first year and \$25,000 the
30.31 second year are for grants to the Southern
30.32 Minnesota Initiative Foundation to promote
30.33 local foods through an annual event that raises
30.34 public awareness of local foods and connects

31.1 local food producers and processors with
31.2 potential buyers.

31.3 (l) \$300,000 the first year and \$300,000 the
31.4 second year are for grants to The Good Acre
31.5 for the Local Emergency Assistance Farmer
31.6 Fund (LEAFF) program to compensate
31.7 emerging farmers for crops donated to hunger
31.8 relief organizations in Minnesota. This is a
31.9 onetime appropriation.

31.10 (m) \$750,000 the first year and \$750,000 the
31.11 second year are to expand the Emerging
31.12 Farmers Office and provide services to
31.13 beginning and emerging farmers to increase
31.14 connections between farmers and market
31.15 opportunities throughout the state. This
31.16 appropriation may be used for grants,
31.17 translation services, training programs, or
31.18 other purposes in line with the
31.19 recommendations of the Emerging Farmer
31.20 Working Group established under Minnesota
31.21 Statutes, section 17.055, subdivision 1. The
31.22 base for this appropriation is \$1,000,000 in
31.23 fiscal year 2026 and each year thereafter.

31.24 (n) \$50,000 the first year is to provide
31.25 technical assistance and leadership in the
31.26 development of a comprehensive and
31.27 well-documented state aquaculture plan. The
31.28 commissioner must provide the state
31.29 aquaculture plan to the legislative committees
31.30 with jurisdiction over agriculture finance and
31.31 policy by February 15, 2025.

31.32 (o) \$337,000 the first year and \$337,000 the
31.33 second year are for farm advocate services.
31.34 Of these amounts, \$50,000 the first year and
31.35 \$50,000 the second year are for the

- 32.1 continuation of the farmland transition
- 32.2 programs and may be used for grants to
- 32.3 farmland access teams to provide technical
- 32.4 assistance to potential beginning farmers.
- 32.5 Farmland access teams must assist existing
- 32.6 farmers and beginning farmers with
- 32.7 transitioning farm ownership and farm
- 32.8 operation. Services provided by teams may
- 32.9 include but are not limited to mediation
- 32.10 assistance, designing contracts, financial
- 32.11 planning, tax preparation, estate planning, and
- 32.12 housing assistance.
- 32.13 (p) \$260,000 the first year and \$260,000 the
- 32.14 second year are for a pass-through grant to
- 32.15 Region Five Development Commission to
- 32.16 provide, in collaboration with Farm Business
- 32.17 Management, statewide mental health
- 32.18 counseling support to Minnesota farm
- 32.19 operators, families, and employees, and
- 32.20 individuals who work with Minnesota farmers
- 32.21 in a professional capacity. Region Five
- 32.22 Development Commission may use up to 6.5
- 32.23 percent of the grant awarded under this
- 32.24 paragraph for administration.
- 32.25 (q) \$1,000,000 the first year is for transfer to
- 32.26 the agricultural emergency account established
- 32.27 under Minnesota Statutes, section 17.041.
- 32.28 (r) \$1,084,000 the first year and \$500,000 the
- 32.29 second year are to support IT modernization
- 32.30 efforts, including laying the technology
- 32.31 foundations needed for improving customer
- 32.32 interactions with the department for licensing
- 32.33 and payments. This is a onetime appropriation.
- 32.34 (s) \$275,000 the first year is for technical
- 32.35 assistance grants to certified community

33.1 development financial institutions that
33.2 participate in United States Department of
33.3 Agriculture loan or grant programs for small
33.4 or emerging farmers, including but not limited
33.5 to the Increasing Land, Capital, and Market
33.6 Access Program. For purposes of this
33.7 paragraph, "emerging farmer" has the meaning
33.8 given in Minnesota Statutes, section 17.055,
33.9 subdivision 1. The commissioner may use up
33.10 to 6.5 percent of this appropriation for costs
33.11 incurred to administer the program.
33.12 Notwithstanding Minnesota Statutes, section
33.13 16A.28, any unencumbered balance does not
33.14 cancel at the end of the first year and is
33.15 available in the second year. This is a onetime
33.16 appropriation.
33.17 (t) \$1,425,000 the first year and \$1,425,000
33.18 the second year are for transfer to the
33.19 agricultural and environmental revolving loan
33.20 account established under Minnesota Statutes,
33.21 section 17.117, subdivision 5a, for low-interest
33.22 loans under Minnesota Statutes, section
33.23 17.117.
33.24 (u) \$150,000 the first year and \$150,000 the
33.25 second year are for administrative support for
33.26 the Rural Finance Authority.
33.27 (v) The base in fiscal years 2026 and 2027 is
33.28 \$150,000 each year to coordinate
33.29 climate-related activities and services within
33.30 the Department of Agriculture and
33.31 counterparts in local, state, and federal
33.32 agencies and to hire a full-time climate
33.33 implementation coordinator. The climate
33.34 implementation coordinator must coordinate
33.35 efforts seeking federal funding for Minnesota's

34.1 agricultural climate adaptation and mitigation
34.2 efforts and develop strategic partnerships with
34.3 the private sector and nongovernment
34.4 organizations.

34.5 (w) \$1,200,000 the first year and \$930,000 the
34.6 second year are to maintain the current level
34.7 of service delivery. The base for this
34.8 appropriation is ~~\$1,085,000~~ \$1,065,000 in
34.9 fiscal year 2026 and ~~\$1,085,000~~ \$1,065,000
34.10 in fiscal year 2027.

34.11 (x) \$250,000 the first year is for a grant to the
34.12 Board of Regents of the University of
34.13 Minnesota to purchase equipment for the
34.14 Veterinary Diagnostic Laboratory to test for
34.15 chronic wasting disease, African swine fever,
34.16 avian influenza, and other animal diseases.
34.17 The Veterinary Diagnostic Laboratory must
34.18 report expenditures under this paragraph to
34.19 the legislative committees with jurisdiction
34.20 over agriculture finance and higher education
34.21 with a report submitted by January 3, 2024,
34.22 and a final report submitted by December 31,
34.23 2024. The reports must include a list of
34.24 equipment purchased, including the cost of
34.25 each item.

34.26 (y) \$1,000,000 the first year and \$1,000,000
34.27 the second year are to award and administer
34.28 down payment assistance grants under
34.29 Minnesota Statutes, section 17.133, with
34.30 priority given to ~~emerging~~
34.31 experiencing limited land access as defined in
34.32 Minnesota Statutes, section ~~17.055~~,
34.33 ~~subdivision 1~~ 17.133, subdivision 1, or farmers
34.34 who had a gross farm profit of \$100,000 or
34.35 less the previous year. Notwithstanding

35.1 Minnesota Statutes, section 16A.28, any
35.2 unencumbered balance at the end of the first
35.3 year does not cancel and is available in the
35.4 second year and appropriations encumbered
35.5 under contract by June 30, 2025, are available
35.6 until June 30, 2027.

35.7 (z) \$222,000 the first year and \$322,000 the
35.8 second year are for meat processing training
35.9 and retention incentive grants under section
35.10 5. The commissioner may use up to 6.5
35.11 percent of this appropriation for costs incurred
35.12 to administer the program. Notwithstanding
35.13 Minnesota Statutes, section 16A.28, any
35.14 unencumbered balance does not cancel at the
35.15 end of the first year and is available in the
35.16 second year. This is a onetime appropriation.

35.17 (aa) \$300,000 the first year and \$300,000 the
35.18 second year are for transfer to the Board of
35.19 Regents of the University of Minnesota to
35.20 evaluate, propagate, and maintain the genetic
35.21 diversity of oilseeds, grains, grasses, legumes,
35.22 and other plants including flax, timothy,
35.23 barley, rye, triticale, alfalfa, orchard grass,
35.24 clover, and other species and varieties that
35.25 were in commercial distribution and use in
35.26 Minnesota before 1970, excluding wild rice.
35.27 This effort must also protect traditional seeds
35.28 brought to Minnesota by immigrant
35.29 communities. This appropriation includes
35.30 funding for associated extension and outreach
35.31 to small and Black, Indigenous, and People of
35.32 Color (BIPOC) farmers. This is a onetime
35.33 appropriation.

35.34 (bb) The commissioner shall continue to
35.35 increase connections with ethnic minority and

36.1 immigrant farmers to farming opportunities
36.2 and farming programs throughout the state.

36.3 Sec. 8. COMMISSIONER OF HEALTH; APPROPRIATIONS.

36.4 (a) \$2,000,000 in fiscal year 2025 is appropriated from the general fund to the
36.5 commissioner of health to establish a mitigation program for contaminated wells, including
36.6 testing, repairing, and replacing wells and providing home water treatment, such as reverse
36.7 osmosis treatment, for private wells that are tested at or above the maximum contaminant
36.8 level of 10 mg/L located in Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted, Wabasha,
36.9 or Winona County. This appropriation is available until June 30, 2027. This is a onetime
36.10 appropriation. Notwithstanding Minnesota Statutes, section 16B.98, subdivision 14, the
36.11 commissioner may use up to 6.5 percent of this appropriation for administrative costs.

36.12 (b) By December 15 each year through 2027, the commissioner must report to the chairs
36.13 and ranking minority members of the legislative committees with jurisdiction over agriculture
36.14 and health detailing the use of the appropriation in this section and the number of households
36.15 served in each county.

36.16 **ARTICLE 2**

36.17 **AGRICULTURE POLICY**

36.18 Section 1. Minnesota Statutes 2023 Supplement, section 17.055, subdivision 3, is amended
36.19 to read:

36.20 Subd. 3. **Beginning farmer equipment and infrastructure grants.** (a) The commissioner
36.21 may award and administer equipment and infrastructure grants to beginning farmers. The
36.22 commissioner shall give preference to applicants who are ~~emerging~~ farmers experiencing
36.23 limited land access as defined in section 17.133, subdivision 1. Grant money may be used
36.24 for equipment and infrastructure development.

36.25 (b) The commissioner shall develop competitive eligibility criteria and may allocate
36.26 grants on a needs basis.

36.27 (c) Grant projects may continue for up to two years.

36.28 Sec. 2. Minnesota Statutes 2022, section 17.116, subdivision 2, is amended to read:

36.29 Subd. 2. **Eligibility.** (a) Grants may ~~only~~ be made to farmers, and organizations such as
36.30 farms, agricultural cooperatives, educational institutions, individuals at educational

37.1 institutions, ~~or~~ nonprofit organizations, Tribal governments, or local units of government
 37.2 residing or located in the state for research or demonstrations on farms in the state.

37.3 (b) Grants may only be made for projects that show:

37.4 (1) the ability to maximize direct or indirect energy savings or production;

37.5 (2) a positive effect or reduced adverse effect on the environment; or

37.6 (3) increased profitability for the individual farm by reducing costs or improving
 37.7 marketing opportunities.

37.8 Sec. 3. Minnesota Statutes 2022, section 17.133, subdivision 1, is amended to read:

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

37.11 (b) "Eligible farmer" means an individual who at the time that the grant is awarded:

37.12 (1) is a resident of Minnesota who intends to acquire farmland located within the state
 37.13 and provide the majority of the day-to-day physical labor and management of the farm;

37.14 (2) has participated in the business operation of a farm for at least three years;

37.15 ~~(2)~~ (3) grosses no more than \$250,000 per year from the sale of farm products; and

37.16 ~~(3)~~ (4) has not, and whose spouse has not, at any time had a direct or indirect ownership
 37.17 interest in farmland.

37.18 (c) "Farm down payment" means an initial, partial payment required by a lender or seller
 37.19 to purchase farmland.

37.20 (d) "Incubator farm" means a farm where people are given temporary, exclusive, and
 37.21 affordable access to small parcels of land, infrastructure, and often training, for the purposes
 37.22 of honing skills and launching farm businesses.

37.23 (e) "Limited land access" means farming without ownership of land and:

37.24 (1) under a lease or other rental arrangement of no more than three years in duration
 37.25 when the person leasing or renting the land is not related to the lessee or renter by blood or
 37.26 marriage;

37.27 (2) farming by renting land from an incubator farm as defined in this section;

37.28 (3) farming with no current lease or other rental arrangement; or

37.29 (4) farming where access to land is constrained by Tribal land ownership patterns,
 37.30 treaties, or federal and Tribal laws and regulations.

38.1 Sec. 4. Minnesota Statutes 2023 Supplement, section 17.133, subdivision 3, is amended
38.2 to read:

38.3 Subd. 3. **Report to legislature.** No later than December 1, 2023, and annually thereafter,
38.4 the commissioner must provide a report to the chairs and ranking minority members of the
38.5 legislative committees having jurisdiction over agriculture and rural development, in
38.6 compliance with sections 3.195 and 3.197, on the farm down payment assistance grants
38.7 under this section. The report must include:

38.8 (1) background information on beginning farmers in Minnesota and any other information
38.9 that the commissioner and authority find relevant to evaluating the effect of the grants on
38.10 increasing opportunities for and the number of beginning farmers;

38.11 (2) the number and amount of grants;

38.12 (3) the geographic distribution of grants by county;

38.13 (4) the number of grant recipients who are ~~emerging~~ farmers experiencing limited land
38.14 access or who have a gross farm profit of \$100,000 or less the previous year;

38.15 (5) disaggregated data regarding the gender, race, and ethnicity of grant recipients;

38.16 (6) the number of farmers who cease to own land and are subject to payment of a penalty,
38.17 along with the reasons for the land ownership cessation; and

38.18 (7) the number and amount of grant applications that exceeded the allocation available
38.19 in each year.

38.20 Sec. 5. Minnesota Statutes 2023 Supplement, section 18C.425, subdivision 6, is amended
38.21 to read:

38.22 Subd. 6. **Payment of inspection fee.** (a) The person who registers and distributes in the
38.23 state a specialty fertilizer, soil amendment, or plant amendment under section 18C.411 shall
38.24 pay the inspection fee to the commissioner.

38.25 (b) The person licensed under section 18C.415 who distributes a fertilizer to a person
38.26 not required to be so licensed shall pay the inspection fee to the commissioner, except as
38.27 exempted under section 18C.421, subdivision 1, paragraph (b).

38.28 (c) The person responsible for payment of the inspection fees for fertilizers, soil
38.29 amendments, or plant amendments sold and used in this state must pay the inspection fee
38.30 set under paragraph (e), and until June 30, ~~2024~~ 2034, an additional 40 cents per ton, of
38.31 fertilizer, soil amendment, and plant amendment sold or distributed in this state, with a
38.32 minimum of \$10 on all tonnage reports. Notwithstanding section 18C.131, the commissioner

39.1 must deposit all revenue from the additional 40 cents per ton fee in the agricultural fertilizer
 39.2 research and education account in section 18C.80. Products sold or distributed to
 39.3 manufacturers or exchanged between them are exempt from the inspection fee imposed by
 39.4 this subdivision if the products are used exclusively for manufacturing purposes.

39.5 (d) A registrant or licensee must retain invoices showing proof of fertilizer, plant
 39.6 amendment, or soil amendment distribution amounts and inspection fees paid for a period
 39.7 of three years.

39.8 (e) By commissioner's order, the commissioner must set the inspection fee at no less
 39.9 than 39 cents per ton and no more than 70 cents per ton. The commissioner must hold a
 39.10 public meeting before increasing the fee by more than five cents per ton.

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

39.12 Sec. 6. Minnesota Statutes 2022, section 18C.70, subdivision 5, is amended to read:

39.13 Subd. 5. **Expiration.** This section expires June 30, ~~2025~~ 2035.

39.14 Sec. 7. Minnesota Statutes 2022, section 18C.71, subdivision 4, is amended to read:

39.15 Subd. 4. **Expiration.** This section expires June 30, ~~2025~~ 2035.

39.16 Sec. 8. Minnesota Statutes 2022, section 18C.80, subdivision 2, is amended to read:

39.17 Subd. 2. **Expiration.** This section expires June 30, ~~2025~~ 2035.

39.18 Sec. 9. Minnesota Statutes 2022, section 28A.10, is amended to read:

39.19 **28A.10 POSTING OF LICENSE; RULES.**

39.20 All such licenses shall be issued for a period of one year and shall be posted or displayed
 39.21 in a conspicuous place at the place of business so licensed. ~~Except as provided in sections~~
 39.22 ~~29.22, subdivision 4 and 31.39, all such license fees and penalties collected by the~~
 39.23 ~~commissioner shall be deposited into the state treasury and credited to the general fund.~~

39.24 The commissioner may adopt such rules in conformity with law as the commissioner deems
 39.25 necessary to effectively and efficiently carry out the provisions of sections 28A.01 to 28A.16.

39.26 Sec. 10. Minnesota Statutes 2022, section 31.94, is amended to read:

39.27 **31.94 ORGANIC AGRICULTURE; COMMISSIONER DUTIES.**

39.28 (a) In order to promote opportunities for organic agriculture in Minnesota, the
 39.29 commissioner shall:

40.1 (1) survey producers and support services and organizations to determine information
40.2 and research needs in the area of organic agriculture practices;

40.3 (2) work with the University of Minnesota and other research and education institutions
40.4 to demonstrate the on-farm applicability of organic agriculture practices to conditions in
40.5 this state;

40.6 (3) direct the programs of the department so as to work toward the promotion of organic
40.7 agriculture in this state;

40.8 (4) inform agencies about state or federal programs that support organic agriculture
40.9 practices; and

40.10 (5) work closely with producers, producer organizations, the University of Minnesota,
40.11 and other appropriate agencies and organizations to identify opportunities and needs as well
40.12 as ensure coordination and avoid duplication of state agency efforts regarding research,
40.13 teaching, marketing, and extension work relating to organic agriculture.

40.14 (b) By November 15 of each year that ends in a zero or a five, the commissioner, in
40.15 conjunction with the task force created in paragraph (c), shall report on the status of organic
40.16 agriculture in Minnesota to the legislative policy and finance committees and divisions with
40.17 jurisdiction over agriculture. The report must include available data on organic acreage and
40.18 production, available data on the sales or market performance of organic products, and
40.19 recommendations regarding programs, policies, and research efforts that will benefit
40.20 Minnesota's organic agriculture sector.

40.21 (c) A Minnesota Organic Advisory Task Force shall advise the commissioner and the
40.22 University of Minnesota on policies and programs that will improve organic agriculture in
40.23 Minnesota, including how available resources can most effectively be used for outreach,
40.24 education, research, and technical assistance that meet the needs of the organic agriculture
40.25 sector. The task force must consist of the following residents of the state:

40.26 (1) three organic farmers;

40.27 (2) one wholesaler or distributor of organic products;

40.28 (3) one representative of organic certification agencies;

40.29 (4) two organic processors;

40.30 (5) one representative from University of Minnesota Extension;

40.31 (6) one University of Minnesota faculty member;

40.32 (7) one representative from a nonprofit organization representing producers;

41.1 (8) two public members;

41.2 (9) one representative from the United States Department of Agriculture;

41.3 (10) one retailer of organic products; and

41.4 (11) one organic consumer representative.

41.5 The commissioner, in consultation with the director of the Minnesota Agricultural Experiment
41.6 Station; the dean and director of University of Minnesota Extension and the dean of the
41.7 College of Food, Agricultural and Natural Resource Sciences, shall appoint members to
41.8 serve three-year terms.

41.9 Compensation and removal of members are governed by section 15.059, subdivision 6.
41.10 The task force must meet at least twice each year and expires on June 30, ~~2024~~ 2034.

41.11 (d) For the purposes of expanding, improving, and developing production and marketing
41.12 of the organic products of Minnesota agriculture, the commissioner may receive funds from
41.13 state and federal sources and spend them, including through grants or contracts, to assist
41.14 producers and processors to achieve certification, to conduct education or marketing
41.15 activities, to enter into research and development partnerships, or to address production or
41.16 marketing obstacles to the growth and well-being of the industry.

41.17 (e) The commissioner may facilitate the registration of state organic production and
41.18 handling operations including those exempt from organic certification according to Code
41.19 of Federal Regulations, title 7, section 205.101, and accredited certification agencies
41.20 operating within the state.

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

41.22 Sec. 11. Minnesota Statutes 2022, section 32D.30, is amended to read:

41.23 **32D.30 DAIRY DEVELOPMENT AND PROFITABILITY ENHANCEMENT.**

41.24 Subdivision 1. **Program.** The commissioner must implement a dairy development and
41.25 profitability enhancement program consisting of a dairy profitability enhancement ~~teams~~
41.26 ~~and program,~~ dairy business planning grants, and other services to support the dairy industry.

41.27 Subd. 2. **Dairy profitability enhancement ~~teams~~ program.** (a) The dairy profitability
41.28 enhancement ~~teams~~ program must provide ~~one-on-one~~ information and technical assistance
41.29 to dairy farms of all sizes to enhance their financial success and long-term sustainability.
41.30 ~~Teams~~ The program must assist dairy producers in all dairy-producing regions of the state
41.31 ~~and.~~ Assistance to producers from the program may consist of be provided individually, as
41.32 a team, or through other methods by farm business management instructors, dairy extension

42.1 specialists, and other dairy industry partners. ~~Teams~~ The program may engage in activities
 42.2 ~~including such as~~ comprehensive financial analysis, risk management education, enhanced
 42.3 milk marketing tools and technologies, ~~and~~ facilitating or improving production systems,
 42.4 including rotational grazing and other sustainable agriculture methods, and value-added
 42.5 opportunities.

42.6 (b) The commissioner must make grants to regional or statewide organizations qualified
 42.7 to manage the various components of the ~~teams~~ program and serve as program administrators.
 42.8 Each regional or statewide organization must designate a coordinator responsible for
 42.9 overseeing the program and submitting periodic reports to the commissioner regarding
 42.10 aggregate changes in producer financial stability, productivity, product quality, animal
 42.11 health, environmental protection, and other performance measures attributable to the program.
 42.12 The organizations must submit this information in a format that maintains the confidentiality
 42.13 of individual dairy producers.

42.14 Subd. 3. **Dairy business planning grants.** The commissioner may award dairy business
 42.15 planning grants of up to \$5,000 per producer or dairy processor to ~~develop comprehensive~~
 42.16 ~~business plans~~ use technical assistance services for evaluating operations, transitional
 42.17 changes, expansions, improvements, and other business modifications. Producers and
 42.18 processors must not use dairy business planning grants for capital improvements.

42.19 Subd. 4. **Funding allocation.** Except as specified in law, the commissioner may allocate
 42.20 dairy development and profitability enhancement program dollars ~~among~~ for the permissible
 42.21 uses specified in this section and other needs to support the dairy industry, including efforts
 42.22 to improve the quality of milk produced in the state, in the proportions that the commissioner
 42.23 deems most beneficial to the state's dairy farmers.

42.24 Subd. 5. **Reporting.** No later than July 1 each year, the commissioner must submit a
 42.25 detailed accomplishment report and work plan detailing future plans for, and the actual and
 42.26 anticipated accomplishments from, expenditures under this section to the chairs and ranking
 42.27 minority members of the legislative committees and divisions with jurisdiction over
 42.28 agriculture policy and finance. If the commissioner significantly modifies a submitted work
 42.29 plan during the fiscal year, the commissioner must notify the chairs and ranking minority
 42.30 members.

42.31 Sec. 12. Minnesota Statutes 2023 Supplement, section 35.155, subdivision 12, is amended
 42.32 to read:

42.33 Subd. 12. **Importation.** (a) A person must not import live Cervidae into the state from
 42.34 a state or province where chronic wasting disease has been detected in the farmed or wild

43.1 cervid population in the last five years unless the animal has tested not detected for chronic
 43.2 wasting disease with a validated live-animal test.

43.3 (b) Live Cervidae or Cervidae semen must originate from a herd that has been subject
 43.4 to a state-, federal-, or provincial-approved chronic wasting disease herd certification program
 43.5 and that has reached a status equivalent to the highest certification.

43.6 (c) Cervidae imported in violation of this section may be seized and destroyed by the
 43.7 commissioner of natural resources.

43.8 (d) This subdivision does not apply to the interstate transfer of animals between two
 43.9 facilities accredited by the Association of Zoos and Aquariums.

43.10 (e) Notwithstanding this subdivision, the commissioner of natural resources may issue
 43.11 a permit allowing the importation of orphaned wild cervid species that are not susceptible
 43.12 to chronic wasting disease from another state to an Association of Zoos and Aquariums
 43.13 accredited institution in Minnesota following a joint risk-based assessment conducted by
 43.14 the commissioner and the institution.

43.15 (f) Notwithstanding this subdivision, the state veterinarian may issue a permit to a zoo
 43.16 that is a United States Department of Agriculture-licensed exhibitor of regulated animals
 43.17 to import live Cervidae from another state if the Cervidae are part of a herd that is:

43.18 (1) in the United States Department of Agriculture Herd Certification program; or

43.19 (2) subject to similar equivalent disease surveillance at the discretion of the state
 43.20 veterinarian.

43.21 Sec. 13. Minnesota Statutes 2023 Supplement, section 41B.0391, subdivision 1, is amended
 43.22 to read:

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

43.25 (b) "Agricultural assets" means agricultural land, livestock, facilities, buildings, and
 43.26 machinery used for farming in Minnesota.

43.27 (c) "Beginning farmer" means an individual or LLC owned by an individual who:

43.28 (1) is a resident of Minnesota;

43.29 (2) is seeking entry, or has entered within the last ten years, into farming;

43.30 (3) intends to farm land located within the state borders of Minnesota;

44.1 (4) except as provided in subdivision 2, paragraph (f), is not and whose spouse is not a
44.2 family member of the owner of the agricultural assets from whom the beginning farmer is
44.3 seeking to purchase or rent agricultural assets;

44.4 (5) except as provided in subdivision 2, paragraph (f), is not and whose spouse is not a
44.5 family member of a partner, member, shareholder, or trustee of the owner of agricultural
44.6 assets from whom the beginning farmer is seeking to purchase or rent agricultural assets;
44.7 and

44.8 (6) meets the following eligibility requirements as determined by the authority:

44.9 (i) has a net worth that does not exceed the limit provided under section 41B.03,
44.10 subdivision 3, paragraph (a), clause (2);

44.11 (ii) provides the majority of the day-to-day physical labor and management of the farm;

44.12 (iii) has, by the judgment of the authority, adequate farming experience or demonstrates
44.13 knowledge in the type of farming for which the beginning farmer seeks assistance from the
44.14 authority;

44.15 (iv) demonstrates to the authority a profit potential by submitting projected earnings
44.16 statements;

44.17 (v) asserts to the satisfaction of the authority that farming will be a significant source
44.18 of income for the beginning farmer;

44.19 (vi) is enrolled in or has completed within ten years of their first year of farming a
44.20 financial management program approved by the authority or the commissioner of agriculture;

44.21 (vii) agrees to notify the authority if the beginning farmer no longer meets the eligibility
44.22 requirements within the three-year certification period, in which case the beginning farmer
44.23 is no longer eligible for credits under this section; and

44.24 (viii) has other qualifications as specified by the authority.

44.25 The authority may waive the requirement in item (vi) if the participant requests a waiver
44.26 and has a four-year degree in an agricultural program or related field, reasonable agricultural
44.27 job-related experience, or certification as an adult farm management instructor.

44.28 (d) "Emerging farmer" means an emerging farmer within the meaning of section 17.055,
44.29 subdivision 1.

44.30 (e) "Family member" means a family member within the meaning of the Internal Revenue
44.31 Code, section 267(c)(4).

45.1 (f) "Farm product" means plants and animals useful to humans and includes, but is not
45.2 limited to, forage and sod crops, oilseeds, grain and feed crops, dairy and dairy products,
45.3 poultry and poultry products, livestock, fruits, and vegetables.

45.4 (g) "Farming" means the active use, management, and operation of real and personal
45.5 property for the production of a farm product.

45.6 (h) "Limited land access" has the meaning given in section 17.133, subdivision 1.

45.7 ~~(h)~~ (i) "Owner of agricultural assets" means an individual, trust, or pass-through entity
45.8 that is the owner in fee of agricultural land or has legal title to any other agricultural asset.
45.9 Owner of agricultural assets does not mean an equipment dealer, livestock dealer defined
45.10 in section 17A.03, subdivision 7, or comparable entity that is engaged in the business of
45.11 selling agricultural assets for profit and that is not engaged in farming as its primary business
45.12 activity. An owner of agricultural assets approved and certified by the authority under
45.13 subdivision 4 must notify the authority if the owner no longer meets the definition in this
45.14 paragraph within the three year certification period and is then no longer eligible for credits
45.15 under this section.

45.16 ~~(i)~~ (j) "Resident" has the meaning given in section 290.01, subdivision 7.

45.17 ~~(j)~~ (k) "Share rent agreement" means a rental agreement in which the principal
45.18 consideration given to the owner of agricultural assets is a predetermined portion of the
45.19 production of farm products produced from the rented agricultural assets and which provides
45.20 for sharing production costs or risk of loss, or both.

45.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
45.22 31, 2024.

45.23 Sec. 14. Minnesota Statutes 2023 Supplement, section 41B.0391, subdivision 2, is amended
45.24 to read:

45.25 Subd. 2. **Tax credit for owners of agricultural assets.** (a) An owner of agricultural
45.26 assets may take a credit against the tax due under chapter 290 for the sale or rental of
45.27 agricultural assets to a beginning farmer in the amount allocated by the authority under
45.28 subdivision 4. An owner of agricultural assets is eligible for allocation of a credit equal to:

45.29 (1) eight percent of the lesser of the sale price or the fair market value of the agricultural
45.30 asset, up to a maximum of \$50,000;

45.31 (2) ten percent of the gross rental income in each of the first, second, and third years of
45.32 a rental agreement, up to a maximum of \$7,000 per year; or

46.1 (3) 15 percent of the cash equivalent of the gross rental income in each of the first,
46.2 second, and third years of a share rent agreement, up to a maximum of \$10,000 per year.

46.3 (b) A qualifying rental agreement includes cash rent of agricultural assets or a share rent
46.4 agreement. The agricultural asset must be rented at prevailing community rates as determined
46.5 by the authority.

46.6 (c) The credit may be claimed only after approval and certification by the authority, and
46.7 is limited to the amount stated on the certificate issued under subdivision 4. An owner of
46.8 agricultural assets must apply to the authority for certification and allocation of a credit, in
46.9 a form and manner prescribed by the authority.

46.10 (d) An owner of agricultural assets or beginning farmer may terminate a rental agreement,
46.11 including a share rent agreement, for reasonable cause upon approval of the authority. If a
46.12 rental agreement is terminated without the fault of the owner of agricultural assets, the tax
46.13 credits shall not be retroactively disallowed. In determining reasonable cause, the authority
46.14 must look at which party was at fault in the termination of the agreement. If the authority
46.15 determines the owner of agricultural assets did not have reasonable cause, the owner of
46.16 agricultural assets must repay all credits received as a result of the rental agreement to the
46.17 commissioner of revenue. The repayment is additional income tax for the taxable year in
46.18 which the authority makes its decision or when a final adjudication under subdivision 5,
46.19 paragraph (a), is made, whichever is later.

46.20 (e) The credit is limited to the liability for tax as computed under chapter 290 for the
46.21 taxable year. If the amount of the credit determined under this section for any taxable year
46.22 exceeds this limitation, the excess is a beginning farmer incentive credit carryover according
46.23 to section 290.06, subdivision 37.

46.24 (f) For purposes of the credit for the sale of agricultural land only, the family member
46.25 definitional exclusions in subdivision 1, paragraph (c), clauses (4) and (5), do not apply.
46.26 For a sale to a family member to qualify for the credit, the sales price of the agricultural
46.27 land must equal or exceed the assessed value of the land as of the date of the sale. For
46.28 purposes of this paragraph, "sale to a family member" means a sale to a beginning farmer
46.29 in which the beginning farmer or the beginning farmer's spouse is a family member of:

46.30 (1) the owner of the agricultural land; or

46.31 (2) a partner, member, shareholder, or trustee of the owner of the agricultural land.

46.32 (g) For a sale to ~~an emerging~~ a farmer experiencing limited land access, the credit rate
46.33 under paragraph (a), clause (1), is twelve percent rather than eight percent.

47.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
47.2 31, 2024.

47.3 Sec. 15. Minnesota Statutes 2023 Supplement, section 41B.0391, subdivision 4, is amended
47.4 to read:

47.5 Subd. 4. **Authority duties.** (a) The authority shall:

47.6 (1) approve and certify or recertify beginning farmers as eligible for the program under
47.7 this section;

47.8 (2) approve and certify or recertify owners of agricultural assets as eligible for the tax
47.9 credit under subdivision 2 subject to the allocation limits in paragraph (c);

47.10 (3) provide necessary and reasonable assistance and support to beginning farmers for
47.11 qualification and participation in financial management programs approved by the authority;

47.12 (4) refer beginning farmers to agencies and organizations that may provide additional
47.13 pertinent information and assistance; and

47.14 (5) notwithstanding section 41B.211, the Rural Finance Authority must share information
47.15 with the commissioner of revenue to the extent necessary to administer provisions under
47.16 this subdivision and section 290.06, subdivisions 37 and 38. The Rural Finance Authority
47.17 must annually notify the commissioner of revenue of approval and certification or
47.18 recertification of beginning farmers and owners of agricultural assets under this section.
47.19 For credits under subdivision 2, the notification must include the amount of credit approved
47.20 by the authority and stated on the credit certificate.

47.21 (b) The certification of a beginning farmer or an owner of agricultural assets under this
47.22 section is valid for the year of the certification and the two following years, after which
47.23 time the beginning farmer or owner of agricultural assets must apply to the authority for
47.24 recertification.

47.25 (c) For credits for owners of agricultural assets allowed under subdivision 2, the authority
47.26 must not allocate more than \$6,500,000 for taxable years beginning after December 31,
47.27 2022, and before January 1, 2024, and \$4,000,000 for taxable years beginning after December
47.28 31, 2023. The authority must allocate credits on a first-come, first-served basis beginning
47.29 on January 1 of each year, except that recertifications for the second and third years of
47.30 credits under subdivision 2, paragraph (a), clauses (1) and (2), have first priority. Any
47.31 amount authorized but not allocated for taxable years ending before January 1, 2023, is
47.32 canceled and is not allocated for future taxable years. For taxable years beginning after
47.33 December 31, 2022, any amount authorized but not allocated in any taxable year does not

48.1 cancel and is added to the allocation for the next taxable year. For each taxable year, 50
48.2 percent of newly allocated credits must be allocated to ~~emerging farmers~~ owners of
48.3 agricultural assets who sell or rent agricultural assets to beginning farmers who are
48.4 experiencing limited land access. Any portion of a taxable year's newly allocated credits
48.5 that is reserved for ~~emerging~~ sales or rentals to farmers experiencing limited land access
48.6 that is not allocated by September 30 of the taxable year is available for allocation to other
48.7 credit allocations beginning on October 1.

48.8 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
48.9 31, 2024.

48.10 Sec. 16. Minnesota Statutes 2023 Supplement, section 41B.0391, subdivision 6, is amended
48.11 to read:

48.12 Subd. 6. **Report to legislature.** (a) No later than February 1, 2024, the Rural Finance
48.13 Authority, in consultation with the commissioner of revenue, must provide a report to the
48.14 chairs and ranking minority members of the legislative committees having jurisdiction over
48.15 agriculture, economic development, rural development, and taxes, in compliance with
48.16 sections 3.195 and 3.197, on the beginning farmer tax credits under this section issued in
48.17 tax years beginning after December 31, 2017, and before January 1, 2024.

48.18 (b) The report must include background information on beginning farmers in Minnesota
48.19 and any other information the commissioner and authority find relevant to evaluating the
48.20 effect of the credits on increasing opportunities for and the number of beginning farmers.

48.21 (c) For credits issued under subdivision 2, paragraph (a), clauses (1) to (3), the report
48.22 must include:

48.23 (1) the number and amount of credits issued under each clause;

48.24 (2) the geographic distribution of credits issued under each clause;

48.25 (3) the type of agricultural assets for which credits were issued under clause (1);

48.26 (4) the number and geographic distribution of beginning farmers whose purchase or
48.27 rental of assets resulted in credits for the seller or owner of the asset;

48.28 (5) the number and amount of credits disallowed under subdivision 2, paragraph (d);

48.29 (6) data on the number of beginning farmers by geographic region in calendar years
48.30 2017 through 2023, including:

48.31 (i) the number of beginning farmers by race and ethnicity, as those terms are applied in
48.32 the 2020 United States Census; and

49.1 (ii) the number of beginning farmers who are experiencing limited land access and, to
 49.2 the extent available, the number of beginning farmers who are emerging farmers; and

49.3 (7) the number and amount of credit applications that exceeded the allocation available
 49.4 in each year.

49.5 (d) For credits issued under subdivision 3, the report must include:

49.6 (1) the number and amount of credits issued;

49.7 (2) the geographic distribution of credits;

49.8 (3) a listing and description of each approved financial management program for which
 49.9 credits were issued; and

49.10 (4) a description of the approval procedure for financial management programs not on
 49.11 the list maintained by the authority, as provided in subdivision 3, paragraph (a).

49.12 **EFFECTIVE DATE.** This section is effective for taxable years beginning after December
 49.13 31, 2024.

49.14 Sec. 17. Minnesota Statutes 2022, section 41B.047, subdivision 1, is amended to read:

49.15 Subdivision 1. **Establishment.** The authority shall establish and implement a disaster
 49.16 recovery loan program to help farmers:

49.17 (1) clean up, repair, or replace farm structures and septic and water systems, as well as
 49.18 replace seed, other crop inputs, feed, and livestock;

49.19 (2) purchase watering systems, irrigation systems, ~~and~~ other drought mitigation systems
 49.20 and practices, and feed when drought is the cause of the purchase;

49.21 (3) restore farmland;

49.22 (4) replace flocks or livestock, make building improvements, or cover the loss of revenue
 49.23 when the replacement, improvements, or loss of revenue is due to the confirmed presence
 49.24 of a highly contagious animal disease in a commercial poultry or game flock, or a commercial
 49.25 livestock operation, located in Minnesota; or

49.26 (5) cover the loss of revenue when the revenue loss is due to an infectious human disease
 49.27 for which the governor has declared a peacetime emergency under section 12.31.

49.28 Sec. 18. **SUPERSEDING EFFECT.**

49.29 The amendment to Minnesota Statutes, section 35.155, subdivision 12, in section 12 of
 49.30 this article is intended to supersede the amendment in article 1, section 18, in S.F. No. 4225.

50.1 Sec. 19. **REPEALER.**

50.2 Minnesota Statutes 2022, section 34.07, is repealed.

50.3 **ARTICLE 3**

50.4 **BROADBAND**

50.5 Section 1. Minnesota Statutes 2022, section 116J.396, is amended by adding a subdivision
50.6 to read:

50.7 Subd. 4. **Transfer.** The commissioner may transfer up to \$5,000,000 of a fiscal year
50.8 appropriation between the border-to-border broadband program, low density population
50.9 broadband program, and the broadband line extension program to meet demand. The
50.10 commissioner must inform the chairs and ranking minority members of the legislative
50.11 committees with jurisdiction over broadband finance in writing when this transfer authority
50.12 is used. The written notice must include how much money was transferred and why the
50.13 transfer was made. The written notice must also be filed with the Legislative Reference
50.14 Library in compliance with Minnesota Statutes, section 3.195.

50.15 Sec. 2. **BROADBAND DEVELOPMENT; APPLICATION FOR FEDERAL**
50.16 **FUNDING; APPROPRIATION.**

50.17 (a) The commissioner of employment and economic development must prepare and
50.18 submit an application to the United States Department of Commerce requesting State Digital
50.19 Equity Capacity Grant funding made available under Public Law 117-58, the Infrastructure
50.20 Investment and Jobs Act.

50.21 (b) The amount awarded to Minnesota pursuant to the application submitted under
50.22 paragraph (a) is appropriated to the commissioner of employment and economic development
50.23 for purposes of the commissioner's Minnesota Digital Opportunity Plan.

50.24 **ARTICLE 4**

50.25 **COMMERCE APPROPRIATIONS**

50.26 Section 1. Laws 2023, chapter 63, article 9, section 5, is amended to read:

50.27 **Sec. 5. OFFICE OF CANNABIS** **17,953,000**
50.28 **MANAGEMENT** **\$ 21,614,000 \$ 20,680,000**

50.29 The base for this appropriation is ~~\$35,587,000~~
50.30 \$36,909,000 in fiscal year 2026 and
50.31 ~~\$38,144,000~~ \$39,530,000 in fiscal year 2027.

51.1 \$1,000,000 the second year is for cannabis
 51.2 industry community renewal grants under
 51.3 Minnesota Statutes, section 342.70. Of these
 51.4 amounts, up to three percent may be used for
 51.5 administrative expenses. The base for this
 51.6 appropriation is \$15,000,000 in fiscal year
 51.7 2026 and each fiscal year thereafter.

51.8 \$1,000,000 each year is for transfer to the
 51.9 CanGrow revolving loan account established
 51.10 under Minnesota Statutes, section 342.73,
 51.11 subdivision 4. Of these amounts, up to three
 51.12 percent may be used for administrative
 51.13 expenses.

51.14 \$1,107,000 the second year is for temporary
 51.15 regulation under the Health Enforcement
 51.16 Consolidation Act of 1993 of edible products
 51.17 extracted from hemp. This is a onetime
 51.18 appropriation.

51.19 \$771,000 the second year is for testing
 51.20 products regulated under Minnesota Statutes,
 51.21 section 151.72, and chapter 342. The base for
 51.22 this appropriation is \$690,000 in fiscal year
 51.23 2026 and each year thereafter.

51.24 \$849,000 the second year is for the Office of
 51.25 Cannabis Management to operate a state
 51.26 reference laboratory. The base for this
 51.27 appropriation is \$632,000 in fiscal year 2026
 51.28 and \$696,000 in fiscal year 2027.

51.29 Sec. 2. Laws 2023, chapter 63, article 9, section 10, is amended to read:

51.30 Sec. 10. **HEALTH**

51.31				<u>20,252,000</u>
51.32	Subdivision 1. Total Appropriation	\$	3,300,000	\$ <u>23,025,000</u>

52.1 The base for this appropriation is ~~\$19,064,000~~
 52.2 \$23,242,000 in fiscal year 2026 and ~~each fiscal~~
 52.3 ~~year thereafter~~ \$23,178,000 in fiscal year
 52.4 2027.

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

52.8	Subd. 2. <u>Youth Prevention and Education</u>		5,000,000
52.9	<u>Program</u>	-0-	<u>4,363,000</u>

52.10 For administration and grants under Minnesota
 52.11 Statutes, section 144.197, subdivision 1. Of
 52.12 the amount appropriated, \$2,863,000 is for
 52.13 program operations and administration and
 52.14 \$1,500,000 is for grants. The base for this
 52.15 appropriation is \$4,534,000 in fiscal year 2026
 52.16 and \$4,470,000 in fiscal year 2027.

52.17	Subd. 3. <u>Prevention and Education Grants for</u>		2,000,000
52.18	<u>Pregnant or Breastfeeding Individuals</u>	-0-	<u>1,788,000</u>

52.19 For ~~grants under~~ a coordinated prevention and
 52.20 education program for pregnant and
 52.21 breastfeeding individuals under Minnesota
 52.22 Statutes, section 144.197, subdivision 2. The
 52.23 base for this appropriation is \$1,834,000 in
 52.24 fiscal year 2026 and each year thereafter.

52.25	Subd. 4. <u>Local and Tribal Health Departments</u>	-0-	10,000,000
-------	--	-----	------------

52.26 For administration and grants under Minnesota
 52.27 Statutes, section 144.197, subdivision 4. Of
 52.28 the amount appropriated, \$1,094,000 is for
 52.29 administration and \$8,906,000 is for grants.

52.30	Subd. 5. <u>Cannabis Data Collection and Biennial</u>		
52.31	<u>Reports</u>	493,000	493,000

52.32 For reports under Minnesota Statutes, section
 52.33 144.196.

53.1	Subd. 6. Administration for Expungement		
53.2	Orders	71,000	71,000
53.3	For administration related to orders issued by		
53.4	the Cannabis Expungement Board. The base		
53.5	for this appropriation is \$71,000 in fiscal year		
53.6	2026, \$71,000 in fiscal year 2027, \$71,000 in		
53.7	fiscal year 2028, \$71,000 in fiscal year 2029,		
53.8	and \$0 in fiscal year 2030.		
53.9	Subd. 7. Grants to the Minnesota Poison Control		
53.10	System	910,000	810,000
53.11	For <u>administration and grants under Minnesota</u>		
53.12	<u>Statutes, section 145.93. Of the amount</u>		
53.13	<u>appropriated in fiscal year 2025, \$15,000 is</u>		
53.14	<u>for administration and \$795,000 is for grants.</u>		
53.15	Subd. 8. Temporary Regulation of Edible		
53.16	Products Extracted from Hemp	1,107,000	1,107,000 -0-
53.17	For temporary regulation under the health		
53.18	enforcement consolidation act of edible		
53.19	products extracted from hemp. <u>The</u>		
53.20	<u>commissioner may transfer encumbrances and</u>		
53.21	<u>unobligated amounts from fiscal year 2024 to</u>		
53.22	<u>the Office of Cannabis Management for this</u>		
53.23	<u>purpose. This is a onetime appropriation.</u>		
53.24	Subd. 9. Testing:	719,000	771,000 -0-
53.25	For testing of edible cannabinoid products.		
53.26	The base for this appropriation is \$690,000 in		
53.27	fiscal year 2026 and each fiscal year thereafter.		
53.28	<u>The commissioner may transfer encumbrances</u>		
53.29	<u>and unobligated amounts from fiscal year 2024</u>		
53.30	<u>to the Office of Cannabis Management for this</u>		
53.31	<u>purpose.</u>		
53.32	Subd. 10. Substance Use Treatment, Recovery,		
53.33	<u>and Prevention</u>	-0-	<u>5,500,000</u>
53.34	<u>For the purposes outlined in Minnesota</u>		
53.35	<u>Statutes, section 342.72. The base for this</u>		

54.1 appropriation is \$5,500,000 in fiscal year 2026
 54.2 and each fiscal year thereafter.
 54.3 Notwithstanding Minnesota Statutes, section
 54.4 16B.98, subdivision 14, the commissioner may
 54.5 use up to five percent of this appropriation for
 54.6 administrative costs.

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

54.8 Sec. 3. Laws 2023, chapter 63, article 9, section 15, subdivision 4, is amended to read:

54.9	Subd. 4. Office of Traffic and Safety	11,485,000	6,117,000
------	--	------------	-----------

54.10 (a) The base for this appropriation is
 54.11 \$5,000,000 in fiscal year 2026 and each fiscal
 54.12 year thereafter.

54.13 (b) \$10,000,000 the first year and \$5,000,000
 54.14 the second year are for the drug evaluation
 54.15 and classification program for drug recognition
 54.16 evaluator training; additional phlebotomists;
 54.17 drug recognition training for peace officers,
 54.18 as defined in Minnesota Statutes, section
 54.19 626.84, subdivision 1, paragraph (c); and
 54.20 required continuing education training for drug
 54.21 recognition experts, program administration,
 54.22 grants to local law enforcement divisions, and
 54.23 making grants to eligible employers for drug
 54.24 evaluation and classification training costs of
 54.25 their staff. The commissioner must make
 54.26 reasonable efforts to reflect the geographic
 54.27 diversity of the state in making expenditures
 54.28 under this appropriation. This appropriation
 54.29 is available until June 30, 2027.

54.30 (c) \$1,485,000 the first year and \$1,117,000
 54.31 the second year are for a roadside testing pilot
 54.32 project. These are onetime appropriations.

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

55.1 Sec. 4. Laws 2023, chapter 63, article 9, section 20, is amended to read:

55.2 Sec. 20. **TRANSFERS.**

55.3 ~~(a)~~ \$1,000,000 in fiscal year 2024 and \$1,000,000 in fiscal year 2025 are transferred
55.4 from the general fund to the dual training account in the special revenue fund under
55.5 Minnesota Statutes, section 136A.246, subdivision 10, for grants to employers in the legal
55.6 cannabis industry. The base for this transfer is \$1,000,000 in fiscal year 2026 and each fiscal
55.7 year thereafter. The commissioner may use up to six percent of the amount transferred for
55.8 administrative costs. The commissioner shall give priority to applications from employers
55.9 who are, or who are training employees who are, eligible to be social equity applicants
55.10 under Minnesota Statutes, section 342.17. After June 30, 2025, any unencumbered balance
55.11 from this transfer may be used for grants to any eligible employer under Minnesota Statutes,
55.12 section 136A.246.

55.13 ~~(b)~~ \$5,500,000 in fiscal year 2024 and \$5,500,000 in fiscal year 2025 are transferred
55.14 from the general fund to the substance use treatment, recovery, and prevention grant account
55.15 established under Minnesota Statutes, section 342.72. The base for this transfer is \$5,500,000
55.16 in fiscal year 2026 and each fiscal year thereafter.

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

55.18 Sec. 5. **DEPARTMENT OF COMMERCE.**

55.19 The general fund base for the commissioner of commerce is increased by \$47,000 in
55.20 fiscal year 2026 and each year thereafter for the commissioner of commerce to administer
55.21 and enforce Minnesota Statutes, section 325E.21, subdivision 2c.

55.22 Sec. 6. **ATTORNEY GENERAL.**

55.23 The general fund base for the attorney general is increased by \$941,000 in fiscal year
55.24 2026 and \$701,000 in fiscal year 2027 to enforce the Minnesota Consumer Data Privacy
55.25 Act under Minnesota Statutes, chapter 325O.

56.1

ARTICLE 5

56.2

MINNESOTA CONSUMER DATA PRIVACY ACT56.3 Section 1. **[13.6505] ATTORNEY GENERAL DATA CODED ELSEWHERE.**

56.4 Subdivision 1. **Scope.** The section referred to in this section is codified outside this
56.5 chapter. Those sections classify attorney general data as other than public, place restrictions
56.6 on access to government data, or involve data sharing.

56.7 Subd. 2. **Data privacy and protection assessments.** A data privacy and protection
56.8 assessment collected or maintained by the attorney general is classified under section
56.9 3250.08.

56.10 Sec. 2. **[3250.01] CITATION.**

56.11 This chapter may be cited as the "Minnesota Consumer Data Privacy Act."

56.12 Sec. 3. **[3250.02] DEFINITIONS.**

56.13 (a) For purposes of this chapter, the following terms have the meanings given.

56.14 (b) "Affiliate" means a legal entity that controls, is controlled by, or is under common
56.15 control with another legal entity. For purposes of this paragraph, "control" or "controlled"
56.16 means: ownership of or the power to vote more than 50 percent of the outstanding shares
56.17 of any class of voting security of a company; control in any manner over the election of a
56.18 majority of the directors or of individuals exercising similar functions; or the power to
56.19 exercise a controlling influence over the management of a company.

56.20 (c) "Authenticate" means to use reasonable means to determine that a request to exercise
56.21 any of the rights under section 3250.05, subdivision 1, paragraphs (b) to (h), is being made
56.22 by or rightfully on behalf of the consumer who is entitled to exercise the rights with respect
56.23 to the personal data at issue.

56.24 (d) "Biometric data" means data generated by automatic measurements of an individual's
56.25 biological characteristics, including a fingerprint, a voiceprint, eye retinas, irises, or other
56.26 unique biological patterns or characteristics that are used to identify a specific individual.

56.27 Biometric data does not include:

56.28 (1) a digital or physical photograph;

56.29 (2) an audio or video recording; or

56.30 (3) any data generated from a digital or physical photograph, or an audio or video
56.31 recording, unless the data is generated to identify a specific individual.

57.1 (e) "Child" has the meaning given in United States Code, title 15, section 6501.

57.2 (f) "Consent" means any freely given, specific, informed, and unambiguous indication
57.3 of the consumer's wishes by which the consumer signifies agreement to the processing of
57.4 personal data relating to the consumer. Acceptance of a general or broad terms of use or
57.5 similar document that contains descriptions of personal data processing along with other,
57.6 unrelated information does not constitute consent. Hovering over, muting, pausing, or closing
57.7 a given piece of content does not constitute consent. A consent is not valid when the
57.8 consumer's indication has been obtained by a dark pattern. A consumer may revoke consent
57.9 previously given, consistent with this chapter.

57.10 (g) "Consumer" means a natural person who is a Minnesota resident acting only in an
57.11 individual or household context. Consumer does not include a natural person acting in a
57.12 commercial or employment context.

57.13 (h) "Controller" means the natural or legal person which, alone or jointly with others,
57.14 determines the purposes and means of the processing of personal data.

57.15 (i) "Decisions that produce legal or similarly significant effects concerning the consumer"
57.16 means decisions made by the controller that result in the provision or denial by the controller
57.17 of financial or lending services, housing, insurance, education enrollment or opportunity,
57.18 criminal justice, employment opportunities, health care services, or access to essential goods
57.19 or services.

57.20 (j) "Dark pattern" means a user interface designed or manipulated with the substantial
57.21 effect of subverting or impairing user autonomy, decision making, or choice.

57.22 (k) "Deidentified data" means data that cannot reasonably be used to infer information
57.23 about or otherwise be linked to an identified or identifiable natural person or a device linked
57.24 to an identified or identifiable natural person, provided that the controller that possesses the
57.25 data:

57.26 (1) takes reasonable measures to ensure that the data cannot be associated with a natural
57.27 person;

57.28 (2) publicly commits to process the data only in a deidentified fashion and not attempt
57.29 to reidentify the data; and

57.30 (3) contractually obligates any recipients of the information to comply with all provisions
57.31 of this paragraph.

58.1 (l) "Delete" means to remove or destroy information so that it is not maintained in human-
58.2 or machine-readable form and cannot be retrieved or utilized in the ordinary course of
58.3 business.

58.4 (m) "Genetic information" has the meaning given in section 13.386, subdivision 1.

58.5 (n) "Identified or identifiable natural person" means a person who can be readily
58.6 identified, directly or indirectly.

58.7 (o) "Known child" means a person under circumstances where a controller has actual
58.8 knowledge of, or willfully disregards, that the person is under 13 years of age.

58.9 (p) "Personal data" means any information that is linked or reasonably linkable to an
58.10 identified or identifiable natural person. Personal data does not include deidentified data or
58.11 publicly available information. For purposes of this paragraph, "publicly available
58.12 information" means information that (1) is lawfully made available from federal, state, or
58.13 local government records or widely distributed media, or (2) a controller has a reasonable
58.14 basis to believe has lawfully been made available to the general public.

58.15 (q) "Process" or "processing" means any operation or set of operations that are performed
58.16 on personal data or on sets of personal data, whether or not by automated means, including
58.17 but not limited to the collection, use, storage, disclosure, analysis, deletion, or modification
58.18 of personal data.

58.19 (r) "Processor" means a natural or legal person who processes personal data on behalf
58.20 of a controller.

58.21 (s) "Profiling" means any form of automated processing of personal data to evaluate,
58.22 analyze, or predict personal aspects related to an identified or identifiable natural person's
58.23 economic situation, health, personal preferences, interests, reliability, behavior, location,
58.24 or movements.

58.25 (t) "Pseudonymous data" means personal data that cannot be attributed to a specific
58.26 natural person without the use of additional information, provided that the additional
58.27 information is kept separately and is subject to appropriate technical and organizational
58.28 measures to ensure that the personal data are not attributed to an identified or identifiable
58.29 natural person.

58.30 (u) "Sale," "sell," or "sold" means the exchange of personal data for monetary or other
58.31 valuable consideration by the controller to a third party. Sale does not include the following:

58.32 (1) the disclosure of personal data to a processor who processes the personal data on
58.33 behalf of the controller;

- 59.1 (2) the disclosure of personal data to a third party for purposes of providing a product
59.2 or service requested by the consumer;
- 59.3 (3) the disclosure or transfer of personal data to an affiliate of the controller;
- 59.4 (4) the disclosure of information that the consumer intentionally made available to the
59.5 general public via a channel of mass media and did not restrict to a specific audience;
- 59.6 (5) the disclosure or transfer of personal data to a third party as an asset that is part of a
59.7 completed or proposed merger, acquisition, bankruptcy, or other transaction in which the
59.8 third party assumes control of all or part of the controller's assets; or
- 59.9 (6) the exchange of personal data between the producer of a good or service and
59.10 authorized agents of the producer who sell and service the goods and services, to enable
59.11 the cooperative provisioning of goods and services by both the producer and the producer's
59.12 agents.
- 59.13 (v) Sensitive data is a form of personal data. "Sensitive data" means:
- 59.14 (1) personal data revealing racial or ethnic origin, religious beliefs, mental or physical
59.15 health condition or diagnosis, sexual orientation, or citizenship or immigration status;
- 59.16 (2) the processing of biometric data or genetic information for the purpose of uniquely
59.17 identifying an individual;
- 59.18 (3) the personal data of a known child; or
- 59.19 (4) specific geolocation data.
- 59.20 (w) "Specific geolocation data" means information derived from technology, including
59.21 but not limited to global positioning system level latitude and longitude coordinates or other
59.22 mechanisms, that directly identifies the geographic coordinates of a consumer or a device
59.23 linked to a consumer with an accuracy of more than three decimal degrees of latitude and
59.24 longitude or the equivalent in an alternative geographic coordinate system, or a street address
59.25 derived from the coordinates. Specific geolocation data does not include the content of
59.26 communications, the contents of databases containing street address information which are
59.27 accessible to the public as authorized by law, or any data generated by or connected to
59.28 advanced utility metering infrastructure systems or other equipment for use by a public
59.29 utility.
- 59.30 (x) "Targeted advertising" means displaying advertisements to a consumer where the
59.31 advertisement is selected based on personal data obtained or inferred from the consumer's

60.1 activities over time and across nonaffiliated websites or online applications to predict the
 60.2 consumer's preferences or interests. Targeted advertising does not include:

60.3 (1) advertising based on activities within a controller's own websites or online
 60.4 applications;

60.5 (2) advertising based on the context of a consumer's current search query or visit to a
 60.6 website or online application;

60.7 (3) advertising to a consumer in response to the consumer's request for information or
 60.8 feedback; or

60.9 (4) processing personal data solely for measuring or reporting advertising performance,
 60.10 reach, or frequency.

60.11 (y) "Third party" means a natural or legal person, public authority, agency, or body other
 60.12 than the consumer, controller, processor, or an affiliate of the processor or the controller.

60.13 (z) "Trade secret" has the meaning given in section 325C.01, subdivision 5.

60.14 Sec. 4. **[3250.03] SCOPE; EXCLUSIONS.**

60.15 Subdivision 1. **Scope.** (a) This chapter applies to legal entities that conduct business in
 60.16 Minnesota or produce products or services that are targeted to residents of Minnesota, and
 60.17 that satisfy one or more of the following thresholds:

60.18 (1) during a calendar year, controls or processes personal data of 100,000 consumers or
 60.19 more, excluding personal data controlled or processed solely for the purpose of completing
 60.20 a payment transaction; or

60.21 (2) derives over 25 percent of gross revenue from the sale of personal data and processes
 60.22 or controls personal data of 25,000 consumers or more.

60.23 (b) A controller or processor acting as a technology provider under section 13.32 shall
 60.24 comply with this chapter and section 13.32, except that when the provisions of section 13.32
 60.25 conflict with this chapter, section 13.32 prevails.

60.26 Subd. 2. **Exclusions.** (a) This chapter does not apply to the following entities, activities,
 60.27 or types of information:

60.28 (1) a government entity, as defined by section 13.02, subdivision 7a;

60.29 (2) a federally recognized Indian tribe;

60.30 (3) information that meets the definition of:

- 61.1 (i) protected health information, as defined by and for purposes of the Health Insurance
61.2 Portability and Accountability Act of 1996, Public Law 104-191, and related regulations;
- 61.3 (ii) health records, as defined in section 144.291, subdivision 2;
- 61.4 (iii) patient identifying information for purposes of Code of Federal Regulations, title
61.5 42, part 2, established pursuant to United States Code, title 42, section 290dd-2;
- 61.6 (iv) identifiable private information for purposes of the federal policy for the protection
61.7 of human subjects, Code of Federal Regulations, title 45, part 46; identifiable private
61.8 information that is otherwise information collected as part of human subjects research
61.9 pursuant to the good clinical practice guidelines issued by the International Council for
61.10 Harmonisation; the protection of human subjects under Code of Federal Regulations, title
61.11 21, parts 50 and 56; or personal data used or shared in research conducted in accordance
61.12 with one or more of the requirements set forth in this paragraph;
- 61.13 (v) information and documents created for purposes of the federal Health Care Quality
61.14 Improvement Act of 1986, Public Law 99-660, and related regulations; or
- 61.15 (vi) patient safety work product for purposes of Code of Federal Regulations, title 42,
61.16 part 3, established pursuant to United States Code, title 42, sections 299b-21 to 299b-26;
- 61.17 (4) information that is derived from any of the health care-related information listed in
61.18 clause (3), but that has been deidentified in accordance with the requirements for
61.19 deidentification set forth in Code of Federal Regulations, title 45, part 164;
- 61.20 (5) information originating from, and intermingled to be indistinguishable with, any of
61.21 the health care-related information listed in clause (3) that is maintained by:
- 61.22 (i) a covered entity or business associate, as defined by the Health Insurance Portability
61.23 and Accountability Act of 1996, Public Law 104-191, and related regulations;
- 61.24 (ii) a health care provider, as defined in section 144.291, subdivision 2; or
- 61.25 (iii) a program or a qualified service organization, as defined by Code of Federal
61.26 Regulations, title 42, part 2, established pursuant to United States Code, title 42, section
61.27 290dd-2;
- 61.28 (6) information that is:
- 61.29 (i) maintained by an entity that meets the definition of health care provider under Code
61.30 of Federal Regulations, title 45, section 160.103, to the extent that the entity maintains the
61.31 information in the manner required of covered entities with respect to protected health

62.1 information for purposes of the Health Insurance Portability and Accountability Act of
62.2 1996, Public Law 104-191, and related regulations;

62.3 (ii) included in a limited data set, as described under Code of Federal Regulations, title
62.4 45, part 164.514(e), to the extent that the information is used, disclosed, and maintained in
62.5 the manner specified by that part;

62.6 (iii) maintained by, or maintained to comply with the rules or orders of, a self-regulatory
62.7 organization as defined by United States Code, title 15, section 78c(a)(26); or

62.8 (iv) originated from, or intermingled with, information described in clause (9) and that
62.9 a licensed residential mortgage originator, as defined under section 58.02, subdivision 19,
62.10 or residential mortgage servicer, as defined under section 58.02, subdivision 20, collects,
62.11 processes, uses, or maintains in the same manner as required under the laws and regulations
62.12 specified in clause (9);

62.13 (7) information used only for public health activities and purposes, as described in Code
62.14 of Federal Regulations, title 45, part 164.512;

62.15 (8) an activity involving the collection, maintenance, disclosure, sale, communication,
62.16 or use of any personal data bearing on a consumer's credit worthiness, credit standing, credit
62.17 capacity, character, general reputation, personal characteristics, or mode of living by a
62.18 consumer reporting agency, as defined in United States Code, title 15, section 1681a(f), by
62.19 a furnisher of information, as set forth in United States Code, title 15, section 1681s-2, who
62.20 provides information for use in a consumer report, as defined in United States Code, title
62.21 15, section 1681a(d), and by a user of a consumer report, as set forth in United States Code,
62.22 title 15, section 1681b, except that information is only excluded under this paragraph to the
62.23 extent that the activity involving the collection, maintenance, disclosure, sale, communication,
62.24 or use of the information by the agency, furnisher, or user is subject to regulation under the
62.25 federal Fair Credit Reporting Act, United States Code, title 15, sections 1681 to 1681x, and
62.26 the information is not collected, maintained, used, communicated, disclosed, or sold except
62.27 as authorized by the Fair Credit Reporting Act;

62.28 (9) personal data collected, processed, sold, or disclosed pursuant to the federal
62.29 Gramm-Leach-Bliley Act, Public Law 106-102, and implementing regulations, if the
62.30 collection, processing, sale, or disclosure is in compliance with that law;

62.31 (10) personal data collected, processed, sold, or disclosed pursuant to the federal Driver's
62.32 Privacy Protection Act of 1994, United States Code, title 18, sections 2721 to 2725, if the
62.33 collection, processing, sale, or disclosure is in compliance with that law;

63.1 (11) personal data regulated by the federal Family Educational Rights and Privacy Act,
63.2 United States Code, title 20, section 1232g, and implementing regulations;

63.3 (12) personal data collected, processed, sold, or disclosed pursuant to the federal Farm
63.4 Credit Act of 1971, as amended, United States Code, title 12, sections 2001 to 2279cc, and
63.5 implementing regulations, Code of Federal Regulations, title 12, part 600, if the collection,
63.6 processing, sale, or disclosure is in compliance with that law;

63.7 (13) data collected or maintained:

63.8 (i) in the course of an individual acting as a job applicant to or an employee, owner,
63.9 director, officer, medical staff member, or contractor of a business if the data is collected
63.10 and used solely within the context of the role;

63.11 (ii) as the emergency contact information of an individual under item (i) if used solely
63.12 for emergency contact purposes; or

63.13 (iii) that is necessary for the business to retain to administer benefits for another individual
63.14 relating to the individual under item (i) if used solely for the purposes of administering those
63.15 benefits;

63.16 (14) personal data collected, processed, sold, or disclosed pursuant to the Minnesota
63.17 Insurance Fair Information Reporting Act in sections 72A.49 to 72A.505;

63.18 (15) data collected, processed, sold, or disclosed as part of a payment-only credit, check,
63.19 or cash transaction where no data about consumers, as defined in section 325O.02, are
63.20 retained;

63.21 (16) a state or federally chartered bank or credit union, or an affiliate or subsidiary that
63.22 is principally engaged in financial activities, as described in United States Code, title 12,
63.23 section 1843(k);

63.24 (17) information that originates from, or is intermingled so as to be indistinguishable
63.25 from, information described in clause (8) and that a person licensed under chapter 56 collects,
63.26 processes, uses, or maintains in the same manner as is required under the laws and regulations
63.27 specified in clause (8);

63.28 (18) an insurance company, as defined in section 60A.02, subdivision 4, an insurance
63.29 producer, as defined in section 60K.31, subdivision 6, a third-party administrator of
63.30 self-insurance, or an affiliate or subsidiary of any entity identified in this clause that is
63.31 principally engaged in financial activities, as described in United States Code, title 12,
63.32 section 1843(k), except that this clause does not apply to a person that, alone or in

64.1 combination with another person, establishes and maintains a self-insurance program that
64.2 does not otherwise engage in the business of entering into policies of insurance;

64.3 (19) a small business, as defined by the United States Small Business Administration
64.4 under Code of Federal Regulations, title 13, part 121, except that a small business identified
64.5 in this clause is subject to section 325O.075;

64.6 (20) a nonprofit organization that is established to detect and prevent fraudulent acts in
64.7 connection with insurance; and

64.8 (21) an air carrier subject to the federal Airline Deregulation Act, Public Law 95-504,
64.9 only to the extent that an air carrier collects personal data related to prices, routes, or services
64.10 and only to the extent that the provisions of the Airline Deregulation Act preempt the
64.11 requirements of this chapter.

64.12 (b) Controllers that are in compliance with the Children's Online Privacy Protection Act,
64.13 United States Code, title 15, sections 6501 to 6506, and implementing regulations, shall be
64.14 deemed compliant with any obligation to obtain parental consent under this chapter.

64.15 **Sec. 5. [325O.04] RESPONSIBILITY ACCORDING TO ROLE.**

64.16 (a) Controllers and processors are responsible for meeting the respective obligations
64.17 established under this chapter.

64.18 (b) Processors are responsible under this chapter for adhering to the instructions of the
64.19 controller and assisting the controller to meet the controller's obligations under this chapter.
64.20 Assistance under this paragraph shall include the following:

64.21 (1) taking into account the nature of the processing, the processor shall assist the controller
64.22 by appropriate technical and organizational measures, insofar as this is possible, for the
64.23 fulfillment of the controller's obligation to respond to consumer requests to exercise their
64.24 rights pursuant to section 325O.05; and

64.25 (2) taking into account the nature of processing and the information available to the
64.26 processor, the processor shall assist the controller in meeting the controller's obligations in
64.27 relation to the security of processing the personal data and in relation to the notification of
64.28 a breach of the security of the system pursuant to section 325E.61, and shall provide
64.29 information to the controller necessary to enable the controller to conduct and document
64.30 any data privacy and protection assessments required by section 325O.08.

64.31 (c) A contract between a controller and a processor shall govern the processor's data
64.32 processing procedures with respect to processing performed on behalf of the controller. The

65.1 contract shall be binding and clearly set forth instructions for processing data, the nature
65.2 and purpose of processing, the type of data subject to processing, the duration of processing,
65.3 and the rights and obligations of both parties. The contract shall also require that the
65.4 processor:

65.5 (1) ensure that each person processing the personal data is subject to a duty of
65.6 confidentiality with respect to the data; and

65.7 (2) engage a subcontractor only (i) after providing the controller with an opportunity to
65.8 object, and (ii) pursuant to a written contract in accordance with paragraph (e) that requires
65.9 the subcontractor to meet the obligations of the processor with respect to the personal data.

65.10 (d) Taking into account the context of processing, the controller and the processor shall
65.11 implement appropriate technical and organizational measures to ensure a level of security
65.12 appropriate to the risk and establish a clear allocation of the responsibilities between the
65.13 controller and the processor to implement the technical and organizational measures.

65.14 (e) Processing by a processor shall be governed by a contract between the controller and
65.15 the processor that is binding on both parties and that sets out the processing instructions to
65.16 which the processor is bound, including the nature and purpose of the processing, the type
65.17 of personal data subject to the processing, the duration of the processing, and the obligations
65.18 and rights of both parties. The contract shall include the requirements imposed by this
65.19 paragraph, paragraphs (c) and (d), as well as the following requirements:

65.20 (1) at the choice of the controller, the processor shall delete or return all personal data
65.21 to the controller as requested at the end of the provision of services, unless retention of the
65.22 personal data is required by law;

65.23 (2) upon a reasonable request from the controller, the processor shall make available to
65.24 the controller all information necessary to demonstrate compliance with the obligations in
65.25 this chapter; and

65.26 (3) the processor shall allow for, and contribute to, reasonable assessments and inspections
65.27 by the controller or the controller's designated assessor. Alternatively, the processor may
65.28 arrange for a qualified and independent assessor to conduct, at least annually and at the
65.29 processor's expense, an assessment of the processor's policies and technical and organizational
65.30 measures in support of the obligations under this chapter. The assessor must use an
65.31 appropriate and accepted control standard or framework and assessment procedure for
65.32 assessments as applicable, and shall provide a report of an assessment to the controller upon
65.33 request.

66.1 (f) In no event shall any contract relieve a controller or a processor from the liabilities
66.2 imposed on a controller or processor by virtue of the controller's or processor's roles in the
66.3 processing relationship under this chapter.

66.4 (g) Determining whether a person is acting as a controller or processor with respect to
66.5 a specific processing of data is a fact-based determination that depends upon the context in
66.6 which personal data are to be processed. A person that is not limited in the person's processing
66.7 of personal data pursuant to a controller's instructions, or that fails to adhere to a controller's
66.8 instructions, is a controller and not a processor with respect to a specific processing of data.
66.9 A processor that continues to adhere to a controller's instructions with respect to a specific
66.10 processing of personal data remains a processor. If a processor begins, alone or jointly with
66.11 others, determining the purposes and means of the processing of personal data, the processor
66.12 is a controller with respect to the processing.

66.13 **Sec. 6. [3250.05] CONSUMER PERSONAL DATA RIGHTS.**

66.14 Subdivision 1. **Consumer rights provided.** (a) Except as provided in this chapter, a
66.15 controller must comply with a request to exercise the consumer rights provided in this
66.16 subdivision.

66.17 (b) A consumer has the right to confirm whether or not a controller is processing personal
66.18 data concerning the consumer and access the categories of personal data the controller is
66.19 processing.

66.20 (c) A consumer has the right to correct inaccurate personal data concerning the consumer,
66.21 taking into account the nature of the personal data and the purposes of the processing of the
66.22 personal data.

66.23 (d) A consumer has the right to delete personal data concerning the consumer.

66.24 (e) A consumer has the right to obtain personal data concerning the consumer, which
66.25 the consumer previously provided to the controller, in a portable and, to the extent technically
66.26 feasible, readily usable format that allows the consumer to transmit the data to another
66.27 controller without hindrance, where the processing is carried out by automated means.

66.28 (f) A consumer has the right to opt out of the processing of personal data concerning
66.29 the consumer for purposes of targeted advertising, the sale of personal data, or profiling in
66.30 furtherance of automated decisions that produce legal effects concerning a consumer or
66.31 similarly significant effects concerning a consumer.

66.32 (g) If a consumer's personal data is profiled in furtherance of decisions that produce
66.33 legal effects concerning a consumer or similarly significant effects concerning a consumer,

67.1 the consumer has the right to question the result of the profiling, to be informed of the reason
67.2 that the profiling resulted in the decision, and, if feasible, to be informed of what actions
67.3 the consumer might have taken to secure a different decision and the actions that the
67.4 consumer might take to secure a different decision in the future. The consumer has the right
67.5 to review the consumer's personal data used in the profiling. If the decision is determined
67.6 to have been based upon inaccurate personal data, taking into account the nature of the
67.7 personal data and the purposes of the processing of the personal data, the consumer has the
67.8 right to have the data corrected and the profiling decision reevaluated based upon the
67.9 corrected data.

67.10 (h) A consumer has a right to obtain a list of the specific third parties to which the
67.11 controller has disclosed the consumer's personal data. If the controller does not maintain
67.12 the information in a format specific to the consumer, a list of specific third parties to whom
67.13 the controller has disclosed any consumers' personal data may be provided instead.

67.14 Subd. 2. **Exercising consumer rights.** (a) A consumer may exercise the rights set forth
67.15 in this section by submitting a request, at any time, to a controller specifying which rights
67.16 the consumer wishes to exercise.

67.17 (b) In the case of processing personal data concerning a known child, the parent or legal
67.18 guardian of the known child may exercise the rights of this chapter on the child's behalf.

67.19 (c) In the case of processing personal data concerning a consumer legally subject to
67.20 guardianship or conservatorship under sections 524.5-101 to 524.5-502, the guardian or the
67.21 conservator of the consumer may exercise the rights of this chapter on the consumer's behalf.

67.22 (d) A consumer may designate another person as the consumer's authorized agent to
67.23 exercise the consumer's right to opt out of the processing of the consumer's personal data
67.24 for purposes of targeted advertising and sale under subdivision 1, paragraph (f), on the
67.25 consumer's behalf. A consumer may designate an authorized agent by way of, among other
67.26 things, a technology, including but not limited to an Internet link or a browser setting,
67.27 browser extension, or global device setting, indicating the consumer's intent to opt out of
67.28 the processing. A controller shall comply with an opt-out request received from an authorized
67.29 agent if the controller is able to verify, with commercially reasonable effort, the identity of
67.30 the consumer and the authorized agent's authority to act on the consumer's behalf.

67.31 Subd. 3. **Universal opt-out mechanisms.** (a) A controller must allow a consumer to opt
67.32 out of any processing of the consumer's personal data for the purposes of targeted advertising,
67.33 or any sale of the consumer's personal data through an opt-out preference signal sent, with
67.34 the consumer's consent, by a platform, technology, or mechanism to the controller indicating

68.1 the consumer's intent to opt out of any processing or sale. The platform, technology, or
68.2 mechanism must:

68.3 (1) not unfairly disadvantage another controller;

68.4 (2) not make use of a default setting, but require the consumer to make an affirmative,
68.5 freely given, and unambiguous choice to opt out of any processing of the consumer's personal
68.6 data;

68.7 (3) be consumer-friendly and easy to use by the average consumer;

68.8 (4) be as consistent as possible with any other similar platform, technology, or mechanism
68.9 required by any federal or state law or regulation; and

68.10 (5) enable the controller to accurately determine whether the consumer is a Minnesota
68.11 resident and whether the consumer has made a legitimate request to opt out of any sale of
68.12 the consumer's personal data or targeted advertising. For purposes of this paragraph, the
68.13 use of an Internet protocol address to estimate the consumer's location is sufficient to
68.14 determine the consumer's residence.

68.15 (b) If a consumer's opt-out request is exercised through the platform, technology, or
68.16 mechanism required under paragraph (a), and the request conflicts with the consumer's
68.17 existing controller-specific privacy setting or voluntary participation in a controller's bona
68.18 fide loyalty, rewards, premium features, discounts, or club card program, the controller
68.19 must comply with the consumer's opt-out preference signal but may also notify the consumer
68.20 of the conflict and provide the consumer a choice to confirm the controller-specific privacy
68.21 setting or participation in the controller's program.

68.22 (c) The platform, technology, or mechanism required under paragraph (a) is subject to
68.23 the requirements of subdivision 4.

68.24 (d) A controller that recognizes opt-out preference signals that have been approved by
68.25 other state laws or regulations is in compliance with this subdivision.

68.26 Subd. 4. **Controller response to consumer requests.** (a) Except as provided in this
68.27 chapter, a controller must comply with a request to exercise the rights pursuant to subdivision
68.28 1.

68.29 (b) A controller must provide one or more secure and reliable means for consumers to
68.30 submit a request to exercise the consumer rights under this section. The means made available
68.31 must take into account the ways in which consumers interact with the controller and the
68.32 need for secure and reliable communication of the requests.

69.1 (c) A controller may not require a consumer to create a new account in order to exercise
69.2 a right, but a controller may require a consumer to use an existing account to exercise the
69.3 consumer's rights under this section.

69.4 (d) A controller must comply with a request to exercise the right in subdivision 1,
69.5 paragraph (f), as soon as feasibly possible, but no later than 45 days of receipt of the request.

69.6 (e) A controller must inform a consumer of any action taken on a request under
69.7 subdivision 1 without undue delay and in any event within 45 days of receipt of the request.
69.8 That period may be extended once by 45 additional days where reasonably necessary, taking
69.9 into account the complexity and number of the requests. The controller must inform the
69.10 consumer of any extension within 45 days of receipt of the request, together with the reasons
69.11 for the delay.

69.12 (f) If a controller does not take action on a consumer's request, the controller must inform
69.13 the consumer without undue delay and at the latest within 45 days of receipt of the request
69.14 of the reasons for not taking action and instructions for how to appeal the decision with the
69.15 controller as described in subdivision 3.

69.16 (g) Information provided under this section must be provided by the controller free of
69.17 charge, up to twice annually to the consumer. Where requests from a consumer are manifestly
69.18 unfounded or excessive, in particular because of the repetitive character of the requests, the
69.19 controller may either charge a reasonable fee to cover the administrative costs of complying
69.20 with the request, or refuse to act on the request. The controller bears the burden of
69.21 demonstrating the manifestly unfounded or excessive character of the request.

69.22 (h) A controller is not required to comply with a request to exercise any of the rights
69.23 under subdivision 1, paragraphs (b) to (h), if the controller is unable to authenticate the
69.24 request using commercially reasonable efforts. In such cases, the controller may request
69.25 the provision of additional information reasonably necessary to authenticate the request. A
69.26 controller is not required to authenticate an opt-out request, but a controller may deny an
69.27 opt-out request if the controller has a good faith, reasonable, and documented belief that
69.28 the request is fraudulent. If a controller denies an opt-out request because the controller
69.29 believes a request is fraudulent, the controller must notify the person who made the request
69.30 that the request was denied due to the controller's belief that the request was fraudulent and
69.31 state the controller's basis for that belief.

69.32 (i) In response to a consumer request under subdivision 1, a controller must not disclose
69.33 the following information about a consumer, but must instead inform the consumer with
69.34 sufficient particularity that the controller has collected that type of information:

- 70.1 (1) Social Security number;
- 70.2 (2) driver's license number or other government-issued identification number;
- 70.3 (3) financial account number;
- 70.4 (4) health insurance account number or medical identification number;
- 70.5 (5) account password, security questions, or answers; or
- 70.6 (6) biometric data.
- 70.7 (j) In response to a consumer request under subdivision 1, a controller is not required
- 70.8 to reveal any trade secret.
- 70.9 (k) A controller that has obtained personal data about a consumer from a source other
- 70.10 than the consumer may comply with a consumer's request to delete the consumer's personal
- 70.11 data pursuant to subdivision 1, paragraph (d), by either:
- 70.12 (1) retaining a record of the deletion request, retaining the minimum data necessary for
- 70.13 the purpose of ensuring the consumer's personal data remains deleted from the business's
- 70.14 records, and not using the retained data for any other purpose pursuant to the provisions of
- 70.15 this chapter; or
- 70.16 (2) opting the consumer out of the processing of personal data for any purpose except
- 70.17 for the purposes exempted pursuant to the provisions of this chapter.
- 70.18 **Subd. 5. Appeal process required.** (a) A controller must establish an internal process
- 70.19 whereby a consumer may appeal a refusal to take action on a request to exercise any of the
- 70.20 rights under subdivision 1 within a reasonable period of time after the consumer's receipt
- 70.21 of the notice sent by the controller under subdivision 3, paragraph (f).
- 70.22 (b) The appeal process must be conspicuously available. The process must include the
- 70.23 ease of use provisions in subdivision 3 applicable to submitting requests.
- 70.24 (c) Within 45 days of receipt of an appeal, a controller must inform the consumer of any
- 70.25 action taken or not taken in response to the appeal, along with a written explanation of the
- 70.26 reasons in support thereof. That period may be extended by 60 additional days where
- 70.27 reasonably necessary, taking into account the complexity and number of the requests serving
- 70.28 as the basis for the appeal. The controller must inform the consumer of any extension within
- 70.29 45 days of receipt of the appeal, together with the reasons for the delay.
- 70.30 (d) When informing a consumer of any action taken or not taken in response to an appeal
- 70.31 pursuant to paragraph (c), the controller must provide a written explanation of the reasons
- 70.32 for the controller's decision and clearly and prominently provide the consumer with

71.1 information about how to file a complaint with the Office of the Attorney General. The
 71.2 controller must maintain records of all appeals and the controller's responses for at least 24
 71.3 months and shall, upon written request by the attorney general as part of an investigation,
 71.4 compile and provide a copy of the records to the attorney general.

71.5 **Sec. 7. [325O.06] PROCESSING DEIDENTIFIED DATA OR PSEUDONYMOUS**
 71.6 **DATA.**

71.7 (a) This chapter does not require a controller or processor to do any of the following
 71.8 solely for purposes of complying with this chapter:

71.9 (1) reidentify deidentified data;

71.10 (2) maintain data in identifiable form, or collect, obtain, retain, or access any data or
 71.11 technology, in order to be capable of associating an authenticated consumer request with
 71.12 personal data; or

71.13 (3) comply with an authenticated consumer request to access, correct, delete, or port
 71.14 personal data pursuant to section 325O.05, subdivision 1, if all of the following are true:

71.15 (i) the controller is not reasonably capable of associating the request with the personal
 71.16 data, or it would be unreasonably burdensome for the controller to associate the request
 71.17 with the personal data;

71.18 (ii) the controller does not use the personal data to recognize or respond to the specific
 71.19 consumer who is the subject of the personal data, or associate the personal data with other
 71.20 personal data about the same specific consumer; and

71.21 (iii) the controller does not sell the personal data to any third party or otherwise
 71.22 voluntarily disclose the personal data to any third party other than a processor, except as
 71.23 otherwise permitted in this section.

71.24 (b) The rights contained in section 325O.05, subdivision 1, paragraphs (b) to (h), do not
 71.25 apply to pseudonymous data in cases where the controller is able to demonstrate any
 71.26 information necessary to identify the consumer is kept separately and is subject to effective
 71.27 technical and organizational controls that prevent the controller from accessing the
 71.28 information.

71.29 (c) A controller that uses pseudonymous data or deidentified data must exercise reasonable
 71.30 oversight to monitor compliance with any contractual commitments to which the
 71.31 pseudonymous data or deidentified data are subject, and must take appropriate steps to
 71.32 address any breaches of contractual commitments.

72.1 (d) A processor or third party must not attempt to identify the subjects of deidentified
 72.2 or pseudonymous data without the express authority of the controller that caused the data
 72.3 to be deidentified or pseudonymized.

72.4 (e) A controller, processor, or third party must not attempt to identify the subjects of
 72.5 data that has been collected with only pseudonymous identifiers.

72.6 **Sec. 8. [3250.07] RESPONSIBILITIES OF CONTROLLERS.**

72.7 Subdivision 1. **Transparency obligations.** (a) Controllers must provide consumers with
 72.8 a reasonably accessible, clear, and meaningful privacy notice that includes:

72.9 (1) the categories of personal data processed by the controller;

72.10 (2) the purposes for which the categories of personal data are processed;

72.11 (3) an explanation of the rights contained in section 3250.05 and how and where
 72.12 consumers may exercise those rights, including how a consumer may appeal a controller's
 72.13 action with regard to the consumer's request;

72.14 (4) the categories of personal data that the controller sells to or shares with third parties,
 72.15 if any;

72.16 (5) the categories of third parties, if any, with whom the controller sells or shares personal
 72.17 data;

72.18 (6) the controller's contact information, including an active email address or other online
 72.19 mechanism that the consumer may use to contact the controller;

72.20 (7) a description of the controller's retention policies for personal data; and

72.21 (8) the date the privacy notice was last updated.

72.22 (b) If a controller sells personal data to third parties, processes personal data for targeted
 72.23 advertising, or engages in profiling in furtherance of decisions that produce legal effects
 72.24 concerning a consumer or similarly significant effects concerning a consumer, the controller
 72.25 must disclose the processing in the privacy notice and provide access to a clear and
 72.26 conspicuous method outside the privacy notice for a consumer to opt out of the sale,
 72.27 processing, or profiling in furtherance of decisions that produce legal effects concerning a
 72.28 consumer or similarly significant effects concerning a consumer. This method may include
 72.29 but is not limited to an internet hyperlink clearly labeled "Your Opt-Out Rights" or "Your
 72.30 Privacy Rights" that directly effectuates the opt-out request or takes consumers to a web
 72.31 page where the consumer can make the opt-out request.

73.1 (c) The privacy notice must be made available to the public in each language in which
73.2 the controller provides a product or service that is subject to the privacy notice or carries
73.3 out activities related to the product or service.

73.4 (d) The controller must provide the privacy notice in a manner that is reasonably
73.5 accessible to and usable by individuals with disabilities.

73.6 (e) Whenever a controller makes a material change to the controller's privacy notice or
73.7 practices, the controller must notify consumers affected by the material change with respect
73.8 to any prospectively collected personal data and provide a reasonable opportunity for
73.9 consumers to withdraw consent to any further materially different collection, processing,
73.10 or transfer of previously collected personal data under the changed policy. The controller
73.11 shall take all reasonable electronic measures to provide notification regarding material
73.12 changes to affected consumers, taking into account available technology and the nature of
73.13 the relationship.

73.14 (f) A controller is not required to provide a separate Minnesota-specific privacy notice
73.15 or section of a privacy notice if the controller's general privacy notice contains all the
73.16 information required by this section.

73.17 (g) The privacy notice must be posted online through a conspicuous hyperlink using the
73.18 word "privacy" on the controller's website home page or on a mobile application's app store
73.19 page or download page. A controller that maintains an application on a mobile or other
73.20 device shall also include a hyperlink to the privacy notice in the application's settings menu
73.21 or in a similarly conspicuous and accessible location. A controller that does not operate a
73.22 website shall make the privacy notice conspicuously available to consumers through a
73.23 medium regularly used by the controller to interact with consumers, including but not limited
73.24 to mail.

73.25 Subd. 2. Use of data. (a) A controller must limit the collection of personal data to what
73.26 is adequate, relevant, and reasonably necessary in relation to the purposes for which the
73.27 data are processed, which must be disclosed to the consumer.

73.28 (b) Except as provided in this chapter, a controller may not process personal data for
73.29 purposes that are not reasonably necessary to, or compatible with, the purposes for which
73.30 the personal data are processed, as disclosed to the consumer, unless the controller obtains
73.31 the consumer's consent.

73.32 (c) A controller shall establish, implement, and maintain reasonable administrative,
73.33 technical, and physical data security practices to protect the confidentiality, integrity, and
73.34 accessibility of personal data, including the maintenance of an inventory of the data that

74.1 must be managed to exercise these responsibilities. The data security practices shall be
74.2 appropriate to the volume and nature of the personal data at issue.

74.3 (d) Except as otherwise provided in this act, a controller may not process sensitive data
74.4 concerning a consumer without obtaining the consumer's consent, or, in the case of the
74.5 processing of personal data concerning a known child, without obtaining consent from the
74.6 child's parent or lawful guardian, in accordance with the requirement of the Children's
74.7 Online Privacy Protection Act, United States Code, title 15, sections 6501 to 6506, and its
74.8 implementing regulations, rules, and exemptions.

74.9 (e) A controller shall provide an effective mechanism for a consumer, or, in the case of
74.10 the processing of personal data concerning a known child, the child's parent or lawful
74.11 guardian, to revoke previously given consent under this subdivision. The mechanism provided
74.12 shall be at least as easy as the mechanism by which the consent was previously given. Upon
74.13 revocation of consent, a controller shall cease to process the applicable data as soon as
74.14 practicable, but not later than 15 days after the receipt of the request.

74.15 (f) A controller may not process the personal data of a consumer for purposes of targeted
74.16 advertising, or sell the consumer's personal data, without the consumer's consent, under
74.17 circumstances where the controller knows that the consumer is between the ages of 13 and
74.18 16.

74.19 (g) A controller may not retain personal data that is no longer relevant and reasonably
74.20 necessary in relation to the purposes for which the data were collected and processed, unless
74.21 retention of the data is otherwise required by law or permitted under section 325O.09.

74.22 Subd. 3. **Nondiscrimination.** (a) A controller shall not process personal data on the
74.23 basis of a consumer's or a class of consumers' actual or perceived race, color, ethnicity,
74.24 religion, national origin, sex, gender, gender identity, sexual orientation, familial status,
74.25 lawful source of income, or disability in a manner that unlawfully discriminates against the
74.26 consumer or class of consumers with respect to the offering or provision of: housing,
74.27 employment, credit, or education; or the goods, services, facilities, privileges, advantages,
74.28 or accommodations of any place of public accommodation.

74.29 (b) A controller may not discriminate against a consumer for exercising any of the rights
74.30 contained in this chapter, including denying goods or services to the consumer, charging
74.31 different prices or rates for goods or services, and providing a different level of quality of
74.32 goods and services to the consumer. This subdivision does not: (1) require a controller to
74.33 provide a good or service that requires the personal data of a consumer that the controller
74.34 does not collect or maintain; or (2) prohibit a controller from offering a different price, rate,

75.1 level, quality, or selection of goods or services to a consumer, including offering goods or
 75.2 services for no fee, if the offering is in connection with a consumer's voluntary participation
 75.3 in a bona fide loyalty, rewards, premium features, discounts, or club card program.

75.4 (c) A controller may not sell personal data to a third-party controller as part of a bona
 75.5 fide loyalty, rewards, premium features, discounts, or club card program under paragraph
 75.6 (b) unless:

75.7 (1) the sale is reasonably necessary to enable the third party to provide a benefit to which
 75.8 the consumer is entitled;

75.9 (2) the sale of personal data to third parties is clearly disclosed in the terms of the
 75.10 program; and

75.11 (3) the third party uses the personal data only for purposes of facilitating a benefit to
 75.12 which the consumer is entitled and does not retain or otherwise use or disclose the personal
 75.13 data for any other purpose.

75.14 Subd. 4. **Waiver of rights unenforceable.** Any provision of a contract or agreement of
 75.15 any kind that purports to waive or limit in any way a consumer's rights under this chapter
 75.16 is contrary to public policy and is void and unenforceable.

75.17 **Sec. 9. [3250.075] REQUIREMENTS FOR SMALL BUSINESSES.**

75.18 (a) A small business, as defined by the United States Small Business Administration
 75.19 under Code of Federal Regulations, title 13, part 121, that conducts business in Minnesota
 75.20 or produces products or services that are targeted to residents of Minnesota, must not sell
 75.21 a consumer's sensitive data without the consumer's prior consent.

75.22 (b) Penalties and attorney general enforcement procedures under section 3250.10 apply
 75.23 to a small business that violates this section.

75.24 **Sec. 10. [3250.08] DATA PRIVACY POLICIES AND DATA PRIVACY**
 75.25 **PROTECTION ASSESSMENTS.**

75.26 (a) A controller must document and maintain a description of the policies and procedures
 75.27 the controller has adopted to comply with this chapter. The description must include, where
 75.28 applicable:

75.29 (1) the name and contact information for the controller's chief privacy officer or other
 75.30 individual with primary responsibility for directing the policies and procedures implemented
 75.31 to comply with the provisions of this chapter; and

- 76.1 (2) a description of the controller's data privacy policies and procedures which reflect
76.2 the requirements in section 325O.07, and any policies and procedures designed to:
- 76.3 (i) reflect the requirements of this chapter in the design of the controller's systems;
76.4 (ii) identify and provide personal data to a consumer as required by this chapter;
76.5 (iii) establish, implement, and maintain reasonable administrative, technical, and physical
76.6 data security practices to protect the confidentiality, integrity, and accessibility of personal
76.7 data, including the maintenance of an inventory of the data that must be managed to exercise
76.8 the responsibilities under this item;
- 76.9 (iv) limit the collection of personal data to what is adequate, relevant, and reasonably
76.10 necessary in relation to the purposes for which the data are processed;
- 76.11 (v) prevent the retention of personal data that is no longer relevant and reasonably
76.12 necessary in relation to the purposes for which the data were collected and processed, unless
76.13 retention of the data is otherwise required by law or permitted under section 325O.09; and
- 76.14 (vi) identify and remediate violations of this chapter.
- 76.15 (b) A controller must conduct and document a data privacy and protection assessment
76.16 for each of the following processing activities involving personal data:
- 76.17 (1) the processing of personal data for purposes of targeted advertising;
76.18 (2) the sale of personal data;
76.19 (3) the processing of sensitive data;
76.20 (4) any processing activities involving personal data that present a heightened risk of
76.21 harm to consumers; and
- 76.22 (5) the processing of personal data for purposes of profiling, where the profiling presents
76.23 a reasonably foreseeable risk of:
- 76.24 (i) unfair or deceptive treatment of, or disparate impact on, consumers;
76.25 (ii) financial, physical, or reputational injury to consumers;
76.26 (iii) a physical or other intrusion upon the solitude or seclusion, or the private affairs or
76.27 concerns, of consumers, where the intrusion would be offensive to a reasonable person; or
76.28 (iv) other substantial injury to consumers.

77.1 (c) A data privacy and protection assessment must take into account the type of personal
77.2 data to be processed by the controller, including the extent to which the personal data are
77.3 sensitive data, and the context in which the personal data are to be processed.

77.4 (d) A data privacy and protection assessment must identify and weigh the benefits that
77.5 may flow directly and indirectly from the processing to the controller, consumer, other
77.6 stakeholders, and the public against the potential risks to the rights of the consumer associated
77.7 with the processing, as mitigated by safeguards that can be employed by the controller to
77.8 reduce the potential risks. The use of deidentified data and the reasonable expectations of
77.9 consumers, as well as the context of the processing and the relationship between the controller
77.10 and the consumer whose personal data will be processed, must be factored into this
77.11 assessment by the controller.

77.12 (e) A data privacy and protection assessment must include the description of policies
77.13 and procedures required by paragraph (a).

77.14 (f) As part of a civil investigative demand, the attorney general may request, in writing,
77.15 that a controller disclose any data privacy and protection assessment that is relevant to an
77.16 investigation conducted by the attorney general. The controller must make a data privacy
77.17 and protection assessment available to the attorney general upon a request made under this
77.18 paragraph. The attorney general may evaluate the data privacy and protection assessments
77.19 for compliance with this chapter. Data privacy and protection assessments are classified as
77.20 nonpublic data, as defined by section 13.02, subdivision 9. The disclosure of a data privacy
77.21 and protection assessment pursuant to a request from the attorney general under this
77.22 paragraph does not constitute a waiver of the attorney-client privilege or work product
77.23 protection with respect to the assessment and any information contained in the assessment.

77.24 (g) Data privacy and protection assessments or risk assessments conducted by a controller
77.25 for the purpose of compliance with other laws or regulations may qualify under this section
77.26 if the assessments have a similar scope and effect.

77.27 (h) A single data protection assessment may address multiple sets of comparable
77.28 processing operations that include similar activities.

77.29 **Sec. 11. [3250.09] LIMITATIONS AND APPLICABILITY.**

77.30 (a) The obligations imposed on controllers or processors under this chapter do not restrict
77.31 a controller's or a processor's ability to:

78.1 (1) comply with federal, state, or local laws, rules, or regulations, including but not
78.2 limited to data retention requirements in state or federal law notwithstanding a consumer's
78.3 request to delete personal data;

78.4 (2) comply with a civil, criminal, or regulatory inquiry, investigation, subpoena, or
78.5 summons by federal, state, local, or other governmental authorities;

78.6 (3) cooperate with law enforcement agencies concerning conduct or activity that the
78.7 controller or processor reasonably and in good faith believes may violate federal, state, or
78.8 local laws, rules, or regulations;

78.9 (4) investigate, establish, exercise, prepare for, or defend legal claims;

78.10 (5) provide a product or service specifically requested by a consumer, perform a contract
78.11 to which the consumer is a party, including fulfilling the terms of a written warranty, or
78.12 take steps at the request of the consumer prior to entering into a contract;

78.13 (6) take immediate steps to protect an interest that is essential for the life or physical
78.14 safety of the consumer or of another natural person, and where the processing cannot be
78.15 manifestly based on another legal basis;

78.16 (7) prevent, detect, protect against, or respond to security incidents, identity theft, fraud,
78.17 harassment, malicious or deceptive activities, or any illegal activity; preserve the integrity
78.18 or security of systems; or investigate, report, or prosecute those responsible for any such
78.19 action;

78.20 (8) assist another controller, processor, or third party with any of the obligations under
78.21 this paragraph;

78.22 (9) engage in public or peer-reviewed scientific, historical, or statistical research in the
78.23 public interest that adheres to all other applicable ethics and privacy laws and is approved,
78.24 monitored, and governed by an institutional review board, human subjects research ethics
78.25 review board, or a similar independent oversight entity which has determined that:

78.26 (i) the research is likely to provide substantial benefits that do not exclusively accrue to
78.27 the controller;

78.28 (ii) the expected benefits of the research outweigh the privacy risks; and

78.29 (iii) the controller has implemented reasonable safeguards to mitigate privacy risks
78.30 associated with research, including any risks associated with reidentification; or

78.31 (10) process personal data for the benefit of the public in the areas of public health,
78.32 community health, or population health, but only to the extent that the processing is:

79.1 (i) subject to suitable and specific measures to safeguard the rights of the consumer
79.2 whose personal data is being processed; and

79.3 (ii) under the responsibility of a professional individual who is subject to confidentiality
79.4 obligations under federal, state, or local law.

79.5 (b) The obligations imposed on controllers or processors under this chapter do not restrict
79.6 a controller's or processor's ability to collect, use, or retain data to:

79.7 (1) effectuate a product recall or identify and repair technical errors that impair existing
79.8 or intended functionality;

79.9 (2) perform internal operations that are reasonably aligned with the expectations of the
79.10 consumer based on the consumer's existing relationship with the controller, or are otherwise
79.11 compatible with processing in furtherance of the provision of a product or service specifically
79.12 requested by a consumer or the performance of a contract to which the consumer is a party;
79.13 or

79.14 (3) conduct internal research to develop, improve, or repair products, services, or
79.15 technology.

79.16 (c) The obligations imposed on controllers or processors under this chapter do not apply
79.17 where compliance by the controller or processor with this chapter would violate an
79.18 evidentiary privilege under Minnesota law and do not prevent a controller or processor from
79.19 providing personal data concerning a consumer to a person covered by an evidentiary
79.20 privilege under Minnesota law as part of a privileged communication.

79.21 (d) A controller or processor that discloses personal data to a third-party controller or
79.22 processor in compliance with the requirements of this chapter is not in violation of this
79.23 chapter if the recipient processes the personal data in violation of this chapter, provided that
79.24 at the time of disclosing the personal data, the disclosing controller or processor did not
79.25 have actual knowledge that the recipient intended to commit a violation. A third-party
79.26 controller or processor receiving personal data from a controller or processor in compliance
79.27 with the requirements of this chapter is not in violation of this chapter for the obligations
79.28 of the controller or processor from which the third-party controller or processor receives
79.29 the personal data.

79.30 (e) Obligations imposed on controllers and processors under this chapter shall not:

79.31 (1) adversely affect the rights or freedoms of any persons, including exercising the right
79.32 of free speech pursuant to the First Amendment of the United States Constitution; or

80.1 (2) apply to the processing of personal data by a natural person in the course of a purely
 80.2 personal or household activity.

80.3 (f) Personal data that are processed by a controller pursuant to this section may be
 80.4 processed solely to the extent that the processing is:

80.5 (1) necessary, reasonable, and proportionate to the purposes listed in this section;

80.6 (2) adequate, relevant, and limited to what is necessary in relation to the specific purpose
 80.7 or purposes listed in this section; and

80.8 (3) insofar as possible, taking into account the nature and purpose of processing the
 80.9 personal data, subjected to reasonable administrative, technical, and physical measures to
 80.10 protect the confidentiality, integrity, and accessibility of the personal data, and to reduce
 80.11 reasonably foreseeable risks of harm to consumers.

80.12 (g) If a controller processes personal data pursuant to an exemption in this section, the
 80.13 controller bears the burden of demonstrating that the processing qualifies for the exemption
 80.14 and complies with the requirements in paragraph (f).

80.15 (h) Processing personal data solely for the purposes expressly identified in paragraph
 80.16 (a), clauses (1) to (7), does not, by itself, make an entity a controller with respect to the
 80.17 processing.

80.18 Sec. 12. **[3250.10] ATTORNEY GENERAL ENFORCEMENT.**

80.19 (a) In the event that a controller or processor violates this chapter, the attorney general,
 80.20 prior to filing an enforcement action under paragraph (b), must provide the controller or
 80.21 processor with a warning letter identifying the specific provisions of this chapter the attorney
 80.22 general alleges have been or are being violated. If, after 30 days of issuance of the warning
 80.23 letter, the attorney general believes the controller or processor has failed to cure any alleged
 80.24 violation, the attorney general may bring an enforcement action under paragraph (b). This
 80.25 paragraph expires January 31, 2026.

80.26 (b) The attorney general may bring a civil action against a controller or processor to
 80.27 enforce a provision of this chapter in accordance with section 8.31. If the state prevails in
 80.28 an action to enforce this chapter, the state may, in addition to penalties provided by paragraph
 80.29 (c) or other remedies provided by law, be allowed an amount determined by the court to be
 80.30 the reasonable value of all or part of the state's litigation expenses incurred.

80.31 (c) Any controller or processor that violates this chapter is subject to an injunction and
 80.32 liable for a civil penalty of not more than \$7,500 for each violation.

81.1 (d) Nothing in this chapter establishes a private right of action, including under section
 81.2 8.31, subdivision 3a, for a violation of this chapter or any other law.

81.3 **Sec. 13. [3250.11] PREEMPTION OF LOCAL LAW; SEVERABILITY.**

81.4 (a) This chapter supersedes and preempts laws, ordinances, regulations, or the equivalent
 81.5 adopted by any local government regarding the processing of personal data by controllers
 81.6 or processors.

81.7 (b) If any provision of this chapter or this chapter's application to any person or
 81.8 circumstance is held invalid, the remainder of this chapter or the application of the provision
 81.9 to other persons or circumstances is not affected.

81.10 **Sec. 14. EFFECTIVE DATE.**

81.11 This article is effective July 31, 2025, except that postsecondary institutions regulated
 81.12 by the Office of Higher Education are not required to comply with this article until July 31,
 81.13 2029.

81.14 **ARTICLE 6**

81.15 **COMMERCE POLICY**

81.16 Section 1. Minnesota Statutes 2022, section 45.0135, subdivision 7, is amended to read:

81.17 **Subd. 7. Assessment.** Each insurer authorized to sell insurance in the state of Minnesota,
 81.18 including surplus lines carriers, and having Minnesota earned premium the previous calendar
 81.19 year shall remit an assessment to the commissioner for deposit in the insurance fraud
 81.20 prevention account on or before June 1 of each year. The amount of the assessment shall
 81.21 be based on the insurer's total assets and on the insurer's total written Minnesota premium,
 81.22 for the preceding fiscal year, as reported pursuant to section 60A.13. ~~The assessment is~~
 81.23 ~~calculated to be an amount up to the following~~ Beginning with the payment due on or before
 81.24 June 1, 2024, the assessment amount is:

81.25	Total Assets	Assessment
81.26		200
81.27	Less than \$100,000,000	\$ <u>400</u>
81.28		750
81.29	\$100,000,000 to \$1,000,000,000	\$ <u>1,500</u>
81.30		2,000
81.31	Over \$1,000,000,000	\$ <u>4,000</u>
81.32	Minnesota Written Premium	Assessment

82.1		200
82.2	Less than \$10,000,000	\$ <u>400</u>
82.3		750
82.4	\$10,000,000 to \$100,000,000	\$ <u>1,500</u>
82.5		2,000
82.6	Over \$100,000,000	\$ <u>4,000</u>

82.7 For purposes of this subdivision, the following entities are not considered to be insurers
 82.8 authorized to sell insurance in the state of Minnesota: risk retention groups; or township
 82.9 mutuals organized under chapter 67A.

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

82.11 Sec. 2. **[58B.051] REGISTRATION FOR LENDERS.**

82.12 (a) Beginning January 1, 2025, a lender must register with the commissioner as a lender
 82.13 before providing services in Minnesota. A lender must not offer or make a student loan to
 82.14 a resident of Minnesota without first registering with the commissioner as provided in this
 82.15 section.

82.16 (b) A registration application must include:

82.17 (1) the lender's name;

82.18 (2) the lender's address;

82.19 (3) the names of all officers, directors, partners, and owners of controlling interests in
 82.20 the lender;

82.21 (4) the addresses of all officers, directors, partners, and owners of controlling interests
 82.22 in the lender; and

82.23 (5) any other information the commissioner requires by rule.

82.24 (c) A lender must renew the lender's registration on an annual basis and may be required
 82.25 to pay a fee at the time of renewal.

82.26 (d) The commissioner may adopt and enforce:

82.27 (1) registration procedures for lenders, which may include using the Nationwide
 82.28 Multistate Licensing System and Registry;

82.29 (2) registration fees for lenders, which may include fees for using the Nationwide
 82.30 Multistate Licensing System and Registry, to be paid directly by the lender;

83.1 (3) procedures and fees to renew a lender's registration, which may include fees for the
 83.2 renewed use of Nationwide Multistate Licensing System and Registry, to be paid directly
 83.3 by the lender; and

83.4 (4) alternate registration procedures and fees for institutions of postsecondary education
 83.5 that offer student loans.

83.6 Sec. 3. [62J.96] ACCESS TO 340B DRUGS.

83.7 Subdivision 1. **Manufacturers.** A manufacturer must not directly or indirectly restrict,
 83.8 prohibit, or otherwise interfere with the delivery of a covered outpatient drug to a pharmacy
 83.9 that is under contract with a 340B covered entity to receive and dispense covered outpatient
 83.10 drugs on behalf of the covered entity, unless the delivery of the drug to the pharmacy is
 83.11 prohibited under the 340B Drug Pricing Program.

83.12 Subd. 2. **Definitions.** (a) For purposes of this section, the following definitions apply.

83.13 (b) "340B covered entity" has the meaning provided in section 340B(a)(4) of the Public
 83.14 Health Service Act.

83.15 (c) "Covered outpatient drug" has the meaning provided in section 1927(k) of the Social
 83.16 Security Act.

83.17 (d) "Manufacturer" has the meaning provided in section 151.01, subdivision 14a.

83.18 Sec. 4. Minnesota Statutes 2022, section 62Q.73, subdivision 3, is amended to read:

83.19 **Subd. 3. Right to external review.** (a) Any enrollee or anyone acting on behalf of an
 83.20 enrollee who has received an adverse determination may submit a written request for an
 83.21 external review of the adverse determination, if applicable under section 62Q.68, subdivision
 83.22 1, or 62M.06, to the commissioner of health if the request involves a health plan company
 83.23 regulated by that commissioner or to the commissioner of commerce if the request involves
 83.24 a health plan company regulated by that commissioner. Notification of the enrollee's right
 83.25 to external review must accompany the denial issued by the insurer. ~~The written request~~
 83.26 ~~must be accompanied by a filing fee of \$25. The fee may be waived by the commissioner~~
 83.27 ~~of health or commerce in cases of financial hardship and must be refunded if the adverse~~
 83.28 ~~determination is completely reversed. No enrollee may be subject to filing fees totaling~~
 83.29 ~~more than \$75 during a plan year for group coverage or policy year for individual coverage.~~

83.30 (b) Nothing in this section requires the commissioner of health or commerce to
 83.31 independently investigate an adverse determination referred for independent external review.

84.1 (c) If an enrollee requests an external review, the health plan company must participate
 84.2 in the external review. The cost of the external review ~~in excess of the filing fee described~~
 84.3 ~~in paragraph (a) shall~~ must be borne by the health plan company.

84.4 (d) The enrollee must request external review within six months from the date of the
 84.5 adverse determination.

84.6 Sec. 5. Minnesota Statutes 2023 Supplement, section 144.197, is amended to read:

84.7 **144.197 CANNABIS AND SUBSTANCE MISUSE PREVENTION AND**
 84.8 **EDUCATION PROGRAMS.**

84.9 Subdivision 1. **Youth prevention and education program.** The commissioner of health,
 84.10 in consultation with the commissioners of human services and education and in collaboration
 84.11 with local health departments and Tribal health departments, shall conduct a long-term,
 84.12 coordinated ~~education~~ program to raise public awareness about ~~and address the top three~~
 84.13 substance misuse prevention, treatment options, and recovery options. The program must
 84.14 address adverse health effects, ~~as determined by the commissioner~~, associated with the use
 84.15 of cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived
 84.16 consumer products by persons under age 25. In conducting this education program, the
 84.17 commissioner shall engage and consult with youth around the state on program content and
 84.18 on methods to effectively disseminate program information to youth around the state.

84.19 Subd. 2. **Prevention and education program for pregnant and breastfeeding**
 84.20 **individuals; and individuals who may become pregnant.** The commissioner of health,
 84.21 in consultation with the commissioners of human services and education, shall conduct a
 84.22 long-term, coordinated prevention program to educate focused on (1) preventing substance
 84.23 use by pregnant individuals, breastfeeding individuals, and individuals who may become
 84.24 pregnant, and (2) raising public awareness of the risks of substance use while pregnant or
 84.25 breastfeeding. The program must include education on the adverse health effects of prenatal
 84.26 exposure to cannabis flower, cannabis products, lower-potency hemp edibles, or
 84.27 hemp-derived consumer products and on the adverse health effects experienced by infants
 84.28 and children who are exposed to cannabis flower, cannabis products, lower-potency hemp
 84.29 edibles, or hemp-derived consumer products in breast milk, from secondhand smoke, or by
 84.30 ingesting cannabinoid products. This prevention and education program must also educate
 84.31 individuals on what constitutes a substance use disorder, signs of a substance use disorder,
 84.32 and treatment options for persons with a substance use disorder. The prevention and education
 84.33 program must also provide resources, including training resources, technical assistance, or

85.1 educational materials, to local public health home visiting programs, Tribal home visiting
 85.2 programs, and child welfare workers.

85.3 ~~Subd. 3. **Home visiting programs.** The commissioner of health shall provide training,~~
 85.4 ~~technical assistance, and education materials to local public health home visiting programs~~
 85.5 ~~and Tribal home visiting programs and child welfare workers regarding the safe and unsafe~~
 85.6 ~~use of cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived~~
 85.7 ~~consumer products in homes with infants and young children. Training, technical assistance,~~
 85.8 ~~and education materials shall address substance use, the signs of a substance use disorder,~~
 85.9 ~~treatment options for persons with a substance use disorder, the dangers of driving under~~
 85.10 ~~the influence of cannabis flower, cannabis products, lower-potency hemp edibles, or~~
 85.11 ~~hemp-derived consumer products, how to safely consume cannabis flower, cannabis products,~~
 85.12 ~~lower-potency hemp edibles, or hemp-derived consumer products in homes with infants~~
 85.13 ~~and young children, and how to prevent infants and young children from being exposed to~~
 85.14 ~~cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer~~
 85.15 ~~products by ingesting cannabinoid products or through secondhand smoke.~~

85.16 Subd. 4. **Local and Tribal health departments.** The commissioner of health shall
 85.17 distribute grants to local health departments and Tribal health departments for ~~these~~ the
 85.18 departments to create and disseminate educational materials on cannabis flower, cannabis
 85.19 products, lower-potency hemp edibles, and hemp-derived consumer products and to provide
 85.20 safe use and prevention training, education, technical assistance, and community engagement
 85.21 regarding cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived
 85.22 ~~consumer products.~~ prevention, education, and recovery programs focusing on substance
 85.23 misuse prevention and treatment options. The programs must include specific
 85.24 cannabis-related initiatives.

85.25 Sec. 6. Minnesota Statutes 2023 Supplement, section 325E.21, subdivision 1b, is amended
 85.26 to read:

85.27 Subd. 1b. **Purchase or acquisition record required.** (a) Every scrap metal dealer,
 85.28 including an agent, employee, or representative of the dealer, shall create a permanent record
 85.29 written in English, using an electronic record program at the time of each purchase or
 85.30 acquisition of scrap metal or a motor vehicle. The record must include:

85.31 (1) a complete and accurate account or description, including the weight if customarily
 85.32 purchased by weight, of the scrap metal or motor vehicle purchased or acquired;

85.33 (2) the date, time, and place of the receipt of the scrap metal or motor vehicle purchased
 85.34 or acquired and a unique transaction identifier;

86.1 (3) a photocopy or electronic scan of the seller's proof of identification including the
86.2 identification number;

86.3 (4) the amount paid and the number of the check or electronic transfer used to purchase
86.4 or acquire the scrap metal or motor vehicle;

86.5 (5) the license plate number and description of the vehicle used by the person when
86.6 delivering the scrap metal or motor vehicle, including the vehicle make and model, and any
86.7 identifying marks on the vehicle, such as a business name, decals, or markings, if applicable;

86.8 (6) a statement signed by the seller, under penalty of perjury as provided in section
86.9 609.48, attesting that the scrap metal or motor vehicle is not stolen and is free of any liens
86.10 or encumbrances and the seller has the right to sell it;

86.11 (7) a copy of the receipt, which must include at least the following information: the name
86.12 and address of the dealer, the date and time the scrap metal or motor vehicle was received
86.13 by the dealer, an accurate description of the scrap metal or motor vehicle, and the amount
86.14 paid for the scrap metal or motor vehicle;

86.15 (8) in order to purchase or acquire a detached catalytic converter, the vehicle identification
86.16 number of the car it was removed from or, as an alternative, any numbers, bar codes, stickers,
86.17 or other unique markings, whether resulting from the pilot project created under subdivision
86.18 2b or some other source. The alternative number must be under a numbering system that
86.19 can be immediately linked to the vehicle identification number by law enforcement; ~~and~~

86.20 (9) the identity or identifier of the employee completing the transaction; and

86.21 (10) if the seller is attempting to sell copper metal, a photocopy or electronic scan of the
86.22 seller's current license to sell scrap metal copper issued by the commissioner under
86.23 subdivision 2c.

86.24 (b) The record, as well as the scrap metal or motor vehicle purchased or acquired, shall
86.25 at all reasonable times be open to the inspection of any properly identified law enforcement
86.26 officer.

86.27 (c) Except for the purchase or acquisition of detached catalytic converters or motor
86.28 vehicles, no record is required for property purchased or acquired from merchants,
86.29 manufacturers, salvage pools, insurance companies, rental car companies, financial
86.30 institutions, charities, dealers licensed under section 168.27, or wholesale dealers, having
86.31 an established place of business, or of any goods purchased or acquired at open sale from
86.32 any bankrupt stock, but a receipt as required under paragraph (a), clause (7), shall be obtained

87.1 and kept by the person, which must be shown upon demand to any properly identified law
87.2 enforcement officer.

87.3 (d) The dealer must provide a copy of the receipt required under paragraph (a), clause
87.4 (7), to the seller in every transaction.

87.5 (e) The commissioner of public safety and law enforcement agencies in the jurisdiction
87.6 where a dealer is located may conduct inspections and audits as necessary to ensure
87.7 compliance, refer violations to the city or county attorney for criminal prosecution, and
87.8 notify the registrar of motor vehicles.

87.9 (f) Except as otherwise provided in this section, a scrap metal dealer or the dealer's agent,
87.10 employee, or representative may not disclose personal information concerning a customer
87.11 without the customer's consent unless the disclosure is required by law or made in response
87.12 to a request from a law enforcement agency. A scrap metal dealer must implement reasonable
87.13 safeguards to protect the security of the personal information and prevent unauthorized
87.14 access to or disclosure of the information. For purposes of this paragraph, "personal
87.15 information" is any individually identifiable information gathered in connection with a
87.16 record under paragraph (a).

87.17 Sec. 7. Minnesota Statutes 2022, section 325E.21, is amended by adding a subdivision to
87.18 read:

87.19 Subd. 2c. **License required for scrap metal copper sale.** (a) Beginning January 1,
87.20 2025, a person is prohibited from engaging in the sale of scrap metal copper unless the
87.21 person has a valid license issued by the commissioner under this subdivision.

87.22 (b) A seller of scrap metal copper may apply to the commissioner on a form prescribed
87.23 by the commissioner. The application form must include, at a minimum:

87.24 (1) the name, permanent address, telephone number, and date of birth of the applicant;
87.25 and

87.26 (2) an acknowledgment that the applicant obtained the copper by lawful means in the
87.27 regular course of the applicant's business, trade, or authorized construction work.

87.28 (c) Each application must be accompanied by a nonrefundable fee of \$250.

87.29 (d) Within 30 days of the date an application is received, the commissioner may require
87.30 additional information or submissions from an applicant and may obtain any document or
87.31 information that is reasonably necessary to verify the information contained in the application.
87.32 Within 90 days after the date a completed application is received, the commissioner must

88.1 review the application and issue a license if the applicant is deemed qualified under this
88.2 section. The commissioner may issue a license subject to restrictions or limitations. If the
88.3 commissioner determines the applicant is not qualified, the commissioner must notify the
88.4 applicant and must specify the reason for the denial.

88.5 (e) A person licensed to perform work pursuant to chapter 326B or section 103I.501 or
88.6 issued a Section 608 Technician Certification is deemed to hold a license to sell scrap metal
88.7 copper.

88.8 (f) A license issued under this subdivision is valid for one year. To renew a license, an
88.9 applicant must submit a completed renewal application on a form prescribed by the
88.10 commissioner and a renewal fee of \$250. The commissioner may request that a renewal
88.11 applicant submit additional information to clarify any new information presented in the
88.12 renewal application. A renewal application submitted after the renewal deadline must be
88.13 accompanied by a nonrefundable late fee of \$500.

88.14 (g) The commissioner may deny a license renewal under this subdivision if:

88.15 (1) the commissioner determines that the applicant is in violation of or noncompliant
88.16 with federal or state law; or

88.17 (2) the applicant fails to timely submit a renewal application and the information required
88.18 under this subdivision.

88.19 (h) In lieu of denying a renewal application under paragraph (g), the commissioner may
88.20 permit the applicant to submit to the commissioner a corrective action plan to cure or correct
88.21 deficiencies.

88.22 (i) The commissioner may suspend, revoke, or place on probation a license issued under
88.23 this subdivision if:

88.24 (1) the applicant engages in fraudulent activity that violates state or federal law;

88.25 (2) the commissioner receives consumer complaints that justify an action under this
88.26 subdivision to protect the safety and interests of consumers;

88.27 (3) the applicant fails to pay an application license or renewal fee; or

88.28 (4) the applicant fails to comply with a requirement set forth in this subdivision.

88.29 (j) This subdivision does not apply to transfers by or to an auctioneer who is in
88.30 compliance with chapter 330 and acting in the person's official role as an auctioneer to
88.31 facilitate or conduct an auction of scrap metal.

88.32 (k) The commissioner must enforce this subdivision under chapter 45.

89.1 Sec. 8. Minnesota Statutes 2023 Supplement, section 342.72, is amended to read:

89.2 **342.72 SUBSTANCE USE TREATMENT, RECOVERY, AND PREVENTION**
 89.3 **GRANTS.**

89.4 Subdivision 1. ~~Account established;~~ **Appropriation.** A substance use treatment,
 89.5 recovery, and prevention grant ~~account~~ is created ~~in the special revenue fund~~. Money ~~in the~~
 89.6 ~~account, including interest earned,~~ is appropriated to the ~~office~~ commissioner of health for
 89.7 the purposes specified in this section. ~~Of the amount transferred from the general fund to~~
 89.8 ~~the account, the office may use up to five percent for administrative expenses.~~

89.9 ~~Subd. 2. **Acceptance of gifts and grants.** Notwithstanding sections 16A.013 to 16A.016,~~
 89.10 ~~the office may accept money contributed by individuals and may apply for grants from~~
 89.11 ~~charitable foundations to be used for the purposes identified in this section. The money~~
 89.12 ~~accepted under this section must be deposited in the substance use treatment, recovery, and~~
 89.13 ~~prevention grant account created under subdivision 1.~~

89.14 Subd. 3. **Disposition of money; grants.** (a) Money ~~in the substance use treatment,~~
 89.15 ~~recovery, and prevention grant account~~ appropriated to the commissioner of health for
 89.16 purposes of this section must be distributed as follows:

89.17 (1) at least 75 percent of the money is for grants for substance use disorder and mental
 89.18 health recovery and prevention programs. Funds must be used for recovery and prevention
 89.19 activities and supplies that assist individuals and families to initiate, stabilize, and maintain
 89.20 long-term recovery from substance use disorders and co-occurring mental health conditions.
 89.21 Recovery and prevention activities may include prevention education, school-linked
 89.22 behavioral health, school-based peer programs, peer supports, self-care and wellness,
 89.23 culturally specific healing, community public awareness, mutual aid networks, telephone
 89.24 recovery checkups, mental health warmlines, harm reduction, recovery community
 89.25 organization development, first episode psychosis programs, and recovery housing; and

89.26 (2) up to 25 percent of the money is for substance use disorder treatment programs as
 89.27 defined in chapter 245G and may be used to implement, strengthen, or expand supportive
 89.28 services and activities that are not covered by medical assistance under chapter 256B,
 89.29 MinnesotaCare under chapter 256L, or the behavioral health fund under chapter 254B.
 89.30 Services and activities may include adoption or expansion of evidence-based practices;
 89.31 competency-based training; continuing education; culturally specific and culturally responsive
 89.32 services; sober recreational activities; developing referral relationships; family preservation
 89.33 and healing; and start-up or capacity funding for programs that specialize in adolescent,

91.1 Subd. 2. **Advanced Nuclear Technologies Study**

91.2 \$300,000 the second year is for the advanced
 91.3 nuclear technologies study under article 9,
 91.4 section 34. This is a onetime appropriation.

91.5 Subd. 3. **Thermal Energy Network Site**
 91.6 **Suitability Study**

91.7 \$500,000 the second year is for the thermal
 91.8 energy network site suitability study under
 91.9 article 9, section 36. This is a onetime
 91.10 appropriation.

91.11 Subd. 4. **Grant Development Assistance**

91.12 \$200,000 the second year is transferred to the
 91.13 state competitiveness fund account under
 91.14 Minnesota Statutes, section 216C.391, for
 91.15 grant development assistance under Minnesota
 91.16 Statutes, section 216C.391, subdivision 4. This
 91.17 is a onetime transfer.

91.18 Sec. 3. **PUBLIC UTILITIES COMMISSION** \$ 0 \$ 39,000

91.19 \$39,000 the second year is for the thermal
 91.20 energy network deployment work group under
 91.21 article 9, section 35. The base budget for this
 91.22 appropriation is \$39,000 in fiscal year 2026
 91.23 and \$0 in fiscal year 2027.

91.24 Sec. 4. **GRANT ADMINISTRATION REPORTING.**

91.25 (a) By July 1, 2024, the commissioner of commerce shall report to the chairs and ranking
 91.26 minority members of the legislative committees having jurisdiction over energy finance
 91.27 and policy the anticipated costs for administering each named grant and competitive grant
 91.28 program in Laws 2023, chapter 60, article 10, section 2, and Laws 2023, chapter 60, article
 91.29 11, section 2.

91.30 (b) Within 90 days after each named grantee has fulfilled the obligations of their grant
 91.31 agreement, the commissioner shall report to the chairs and ranking minority members of
 91.32 the legislative committees having jurisdiction over energy finance and policy on the final

93.1 to the center. This is a onetime appropriation
 93.2 and is available until June 30, 2027.

93.3 (b) For the purposes of this subdivision,
 93.4 "geothermal energy system" means a system
 93.5 composed of: a heat pump that moves a
 93.6 heat-transferring fluid through piping
 93.7 embedded in the earth and absorbs the earth's
 93.8 constant temperature; a heat exchanger; and
 93.9 ductwork to distribute heated and cooled air
 93.10 to a building.

93.11 **Subd. 3. Energy Efficiency Projects; Dakota**
 93.12 **County**

93.13 (a) \$500,000 the second year is for a grant to
 93.14 Dakota County for energy efficiency projects
 93.15 that are located in the service area of the public
 93.16 utility subject to Minnesota Statutes, section
 93.17 116C.779. This appropriation is available until
 93.18 June 30, 2027. The base budget for this
 93.19 appropriation is \$500,000 in fiscal year 2026
 93.20 and \$0 in fiscal year 2027.

93.21 (b) For purposes of this subdivision, "energy
 93.22 efficiency project" includes but is not limited
 93.23 to: (1) LED lighting, as defined under
 93.24 Minnesota Statutes, section 216B.241,
 93.25 subdivision 5; (2) solar arrays; or (3) heating,
 93.26 ventilating, or air conditioning system
 93.27 improvements.

93.28 **Subd. 4. Anaerobic Digester Energy System**

93.29 (a) \$5,000,000 the second year is for a grant
 93.30 to Recycling and Energy, in partnership with
 93.31 Dem-Con HZI Bioenergy, LLC, to construct
 93.32 an anaerobic energy system in Louisville
 93.33 Township. This appropriation is available until
 93.34 June 30, 2027. The base budget for this

94.1 appropriation is \$5,000,000 in fiscal year 2026
 94.2 and \$0 in fiscal year 2027.

94.3 (b) For the purposes of this subdivision,
 94.4 "anaerobic energy system" means a facility
 94.5 that uses diverted food and organic waste to
 94.6 create renewable natural gas and biochar.

94.7 **Subd. 5. Wildlife Rehabilitation Center of**
 94.8 **Minnesota**

94.9 \$400,000 the second year is for a grant to the
 94.10 Wildlife Rehabilitation Center of Minnesota
 94.11 to install solar panels. This is a onetime
 94.12 appropriation and is available until June 30,
 94.13 2027.

94.14 **Subd. 6. Ultraefficient Vehicle Development**
 94.15 **Grants**

94.16 \$250,000 the second year is transferred to the
 94.17 ultraefficient vehicle development grant
 94.18 account under section 4, subdivision 4, to
 94.19 provide grants for developers and producers
 94.20 of ultraefficient vehicles. This is a onetime
 94.21 transfer.

94.22 **Subd. 7. Geothermal Heat Exchange System**
 94.23 **Rebate Program**

94.24 \$1,500,000 the second year is transferred to
 94.25 the geothermal heat exchange system rebate
 94.26 account established under Minnesota Statutes,
 94.27 section 216C.47, to provide rebates for
 94.28 geothermal heat exchange systems for eligible
 94.29 applicants. This is a onetime transfer.

94.30 **Subd. 8. Administrative Costs**

94.31 (a) Notwithstanding Minnesota Statutes,
 94.32 section 16B.98, subdivision 14, the
 94.33 commissioner may use up to two percent of

95.1 the appropriations in subdivisions 2 to 5 for
 95.2 administrative costs.

95.3 (b) Notwithstanding Minnesota Statutes,
 95.4 section 16B.98, subdivision 14, the
 95.5 commissioner may use up to five percent of
 95.6 the appropriations in subdivisions 6 and 7 for
 95.7 administrative costs.

95.8 **Sec. 3. [216C.47] GEOTHERMAL HEAT EXCHANGE SYSTEM REBATE**
 95.9 **PROGRAM.**

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

95.12 (b) "Eligible applicant" means a person, business, nonprofit, government entity, federally
 95.13 recognized Tribe in Minnesota, or religious institution who provides evidence to the
 95.14 commissioner's satisfaction demonstrating that the person has received or has applied for
 95.15 a geothermal heat exchange system rebate available from the federal Department of Treasury
 95.16 under the Inflation Reduction Act of 2022, Public Law 117-189, for a commercial or
 95.17 multifamily building located in Minnesota.

95.18 (c) "Geothermal heat exchange system" means a heating or cooling exchange mechanism
 95.19 composed of a mechanism to collect or reject heat from or to the underground.

95.20 (d) "Commissioner" means the commissioner of the Department of Commerce.

95.21 Subd. 2. **Establishment.** A geothermal heat exchange system rebate program is
 95.22 established in the department to provide financial assistance to eligible applicants that install
 95.23 geothermal heat exchange technology in the applicant's building.

95.24 Subd. 3. **Application.** (a) An application for a rebate under this section must be made
 95.25 to the commissioner on a form developed by the commissioner. The application must be
 95.26 accompanied by documentation, as required by the commissioner, demonstrating:

95.27 (1) that the applicant is an eligible applicant;

95.28 (2) that the applicant owns the Minnesota building in which the geothermal exchange
 95.29 system is to be installed;

95.30 (3) that an energy audit of the building in which the geothermal exchange system is to
 95.31 be installed has been conducted within the 18 months preceding the application date by a

96.1 person with a building analyst technician certification issued by the Building Performance
96.2 Institute, Inc., or an equivalent certification as determined by the commissioner;

96.3 (4) that the applicant has installed a geothermal heat exchange system of the capacity
96.4 recommended by the auditor or contractor, and has had the heat pump installed by a
96.5 contractor with sufficient training and experience in installing heat pumps, as determined
96.6 by the commissioner; and

96.7 (5) the total cost to install the geothermal heat exchange system in the applicant's building
96.8 and the associated geothermal loop installed and located outside of the building.

96.9 (b) The commissioner must develop administrative procedures governing the application
96.10 and rebate award processes.

96.11 (c) The commissioner may modify program requirements under this section when
96.12 necessary to align with comparable federal programs administered by the department under
96.13 the federal Inflation Reduction Act of 2022, Public Law 117-189.

96.14 Subd. 4. **Rebate amount.** A rebate awarded under this section must not exceed the lower
96.15 of:

96.16 (1) ten percent of geothermal heat exchange system costs, not to exceed \$100,000 for a
96.17 single project; or

96.18 (2) the total cost to purchase and install the heat exchange system in an eligible applicant's
96.19 building net of any financial support received for the system from other federal, state, or
96.20 utility programs.

96.21 Subd. 5. **Prioritization.** In evaluating applications under this program, the commissioner
96.22 must give priority to applications that:

96.23 (1) are located in environmental justice communities, as defined by section 115A.03,
96.24 subdivision 10b;

96.25 (2) have submitted a workforce plan demonstrating the intention to use registered
96.26 apprenticeships; or

96.27 (3) are multifamily housing or commercial buildings that:

96.28 (i) are owned by a non-profit or government entity; and

96.29 (ii) meet the definition of low-income rental property under section 273.128.

96.30 Subd. 6. **Account established.** (a) The geothermal heat exchange system rebate account
96.31 is established as a separate account in the special revenue fund in the state treasury. The

97.1 commissioner must credit appropriations and transfers to the account. Earnings, including
 97.2 interest, dividends, and any other earnings arising from assets of the account, must be
 97.3 credited to the account. Money remaining in the account at the end of a fiscal year does not
 97.4 cancel to the general fund, but remains in the account until expended. The commissioner
 97.5 must manage the account.

97.6 (b) Money in the account is appropriated to the commissioner for the purposes of this
 97.7 section and to reimburse the reasonable costs incurred by the department to administer this
 97.8 section. Any money remaining in the account on January 1, 2033, cancels to the renewable
 97.9 development account.

97.10 **Sec. 4. ULTRAEFFICIENT VEHICLE DEVELOPMENT GRANTS.**

97.11 Subdivision 1. **Program establishment.** (a) A grant program is established in the
 97.12 Department of Commerce to provide financial assistance to developers and producers of
 97.13 ultraefficient vehicles that use proprietary technology.

97.14 (b) For purposes of this section, "ultraefficient vehicle" means a fully closed compartment
 97.15 vehicle designed to carry at least one adult passenger that achieves:

97.16 (1) at least 75 miles per gallon while operating on gasoline;

97.17 (2) at least 75 miles per gallon equivalent while operating as a hybrid electric-gasoline;

97.18 or

97.19 (3) at least 75 miles per gallon equivalent while operating as a fully electric vehicle.

97.20 Subd. 2. **Application process.** Applicants seeking a grant under this section must submit
 97.21 an application to the commissioner of commerce on a form developed by the commissioner.
 97.22 The commissioner is responsible for receiving and reviewing grant applications and awarding
 97.23 grants under this subdivision. The commissioner must develop administrative procedures
 97.24 to govern the application, evaluation, and grant-award process.

97.25 Subd. 3. **Grant awards.** The maximum grant award for each eligible applicant awarded
 97.26 a grant under this section is \$250,000. In awarding grants under this section, the department
 97.27 must:

97.28 (1) give priority to ultraefficient vehicle projects that are deemed to be near production
 97.29 ready; and

97.30 (2) give priority to ultraefficient vehicle projects that maximize the use of electricity to
 97.31 charge and run the vehicle.

98.1 Subd. 4. **Account established.** An ultraefficient vehicle development grant account is
 98.2 established in the special revenue fund in the state treasury. The commissioner of commerce
 98.3 must credit to the account appropriations made for ultraefficient vehicle development grants.
 98.4 Earnings, including interest, arising from assets in the account, must be credited to the
 98.5 account. Money in the account is available until June 30, 2028. Any amount in the account
 98.6 after June 30, 2028, cancels to the renewable development account. The commissioner of
 98.7 commerce must manage the account.

98.8 Subd. 5. **Appropriation; expenditures.** Money in the account established in subdivision
 98.9 4 is appropriated to the commissioner of commerce and must be used only:

98.10 (1) to make grant awards under this section; and

98.11 (2) to pay the reasonable costs incurred by the department to administer this section.

98.12 Subd. 6. **Report.** On January 15, 2026, and on January 15, 2029, the commissioner of
 98.13 commerce must submit a report to the chairs and ranking minority members of the legislative
 98.14 committees with jurisdiction over energy policy and finance on the grant awards under this
 98.15 section.

98.16 **ARTICLE 9**

98.17 **ENERGY, UTILITIES, ENVIRONMENT, AND CLIMATE POLICY**

98.18 Section 1. Minnesota Statutes 2023 Supplement, section 116C.779, subdivision 1, is
 98.19 amended to read:

98.20 Subdivision 1. **Renewable development account.** (a) The renewable development
 98.21 account is established as a separate account in the special revenue fund in the state treasury.
 98.22 Appropriations and transfers to the account shall be credited to the account. Earnings, such
 98.23 as interest, dividends, and any other earnings arising from assets of the account, shall be
 98.24 credited to the account. Funds remaining in the account at the end of a fiscal year are not
 98.25 canceled to the general fund but remain in the account until expended. The account shall
 98.26 be administered by the commissioner of management and budget as provided under this
 98.27 section.

98.28 (b) On July 1, 2017, the public utility that owns the Prairie Island nuclear generating
 98.29 plant must transfer all funds in the renewable development account previously established
 98.30 under this subdivision and managed by the public utility to the renewable development
 98.31 account established in paragraph (a). Funds awarded to grantees in previous grant cycles
 98.32 that have not yet been expended and unencumbered funds required to be paid in calendar

99.1 year 2017 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, are not subject
99.2 to transfer under this paragraph.

99.3 (c) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
99.4 each January 15 thereafter, the public utility that owns the Prairie Island nuclear generating
99.5 plant must transfer to the renewable development account \$500,000 each year for each dry
99.6 cask containing spent fuel that is located at the Prairie Island power plant for each year the
99.7 plant is in operation, and \$7,500,000 each year the plant is not in operation if ordered by
99.8 the commission pursuant to paragraph (i). The fund transfer must be made if nuclear waste
99.9 is stored in a dry cask at the independent spent-fuel storage facility at Prairie Island for any
99.10 part of a year. The total amount transferred annually under this paragraph must be reduced
99.11 by \$3,750,000.

99.12 (d) Except as provided in subdivision 1a, beginning January 15, 2018, and continuing
99.13 each January 15 thereafter, the public utility that owns the Monticello nuclear generating
99.14 plant must transfer to the renewable development account \$350,000 each year for each dry
99.15 cask containing spent fuel that is located at the Monticello nuclear power plant for each
99.16 year the plant is in operation, and \$5,250,000 each year the plant is not in operation if ordered
99.17 by the commission pursuant to paragraph (i). The fund transfer must be made if nuclear
99.18 waste is stored in a dry cask at the independent spent-fuel storage facility at Monticello for
99.19 any part of a year.

99.20 (e) Each year, the public utility shall withhold from the funds transferred to the renewable
99.21 development account under paragraphs (c) and (d) the amount necessary to pay its obligations
99.22 under paragraphs (f) and (g), and sections 116C.7792 and 216C.41, for that calendar year.

99.23 (f) If the commission approves a new or amended power purchase agreement, the
99.24 termination of a power purchase agreement, or the purchase and closure of a facility under
99.25 section 216B.2424, subdivision 9, with an entity that uses poultry litter to generate electricity,
99.26 the public utility subject to this section shall enter into a contract with the city in which the
99.27 poultry litter plant is located to provide grants to the city for the purposes of economic
99.28 development on the following schedule: \$4,000,000 in fiscal year 2018; \$6,500,000 each
99.29 fiscal year in 2019 and 2020; and \$3,000,000 in fiscal year 2021. The grants shall be paid
99.30 by the public utility from funds withheld from the transfer to the renewable development
99.31 account, as provided in paragraphs (b) and (e).

99.32 (g) If the commission approves a new or amended power purchase agreement, or the
99.33 termination of a power purchase agreement under section 216B.2424, subdivision 9, with
99.34 an entity owned or controlled, directly or indirectly, by two municipal utilities located north

100.1 of Constitutional Route No. 8, that was previously used to meet the biomass mandate in
100.2 section 216B.2424, the public utility that owns a nuclear generating plant shall enter into a
100.3 grant contract with such entity to provide \$6,800,000 per year for five years, commencing
100.4 30 days after the commission approves the new or amended power purchase agreement, or
100.5 the termination of the power purchase agreement, and on each June 1 thereafter through
100.6 2021, to assist the transition required by the new, amended, or terminated power purchase
100.7 agreement. The grant shall be paid by the public utility from funds withheld from the transfer
100.8 to the renewable development account as provided in paragraphs (b) and (e).

100.9 (h) The collective amount paid under the grant contracts awarded under paragraphs (f)
100.10 and (g) is limited to the amount deposited into the renewable development account, and its
100.11 predecessor, the renewable development account, established under this section, that was
100.12 not required to be deposited into the account under Laws 1994, chapter 641, article 1, section
100.13 10.

100.14 (i) After discontinuation of operation of the Prairie Island nuclear plant or the Monticello
100.15 nuclear plant and each year spent nuclear fuel is stored in dry cask at the discontinued
100.16 facility, the commission shall require the public utility to pay \$7,500,000 for the discontinued
100.17 Prairie Island facility and \$5,250,000 for the discontinued Monticello facility for any year
100.18 in which the commission finds, by the preponderance of the evidence, that the public utility
100.19 did not make a good faith effort to remove the spent nuclear fuel stored at the facility to a
100.20 permanent or interim storage site out of the state. This determination shall be made at least
100.21 every two years.

100.22 (j) Funds in the account may be expended only for any of the following purposes:

100.23 (1) to stimulate research and development of renewable electric energy technologies;

100.24 (2) to encourage grid modernization, including, but not limited to, projects that implement
100.25 electricity storage, load control, and smart meter technology; and

100.26 (3) to stimulate other innovative energy projects that reduce demand and increase system
100.27 efficiency and flexibility.

100.28 Expenditures from the fund must benefit Minnesota ratepayers receiving electric service
100.29 from the utility that owns a nuclear-powered electric generating plant in this state or the
100.30 Prairie Island Indian community or its members.

100.31 The utility that owns a nuclear generating plant is eligible to apply for grants under this
100.32 subdivision.

100.33 (k) For the purposes of paragraph (j), the following terms have the meanings given:

101.1 (1) "renewable" has the meaning given in section 216B.2422, subdivision 1, paragraph
101.2 (c), clauses (1), (2), (4), and (5); and

101.3 (2) "grid modernization" means:

101.4 (i) enhancing the reliability of the electrical grid;

101.5 (ii) improving the security of the electrical grid against cyberthreats and physical threats;
101.6 and

101.7 (iii) increasing energy conservation opportunities by facilitating communication between
101.8 the utility and its customers through the use of two-way meters, control technologies, energy
101.9 storage and microgrids, technologies to enable demand response, and other innovative
101.10 technologies.

101.11 (l) A renewable development account advisory group that includes, among others,
101.12 representatives of the public utility and its ratepayers, and includes at least one representative
101.13 of the Prairie Island Indian community appointed by that community's tribal council, shall
101.14 develop recommendations on account expenditures. The advisory group must design a
101.15 request for proposal and evaluate projects submitted in response to a request for proposals.
101.16 The advisory group must utilize an independent third-party expert to evaluate proposals
101.17 submitted in response to a request for proposal, including all proposals made by the public
101.18 utility. A request for proposal for research and development under paragraph (j), clause (1),
101.19 may be limited to or include a request to higher education institutions located in Minnesota
101.20 for multiple projects authorized under paragraph (j), clause (1). The request for multiple
101.21 projects may include a provision that exempts the projects from the third-party expert review
101.22 and instead provides for project evaluation and selection by a merit peer review grant system.
101.23 In the process of determining request for proposal scope and subject and in evaluating
101.24 responses to request for proposals, the advisory group must strongly consider, where
101.25 reasonable:

101.26 (1) potential benefit to Minnesota citizens and businesses and the utility's ratepayers;
101.27 and

101.28 (2) the proposer's commitment to increasing the diversity of the proposer's workforce
101.29 and vendors.

101.30 (m) The advisory group shall submit funding recommendations to the public utility,
101.31 which has full and sole authority to determine which expenditures shall be submitted by
101.32 the advisory group to the legislature. The commission may approve proposed expenditures,
101.33 may disapprove proposed expenditures that it finds not to be in compliance with this

102.1 subdivision or otherwise not in the public interest, and may, if agreed to by the public utility,
 102.2 modify proposed expenditures. The commission shall, by order, submit its funding
 102.3 recommendations to the legislature as provided under paragraph (n).

102.4 (n) The commission shall present its recommended appropriations from the account to
 102.5 the senate and house of representatives committees with jurisdiction over energy policy and
 102.6 finance annually by February 15. Expenditures from the account must be appropriated by
 102.7 law. In enacting appropriations from the account, the legislature:

102.8 (1) may approve or disapprove, but may not modify, the amount of an appropriation for
 102.9 a project recommended by the commission; and

102.10 (2) may not appropriate money for a project the commission has not recommended
 102.11 funding.

102.12 (o) A request for proposal for renewable energy generation projects must, when feasible
 102.13 and reasonable, give preference to projects that are most cost-effective for a particular energy
 102.14 source.

102.15 (p) The advisory group must annually, by February 15, report to the chairs and ranking
 102.16 minority members of the legislative committees with jurisdiction over energy policy on
 102.17 projects funded by the account for the prior year and all previous years. The report must,
 102.18 to the extent possible and reasonable, itemize the actual and projected financial benefit to
 102.19 the public utility's ratepayers of each project.

102.20 ~~(q) By February 1, 2018, and each February 1 thereafter, the commissioner of~~
 102.21 ~~management and budget shall submit a written report regarding the availability of funds in~~
 102.22 ~~and obligations of the account to the chairs and ranking minority members of the senate~~
 102.23 ~~and house committees with jurisdiction over energy policy and finance, the public utility,~~
 102.24 ~~and the advisory group.~~

102.25 ~~(†)~~ (q) A project receiving funds from the account must produce a written final report
 102.26 that includes sufficient detail for technical readers and a clearly written summary for
 102.27 nontechnical readers. The report must include an evaluation of the project's financial,
 102.28 environmental, and other benefits to the state and the public utility's ratepayers. A project
 102.29 receiving funds from the account must submit a report that meets the requirements of section
 102.30 216C.51, subdivisions 3 and 4, each year the project funded by the account is in progress.

102.31 ~~(s)~~ (r) Final reports, any mid-project status reports, and renewable development account
 102.32 financial reports must be posted online on a public website designated by the commissioner
 102.33 of commerce.

103.1 ~~(s)~~ (s) All final reports must acknowledge that the project was made possible in whole
 103.2 or part by the Minnesota renewable development account, noting that the account is financed
 103.3 by the public utility's ratepayers.

103.4 ~~(t)~~ (t) Of the amount in the renewable development account, priority must be given to
 103.5 making the payments required under section 216C.417.

103.6 ~~(u)~~ (u) Construction projects receiving funds from this account are subject to the
 103.7 requirement to pay the prevailing wage rate, as defined in section 177.42 and the requirements
 103.8 and enforcement provisions in sections 177.27, 177.30, 177.32, 177.41 to 177.435, and
 103.9 177.45.

103.10 Sec. 2. Minnesota Statutes 2022, section 216B.098, is amended by adding a subdivision
 103.11 to read:

103.12 **Subd. 7. Social Security number and individual taxpayer identification number.** If
 103.13 a utility requires a new customer to provide a Social Security number on an application for
 103.14 utility service, the utility must accept an individual taxpayer identification number in lieu
 103.15 of a Social Security number. The utility application must indicate that the utility accepts an
 103.16 individual taxpayer identification number.

103.17 Sec. 3. Minnesota Statutes 2022, section 216B.16, subdivision 6c, is amended to read:

103.18 **Subd. 6c. Incentive plan for energy conservation and efficient fuel-switching**
 103.19 **improvement.** (a) The commission may order public utilities to develop and submit for
 103.20 commission approval incentive plans that describe the method of recovery and accounting
 103.21 for utility conservation and efficient fuel-switching expenditures and savings. For public
 103.22 utilities that provide electric service, the commission must develop and implement incentive
 103.23 plans designed to promote energy conservation separately from the plans designed to promote
 103.24 efficient fuel-switching. In developing the incentive plans the commission shall ensure the
 103.25 effective involvement of interested parties.

103.26 (b) In approving incentive plans, the commission shall consider:

103.27 (1) whether the plan is likely to increase utility investment in cost-effective energy
 103.28 conservation or efficient fuel switching;

103.29 (2) whether the plan is compatible with the interest of utility ratepayers and other
 103.30 interested parties;

103.31 (3) whether the plan links the incentive to the utility's performance in achieving
 103.32 cost-effective conservation or efficient fuel switching; ~~and~~

- 104.1 (4) whether the plan is in conflict with other provisions of this chapter;
- 104.2 (5) whether the plan conflicts with other provisions of this chapter; and
- 104.3 (6) the likely financial impacts of the conservation and efficient fuel-switching programs
- 104.4 on the utility.
- 104.5 (c) The commission may set rates to encourage the vigorous and effective implementation
- 104.6 of utility conservation and efficient fuel-switching programs. The commission may:
- 104.7 (1) increase or decrease any otherwise allowed rate of return on net investment based
- 104.8 upon the utility's skill, efforts, and success in ~~conserving~~ improving the efficient use of
- 104.9 energy through energy conservation or efficient fuel switching;
- 104.10 (2) share between ratepayers and utilities the net savings resulting from energy
- 104.11 conservation and efficient fuel-switching programs to the extent justified by the utility's
- 104.12 skill, efforts, and success in ~~conserving~~ improving the efficient use of energy; and
- 104.13 (3) adopt any mechanism that satisfies the criteria of this subdivision, such that
- 104.14 implementation of cost-effective conservation or efficient fuel switching is a preferred
- 104.15 resource choice for the public utility considering the impact of conservation or efficient fuel
- 104.16 switching on earnings of the public utility.
- 104.17 (d) Any incentives offered to electric utilities under this subdivision for efficient-fuel
- 104.18 switching projects expire December 31, 2032.

104.19 Sec. 4. Minnesota Statutes 2022, section 216B.16, subdivision 8, is amended to read:

104.20 Subd. 8. **Advertising expense.** (a) The commission shall disapprove the portion of any

104.21 rate which makes an allowance directly or indirectly for expenses incurred by a public utility

104.22 to provide a public advertisement which:

104.23 (1) is designed to influence or has the effect of influencing public attitudes toward

104.24 legislation or proposed legislation, or toward a rule, proposed rule, authorization or proposed

104.25 authorization of the Public Utilities Commission or other agency of government responsible

104.26 for regulating a public utility;

104.27 (2) is designed to justify or otherwise support or defend a rate, proposed rate, practice

104.28 or proposed practice of a public utility;

104.29 (3) is designed primarily to promote consumption of the services of the utility;

104.30 (4) is designed primarily to promote good will for the public utility or improve the

104.31 utility's public image; or

105.1 (5) is designed to promote the use of nuclear power or to promote a nuclear waste storage
105.2 facility.

105.3 (b) The commission may approve a rate which makes an allowance for expenses incurred
105.4 by a public utility to disseminate information which:

105.5 (1) is designed to encourage ~~conservation~~ efficient use of energy supplies;

105.6 (2) is designed to promote safety; or

105.7 (3) is designed to inform and educate customers as to financial services made available
105.8 to them by the public utility.

105.9 (c) The commission shall not withhold approval of a rate because it makes an allowance
105.10 for expenses incurred by the utility to disseminate information about corporate affairs to its
105.11 owners.

105.12 Sec. 5. Minnesota Statutes 2022, section 216B.2402, is amended by adding a subdivision
105.13 to read:

105.14 Subd. 3a. **Data mining facility.** "Data mining facility" means all buildings, structures,
105.15 equipment, and installations at a single site where electricity is used primarily by computers
105.16 to process transactions involving digital currency not issued by a central authority.

105.17 Sec. 6. Minnesota Statutes 2022, section 216B.2402, subdivision 10, is amended to read:

105.18 Subd. 10. **Gross annual retail energy sales.** "Gross annual retail energy sales" means
105.19 a utility's annual electric sales to all Minnesota retail customers, or natural gas throughput
105.20 to all retail customers, including natural gas transportation customers, on a utility's
105.21 distribution system in Minnesota. Gross annual retail energy sales does not include:

105.22 (1) gas sales to:

105.23 (i) a large energy facility;

105.24 (ii) a large customer facility whose natural gas utility has been exempted by the
105.25 commissioner under section 216B.241, subdivision 1a, paragraph (a), with respect to natural
105.26 gas sales made to the large customer facility; and

105.27 (iii) a commercial gas customer facility whose natural gas utility has been exempted by
105.28 the commissioner under section 216B.241, subdivision 1a, paragraph (b), with respect to
105.29 natural gas sales made to the commercial gas customer facility;

105.30 (2) electric sales to:

106.1 (i) a large customer facility whose electric utility has been exempted by the commissioner
 106.2 under section 216B.241, subdivision 1a, paragraph (a), with respect to electric sales made
 106.3 to the large customer facility; ~~or~~ and

106.4 (ii) a data mining facility, if the facility:

106.5 (A) has provided a signed letter to the utility verifying the facility meets the definition
 106.6 of a data mining facility; and

106.7 (B) imposes a peak electrical demand on a consumer-owned utility's system equal to or
 106.8 greater than 40 percent of the peak electrical demand of the system, measured in the same
 106.9 manner as the utility that serves the customer facility measures electric demand for billing
 106.10 purposes; or

106.11 (3) the amount of electric sales prior to December 31, 2032, that are associated with a
 106.12 utility's program, rate, or tariff for electric vehicle charging based on a methodology and
 106.13 assumptions developed by the department in consultation with interested stakeholders no
 106.14 later than December 31, 2021. After December 31, 2032, incremental sales to electric
 106.15 vehicles must be included in calculating a public utility's gross annual retail sales.

106.16 Sec. 7. Minnesota Statutes 2022, section 216B.2403, subdivision 2, is amended to read:

106.17 Subd. 2. **Consumer-owned utility; energy-savings goal.** (a) Each individual
 106.18 consumer-owned electric utility subject to this section has an annual energy-savings goal
 106.19 equivalent to 1.5 percent of gross annual retail energy sales and each individual
 106.20 consumer-owned natural gas utility subject to this section has an annual energy-savings
 106.21 goal equivalent to one percent of gross annual retail energy sales, to be met with a minimum
 106.22 of energy savings from energy conservation improvements equivalent to at least ~~0.95~~ 0.90
 106.23 percent of the consumer-owned utility's gross annual retail energy sales. The balance of
 106.24 energy savings toward the annual energy-savings goal may be achieved only by the following
 106.25 consumer-owned utility activities:

106.26 (1) energy savings from additional energy conservation improvements;

106.27 (2) electric utility infrastructure projects, as defined in section 216B.1636, subdivision
 106.28 1, that result in increased efficiency greater than would have occurred through normal
 106.29 maintenance activity;

106.30 (3) net energy savings from efficient fuel-switching improvements that meet the criteria
 106.31 under subdivision 8, which may contribute up to ~~0.55~~ 0.60 percent of the goal; or

107.1 (4) subject to department approval, demand-side natural gas or electric energy displaced
107.2 by use of waste heat recovered and used as thermal energy, including the recovered thermal
107.3 energy from a cogeneration or combined heat and power facility.

107.4 (b) The energy-savings goals specified in this section must be calculated based on
107.5 weather-normalized sales averaged over the most recent three years. A consumer-owned
107.6 utility may elect to carry forward energy savings in excess of 1.5 percent for a year to the
107.7 next three years, except that energy savings from electric utility infrastructure projects may
107.8 be carried forward for five years. A particular energy savings can only be used to meet one
107.9 year's goal.

107.10 (c) A consumer-owned utility subject to this section is not required to make energy
107.11 conservation improvements that are not cost-effective, even if the improvement is necessary
107.12 to attain the energy-savings goal. A consumer-owned utility subject to this section must
107.13 make reasonable efforts to implement energy conservation improvements that exceed the
107.14 minimum level established under this subdivision if cost-effective opportunities and funding
107.15 are available, considering other potential investments the consumer-owned utility intends
107.16 to make to benefit customers during the term of the plan filed under subdivision 3.

107.17 (d) Notwithstanding any provision to the contrary, until July 1, 2026, spending by a
107.18 consumer-owned utility subject to this section on efficient fuel-switching improvements
107.19 implemented to meet the annual energy savings goal under this section must not exceed
107.20 ~~0.55~~ 0.6 percent per year, averaged over a three-year period, of the consumer-owned utility's
107.21 gross annual retail energy sales.

107.22 Sec. 8. Minnesota Statutes 2022, section 216B.2403, subdivision 3, is amended to read:

107.23 **Subd. 3. Consumer-owned utility; energy conservation and optimization plans.** (a)
107.24 By June 1, 2022, and at least every three years thereafter, each consumer-owned utility must
107.25 file with the commissioner an energy conservation and optimization plan that describes the
107.26 programs for energy conservation, efficient fuel-switching, load management, and other
107.27 measures the consumer-owned utility intends to offer to achieve the utility's energy savings
107.28 goal.

107.29 (b) A plan's term may extend up to three years. A multiyear plan must identify the total
107.30 energy savings and energy savings resulting from energy conservation improvements that
107.31 are projected to be achieved in each year of the plan. A multiyear plan that does not, in each
107.32 year of the plan, meet both the minimum energy savings goal from energy conservation
107.33 improvements and the total energy savings goal of 1.5 percent, or lower goals adjusted by
107.34 the commissioner under paragraph (k), must:

108.1 (1) state why each goal is projected to be unmet; and

108.2 (2) demonstrate how the consumer-owned utility proposes to meet both goals on an
108.3 average basis over the duration of the plan.

108.4 (c) A plan filed under this subdivision must provide:

108.5 (1) for existing programs, an analysis of the cost-effectiveness of the consumer-owned
108.6 utility's programs offered under the plan, using a list of baseline energy- and capacity-savings
108.7 assumptions developed in consultation with the department; and

108.8 (2) for new programs, a preliminary analysis upon which the program will proceed, in
108.9 parallel with further development of assumptions and standards.

108.10 (d) The commissioner must evaluate a plan filed under this subdivision based on the
108.11 plan's likelihood to achieve the energy-savings goals established in subdivision 2. The
108.12 commissioner may make recommendations to a consumer-owned utility regarding ways to
108.13 increase the effectiveness of the consumer-owned utility's energy conservation activities
108.14 and programs under this subdivision. The commissioner may recommend that a
108.15 consumer-owned utility implement a cost-effective energy conservation or efficient
108.16 fuel-switching program, ~~including an energy conservation program~~ suggested by an outside
108.17 source such as a political subdivision, nonprofit corporation, or community organization.

108.18 (e) Beginning June 1, 2023, and every June 1 thereafter, each consumer-owned utility
108.19 must file: (1) an annual update identifying the status of the plan filed under this subdivision,
108.20 including: (i) total expenditures and investments made to date under the plan; and (ii) any
108.21 intended changes to the plan; and (2) a summary of the annual energy-savings achievements
108.22 under a plan. An annual filing made in the last year of a plan must contain a new plan that
108.23 complies with this section.

108.24 (f) When evaluating the cost-effectiveness of a consumer-owned utility's energy
108.25 conservation programs, the consumer-owned utility and the commissioner must consider
108.26 the costs and benefits to ratepayers, the utility, participants, and society. The commissioner
108.27 must also consider the rate at which the consumer-owned utility is increasing energy savings
108.28 and expenditures on energy conservation, and lifetime energy savings and cumulative energy
108.29 savings.

108.30 (g) A consumer-owned utility may annually spend and invest up to ten percent of the
108.31 total amount spent and invested on energy conservation, efficient fuel-switching, or load
108.32 management improvements on research and development projects that meet the applicable
108.33 definition of energy conservation, efficient fuel-switching, or load management improvement.

109.1 (h) A generation and transmission cooperative electric association or municipal power
109.2 agency that provides energy services to consumer-owned utilities may file a plan under this
109.3 subdivision on behalf of the consumer-owned utilities to which the association or agency
109.4 provides energy services and may make investments, offer conservation programs, and
109.5 otherwise fulfill the energy-savings goals and reporting requirements of this subdivision
109.6 for those consumer-owned utilities on an aggregate basis.

109.7 (i) A consumer-owned utility is prohibited from spending for or investing in energy
109.8 conservation improvements that directly benefit a large energy facility or a large electric
109.9 customer facility the commissioner has exempted under section 216B.241, subdivision 1a.

109.10 (j) The energy conservation and optimization plan of a consumer-owned utility may
109.11 include activities to improve energy efficiency in the public schools served by the utility.
109.12 These activities may include programs to:

109.13 (1) increase the efficiency of the school's lighting and heating and cooling systems;

109.14 (2) recommission buildings;

109.15 (3) train building operators; and

109.16 (4) provide opportunities to educate students, teachers, and staff regarding energy
109.17 efficiency measures implemented at the school.

109.18 (k) A consumer-owned utility may request that the commissioner adjust the
109.19 consumer-owned utility's minimum goal for energy savings from energy conservation
109.20 improvements under subdivision 2, paragraph (a), for the duration of the plan filed under
109.21 this subdivision. The request must be made by January 1 of the year when the
109.22 consumer-owned utility must file a plan under this subdivision. The request must be based
109.23 on:

109.24 (1) historical energy conservation improvement program achievements;

109.25 (2) customer class makeup;

109.26 (3) projected load growth;

109.27 (4) an energy conservation potential study that estimates the amount of cost-effective
109.28 energy conservation potential that exists in the consumer-owned utility's service territory;

109.29 (5) the cost-effectiveness and quality of the energy conservation programs offered by
109.30 the consumer-owned utility; and

109.31 (6) other factors the commissioner and consumer-owned utility determine warrant an
109.32 adjustment.

110.1 The commissioner must adjust the energy savings goal to a level the commissioner determines
110.2 is supported by the record, but must not approve a minimum energy savings goal from
110.3 energy conservation improvements that is less than an average of 0.95 percent per year over
110.4 the consecutive years of the plan's duration, including the year the minimum energy savings
110.5 goal is adjusted.

110.6 (l) A consumer-owned utility filing a conservation and optimization plan that includes
110.7 an efficient fuel-switching program ~~to achieve the utility's energy savings goal~~ must, as part
110.8 of the filing, demonstrate ~~by a comparison of greenhouse gas emissions between the fuels~~
110.9 that the requirements of subdivision 8 are met, using a full fuel-cycle energy analysis.

110.10 Sec. 9. Minnesota Statutes 2022, section 216B.2403, subdivision 5, is amended to read:

110.11 **Subd. 5. Energy conservation programs for low-income households.** (a) A
110.12 consumer-owned utility subject to this section must provide energy conservation programs
110.13 to low-income households. The commissioner must evaluate a consumer-owned utility's
110.14 plans under this section by considering the consumer-owned utility's historic spending on
110.15 energy conservation programs directed to low-income households, the rate of customer
110.16 participation in and the energy savings resulting from those programs, and the number of
110.17 low-income persons residing in the consumer-owned utility's service territory. A municipal
110.18 utility that furnishes natural gas service must spend at least 0.2 percent of the municipal
110.19 utility's most recent three-year average gross operating revenue from residential customers
110.20 in Minnesota on energy conservation programs for low-income households. A
110.21 consumer-owned utility that furnishes electric service must spend at least 0.2 percent of the
110.22 consumer-owned utility's gross operating revenue from residential customers in Minnesota
110.23 on energy conservation programs for low-income households. The requirement under this
110.24 paragraph applies to each generation and transmission cooperative association's aggregate
110.25 gross operating revenue from the sale of electricity to residential customers in Minnesota
110.26 by all of the association's member distribution cooperatives.

110.27 (b) To meet all or part of the spending requirements of paragraph (a), a consumer-owned
110.28 utility may contribute money to the energy and conservation account established in section
110.29 216B.241, subdivision 2a. An energy conservation optimization plan must state the amount
110.30 of contributions the consumer-owned utility plans to make to the energy and conservation
110.31 account. Contributions to the account must be used for energy conservation programs serving
110.32 low-income households, including renters, located in the service area of the consumer-owned
110.33 utility making the contribution. Contributions must be remitted to the commissioner by
110.34 February 1 each year.

111.1 (c) The commissioner must establish energy conservation programs for low-income
111.2 households funded through contributions to the energy and conservation account under
111.3 paragraph (b). When establishing energy conservation programs for low-income households,
111.4 the commissioner must consult political subdivisions, utilities, and nonprofit and community
111.5 organizations, including organizations providing energy and weatherization assistance to
111.6 low-income households. The commissioner must record and report expenditures and energy
111.7 savings achieved as a result of energy conservation programs for low-income households
111.8 funded through the energy and conservation account in the report required under section
111.9 216B.241, subdivision 1c, paragraph (f). The commissioner may contract with a political
111.10 subdivision, nonprofit or community organization, public utility, municipality, or
111.11 consumer-owned utility to implement low-income programs funded through the energy and
111.12 conservation account.

111.13 (d) A consumer-owned utility may petition the commissioner to modify the required
111.14 spending under this subdivision if the consumer-owned utility and the commissioner were
111.15 unable to expend the amount required for three consecutive years.

111.16 (e) The commissioner must develop and establish guidelines for determining the eligibility
111.17 of multifamily buildings to participate in energy conservation programs provided to
111.18 low-income households. Notwithstanding the definition of low-income household in section
111.19 216B.2402, a consumer-owned utility or association may apply the most recent guidelines
111.20 published by the department for purposes of determining the eligibility of multifamily
111.21 buildings to participate in low-income programs. The commissioner must convene a
111.22 stakeholder group to review and update these guidelines by August 1, 2021, and at least
111.23 once every five years thereafter. The stakeholder group must include but is not limited to
111.24 representatives of public utilities; municipal electric or gas utilities; electric cooperative
111.25 associations; multifamily housing owners and developers; and low-income advocates.

111.26 (f) Up to 15 percent of a consumer-owned utility's spending on low-income energy
111.27 conservation programs may be spent on preweatherization measures. A consumer-owned
111.28 utility is prohibited from claiming energy savings from preweatherization measures toward
111.29 the consumer-owned utility's energy savings goal.

111.30 (g) The commissioner must, by order, establish a list of preweatherization measures
111.31 eligible for inclusion in low-income energy conservation programs no later than March 15,
111.32 2022.

111.33 (h) A Healthy AIR (Asbestos Insulation Removal) account is established as a separate
111.34 account in the special revenue fund in the state treasury. A consumer-owned utility may

112.1 elect to contribute money to the Healthy AIR account to provide preweatherization measures
 112.2 for households eligible for weatherization assistance from the state weatherization assistance
 112.3 program in section 216C.264. Remediation activities must be executed in conjunction with
 112.4 federal weatherization assistance program services. Money contributed to the account by a
 112.5 consumer-owned utility counts toward: (1) the minimum low-income spending requirement
 112.6 under paragraph (a); and (2) the cap on preweatherization measures under paragraph (f).
 112.7 Money in the account is annually appropriated to the commissioner of commerce to pay for
 112.8 Healthy AIR-related activities.

112.9 (i) This paragraph applies to a consumer-owned utility that supplies electricity to a
 112.10 low-income household whose primary heating fuel is supplied by an entity other than a
 112.11 public utility. Any spending on space and water heating energy conservation improvements
 112.12 and efficient fuel-switching by the consumer-owned utility on behalf of the low-income
 112.13 household may be applied to the consumer owned utility's spending requirement under
 112.14 paragraph (a). To the maximum extent possible, a consumer-owned utility providing services
 112.15 under this paragraph must offer the services in conjunction with weatherization services
 112.16 provided under section 216C.264.

112.17 Sec. 10. Minnesota Statutes 2022, section 216B.2403, subdivision 8, is amended to read:

112.18 Subd. 8. **Criteria for efficient fuel-switching improvements.** (a) A fuel-switching
 112.19 improvement is deemed efficient if, applying the technical criteria established under section
 112.20 216B.241, subdivision 1d, paragraph (e), the improvement, relative to the fuel being
 112.21 displaced:

112.22 (1) results in a net reduction in the amount of source energy consumed for a particular
 112.23 use, measured on a fuel-neutral basis, using (i) the consumer-owned utility's or the utility's
 112.24 electricity supplier's annual system average efficiency, or (ii) if the utility elects, a seasonal,
 112.25 monthly, or more granular level of analysis for the electric utility system over the measure's
 112.26 life;

112.27 (2) results in a net reduction of statewide greenhouse gas emissions, as defined in section
 112.28 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching
 112.29 improvement installed by an electric consumer-owned utility, the reduction in emissions
 112.30 must be measured ~~based on the hourly emissions profile of the consumer-owned utility or~~
 112.31 ~~the utility's electricity supplier, as reported in the most recent resource plan approved by~~
 112.32 ~~the commission under section 216B.2422. If the hourly emissions profile is not available,~~
 112.33 ~~the commissioner must develop a method consumer-owned utilities must use to estimate~~
 112.34 ~~that value~~ using (i) the consumer-owned utility's or the utility's electricity supplier's annual

113.1 average emissions factor, or (ii) if the utility elects, the seasonal, monthly, or more granular
113.2 level of analysis for the electric utility system over the measure's life; and

113.3 (3) is cost-effective, considering the costs and benefits from the perspective of the
113.4 consumer-owned utility, participants, and society; ~~and.~~

113.5 ~~(4) is installed and operated in a manner that improves the consumer-owned utility's~~
113.6 ~~system load factor.~~

113.7 (b) For purposes of this subdivision, "source energy" means the total amount of primary
113.8 energy required to deliver energy services, adjusted for losses in generation, transmission,
113.9 and distribution, and expressed on a fuel-neutral basis.

113.10 Sec. 11. Minnesota Statutes 2022, section 216B.241, subdivision 2, is amended to read:

113.11 **Subd. 2. Public utility; energy conservation and optimization plans.** (a) The
113.12 commissioner may require a public utility to make investments and expenditures in energy
113.13 conservation improvements, explicitly setting forth the interest rates, prices, and terms under
113.14 which the improvements must be offered to the customers.

113.15 (b) A public utility shall file an energy conservation and optimization plan by June 1,
113.16 on a schedule determined by order of the commissioner, but at least every three years. As
113.17 provided in subdivisions 11 to 13, plans may include programs for efficient fuel-switching
113.18 improvements and load management. An individual utility program may combine elements
113.19 of energy conservation, load management, or efficient fuel-switching. The plan must estimate
113.20 the lifetime energy savings and cumulative lifetime energy savings projected to be achieved
113.21 under the plan. A plan filed by a public utility by June 1 must be approved or approved as
113.22 modified by the commissioner by December 1 of that same year.

113.23 (c) The commissioner shall evaluate the plan on the basis of cost-effectiveness and the
113.24 reliability of technologies employed. The commissioner's order must provide to the extent
113.25 practicable for a free choice, by consumers participating in an energy conservation program,
113.26 of the device, method, material, or project constituting the energy conservation improvement
113.27 and for a free choice of the seller, installer, or contractor of the energy conservation
113.28 improvement, provided that the device, method, material, or project seller, installer, or
113.29 contractor is duly licensed, certified, approved, or qualified, including under the residential
113.30 conservation services program, where applicable.

113.31 (d) The commissioner may require a utility subject to subdivision 1c to make an energy
113.32 conservation improvement investment or expenditure whenever the commissioner finds

114.1 that the improvement will result in energy savings at a total cost to the utility less than the
114.2 cost to the utility to produce or purchase an equivalent amount of new supply of energy.

114.3 (e) Each public utility subject to this subdivision may spend and invest annually up to
114.4 ten percent of the total amount ~~spent and invested~~ that the public utility spends and invests
114.5 on energy conservation, efficient fuel-switching, or load management improvements under
114.6 this section ~~by the public utility~~ on research and development projects that meet the applicable
114.7 definition of energy conservation, efficient fuel-switching, or load management improvement.

114.8 (f) The commissioner shall consider and may require a public utility to undertake an
114.9 energy conservation ~~program~~ or efficient fuel-switching program, subject to the requirements
114.10 of subdivisions 11 and 12, that is suggested by an outside source, including a political
114.11 subdivision, a nonprofit corporation, or community organization. In approving a proposal
114.12 under this paragraph, the commissioner must consider the qualifications and experience of
114.13 the entity proposing the program and any other criteria the commissioner deems relevant.

114.14 (g) A public utility, a political subdivision, or a nonprofit or community organization
114.15 that has suggested an energy conservation program, the attorney general acting on behalf
114.16 of consumers and small business interests, or a public utility customer that has suggested
114.17 an energy conservation program and is not represented by the attorney general under section
114.18 8.33 may petition the commission to modify or revoke a department decision under this
114.19 section, and the commission may do so if it determines that the energy conservation program
114.20 is not cost-effective, does not adequately address the residential conservation improvement
114.21 needs of low-income persons, has a long-range negative effect on one or more classes of
114.22 customers, or is otherwise not in the public interest. The commission shall reject a petition
114.23 that, on its face, fails to make a reasonable argument that an energy conservation program
114.24 is not in the public interest.

114.25 (h) The commissioner may order a public utility to include, with the filing of the public
114.26 utility's annual status report, the results of an independent audit of the public utility's
114.27 conservation improvement programs and expenditures performed by the department or an
114.28 auditor with experience in the provision of energy conservation and energy efficiency
114.29 services approved by the commissioner and chosen by the public utility. The audit must
114.30 specify the energy savings or increased efficiency in the use of energy within the service
114.31 territory of the public utility that is the result of the public utility's spending and investments.
114.32 The audit must evaluate the cost-effectiveness of the public utility's conservation programs.

114.33 (i) The energy conservation and optimization plan of each public utility subject to this
114.34 section must include activities to improve energy efficiency in public schools served by the

115.1 utility. As applicable to each public utility, at a minimum the activities must include programs
 115.2 to increase the efficiency of the school's lighting and heating and cooling systems, and to
 115.3 provide for building recommissioning, building operator training, and opportunities to
 115.4 educate students, teachers, and staff regarding energy efficiency measures implemented at
 115.5 the school.

115.6 (j) The commissioner may require investments or spending greater than the amounts
 115.7 proposed in a plan filed under this subdivision or section 216C.17 for a public utility whose
 115.8 most recent advanced forecast required under section 216B.2422 projects a peak demand
 115.9 deficit of 100 megawatts or more within five years under midrange forecast assumptions.

115.10 (k) A public utility filing a conservation and optimization plan that includes an efficient
 115.11 fuel-switching program ~~to achieve the utility's energy savings goal~~ must, as part of the filing,
 115.12 demonstrate ~~by a comparison of greenhouse gas emissions between the fuels~~ that the
 115.13 requirements of subdivisions 11 or 12 are met, as applicable, using a full fuel-cycle energy
 115.14 analysis.

115.15 Sec. 12. Minnesota Statutes 2022, section 216B.241, subdivision 11, is amended to read:

115.16 Subd. 11. **Programs for efficient fuel-switching improvements; electric utilities.** (a)
 115.17 A public utility providing electric service at retail may include in the plan required under
 115.18 subdivision 2 a proposed goal for efficient fuel-switching improvements that the utility
 115.19 expects to achieve under the plan and the programs to implement efficient fuel-switching
 115.20 improvements or combinations of energy conservation improvements, fuel-switching
 115.21 improvements, and load management. For each program, the public utility must provide a
 115.22 proposed budget, an analysis of the program's cost-effectiveness, and estimated net energy
 115.23 and demand savings.

115.24 (b) The department may approve proposed programs for efficient fuel-switching
 115.25 improvements if the department determines the improvements meet the requirements of
 115.26 paragraph (d). ~~For fuel-switching improvements that require the deployment of electric~~
 115.27 ~~technologies, the department must also consider whether the fuel-switching improvement~~
 115.28 ~~can be operated in a manner that facilitates the integration of variable renewable energy~~
 115.29 ~~into the electric system. The net benefits from an efficient fuel-switching improvement that~~
 115.30 ~~is integrated with an energy efficiency program approved under this section may be counted~~
 115.31 ~~toward the net benefits of the energy efficiency program, if the department determines the~~
 115.32 ~~primary purpose and effect of the program is energy efficiency.~~

115.33 (c) A public utility may file a rate schedule with the commission that provides for annual
 115.34 cost recovery of reasonable and prudent costs to implement and promote efficient

116.1 fuel-switching programs. The utility, department, or other entity may propose, and the
 116.2 commission may not approve, modify, or reject, a proposal for a financial incentive to
 116.3 encourage efficient fuel-switching programs operated by a public utility providing electric
 116.4 service approved under this subdivision. When making a decision on the financial incentive
 116.5 proposal, the commission must apply the considerations established in section 216B.16,
 116.6 subdivision 6c, paragraphs (b) and (c).

116.7 (d) A fuel-switching improvement is deemed efficient if, applying the technical criteria
 116.8 established under section 216B.241, subdivision 1d, paragraph (e), the improvement meets
 116.9 the following criteria, relative to the fuel that is being displaced:

116.10 (1) results in a net reduction in the amount of source energy consumed for a particular
 116.11 use, measured on a fuel-neutral basis, using (i) the utility's annual system average efficiency,
 116.12 or (ii) if the utility elects, a seasonal, monthly, or more granular level of analysis for the
 116.13 electric utility system over the measure's life;

116.14 (2) results in a net reduction of statewide greenhouse gas emissions as defined in section
 116.15 216H.01, subdivision 2, over the lifetime of the improvement. For an efficient fuel-switching
 116.16 improvement installed by an electric utility, the reduction in emissions must be measured
 116.17 ~~based on the hourly emission profile of the electric utility, using the hourly emissions profile~~
 116.18 ~~in the most recent resource plan approved by the commission under section 216B.2422~~
 116.19 using (i) the utility's annual average emissions factor, or (ii) if the utility elects, a seasonal,
 116.20 monthly, or more granular level of analysis for the electric utility system over the measure's
 116.21 life; and

116.22 (3) is cost-effective, considering the costs and benefits from the perspective of the utility,
 116.23 participants, and society; ~~and.~~

116.24 ~~(4) is installed and operated in a manner that improves the utility's system load factor.~~

116.25 (e) For purposes of this subdivision, "source energy" means the total amount of primary
 116.26 energy required to deliver energy services, adjusted for losses in generation, transmission,
 116.27 and distribution, and expressed on a fuel-neutral basis.

116.28 Sec. 13. Minnesota Statutes 2022, section 216B.241, subdivision 12, is amended to read:

116.29 Subd. 12. **Programs for efficient fuel-switching improvements; natural gas**
 116.30 **utilities.** (a) As part of a public utility's plan filed under subdivision 2, a public utility that
 116.31 provides natural gas service to Minnesota retail customers may propose one or more programs
 116.32 to install electric technologies that reduce the consumption of natural gas by the utility's
 116.33 retail customers as an energy conservation improvement. The commissioner may approve

117.1 a proposed program if the commissioner, applying the technical criteria developed under
117.2 section 216B.241, subdivision 1d, paragraph (e), determines that:

117.3 (1) the electric technology to be installed meets the criteria established under section
117.4 216B.241, subdivision 11, paragraph (d), clauses (1) and (2); and

117.5 (2) the program is cost-effective, considering the costs and benefits to ratepayers, the
117.6 utility, participants, and society.

117.7 (b) If a program is approved by the commission under this subdivision, the public utility
117.8 may count the program's energy savings toward its energy savings goal under section
117.9 216B.241, subdivision 1c. Notwithstanding section 216B.2402, subdivision 4, efficient
117.10 fuel-switching achieved through programs approved under this subdivision is energy
117.11 conservation.

117.12 (c) A public utility may file rate schedules with the commission that provide annual
117.13 cost-recovery for programs approved by the department under this subdivision, including
117.14 reasonable and prudent costs to implement and promote the programs.

117.15 (d) The commission may approve, modify, or reject a proposal made by the department
117.16 or a utility for an incentive plan to encourage efficient fuel-switching programs approved
117.17 under this subdivision, applying the considerations established under section 216B.16,
117.18 subdivision 6c, paragraphs (b) and (c). The commission may approve a financial incentive
117.19 mechanism that is calculated based on the combined energy savings and net benefits that
117.20 the commission has determined have been achieved by a program approved under this
117.21 subdivision, provided the commission determines that the financial incentive mechanism
117.22 is in the ratepayers' interest.

117.23 ~~(e) A public utility is not eligible for a financial incentive for an efficient fuel-switching~~
117.24 ~~program under this subdivision in any year in which the utility achieves energy savings~~
117.25 ~~below one percent of gross annual retail energy sales, excluding savings achieved through~~
117.26 ~~fuel-switching programs.~~

117.27 Sec. 14. Minnesota Statutes 2023 Supplement, section 216C.08, is amended to read:

117.28 **216C.08 JURISDICTION.**

117.29 (a) The commissioner has sole authority and responsibility for the administration of
117.30 sections 216C.05 to 216C.30 and 216C.375 to administer this chapter. Other laws
117.31 notwithstanding, the authority granted to the commissioner shall supersede under this section
117.32 supersedes the authority given any other agency whenever overlapping, duplication, or
117.33 additional administrative or legal procedures might occur in ~~the administration of sections~~

118.1 ~~216C.05 to 216C.30 and 216C.375~~ administering this chapter. The commissioner shall
 118.2 consult with other state departments or agencies in matters related to energy and shall
 118.3 contract with ~~them~~ the other state departments or agencies to provide appropriate services
 118.4 to effectuate the purposes of ~~sections 216C.05 to 216C.30 and 216C.375~~ this chapter. Any
 118.5 other department, agency, or official of this state or political subdivision thereof which
 118.6 would in any way affect the administration or enforcement of ~~sections 216C.05 to 216C.30~~
 118.7 ~~and 216C.375~~ this chapter shall cooperate and coordinate all activities with the commissioner
 118.8 to assure orderly and efficient administration and enforcement of ~~sections 216C.05 to~~
 118.9 ~~216C.30 and 216C.375~~ this chapter.

118.10 (b) The commissioner shall designate a liaison officer whose duty shall be to insure the
 118.11 maximum possible consistency in procedures and to eliminate duplication between the
 118.12 commissioner and the other agencies that may be involved in energy.

118.13 Sec. 15. Minnesota Statutes 2023 Supplement, section 216C.09, is amended to read:

118.14 **216C.09 COMMISSIONER DUTIES.**

118.15 (a) The commissioner shall:

118.16 (1) manage the department as the central repository within the state government for the
 118.17 collection of data on energy;

118.18 (2) prepare and adopt an emergency allocation plan specifying actions to be taken in the
 118.19 event of an impending serious shortage of energy, or a threat to public health, safety, or
 118.20 welfare;

118.21 (3) undertake a continuing assessment of trends in the consumption of all forms of energy
 118.22 and analyze the social, economic, and environmental consequences of these trends;

118.23 (4) carry out energy ~~conservation~~ measures as specified by the legislature and recommend
 118.24 to the governor and the legislature additional energy policies and conservation measures as
 118.25 required to meet the objectives of ~~sections 216C.05 to 216C.30 and 216C.375~~ this chapter;

118.26 (5) collect and analyze data relating to present and future demands and resources for all
 118.27 sources of energy;

118.28 (6) evaluate policies governing the establishment of rates and prices for energy as related
 118.29 to energy conservation, and other goals and policies of ~~sections 216C.05 to 216C.30 and~~
 118.30 ~~216C.375~~ this chapter, and make recommendations for changes in energy pricing policies
 118.31 and rate schedules;

119.1 (7) study the impact and relationship of the state energy policies to international, national,
119.2 and regional energy policies;

119.3 (8) design and implement a state program for the conservation of energy; this program
119.4 shall include but not be limited to, general commercial, industrial, and residential, and
119.5 transportation areas; such program shall also provide for the evaluation of energy systems
119.6 as they relate to lighting, heating, refrigeration, air conditioning, building design and
119.7 operation, and appliance manufacturing and operation;

119.8 (9) inform and educate the public about the sources and uses of energy and the ways in
119.9 which persons can conserve energy;

119.10 (10) dispense funds made available for the purpose of research studies and projects of
119.11 professional and civic orientation, which are related to either energy conservation, resource
119.12 recovery, or the development of alternative energy technologies which conserve
119.13 nonrenewable energy resources while creating minimum environmental impact;

119.14 (11) charge other governmental departments and agencies involved in energy-related
119.15 activities with specific information gathering goals and require that those goals be met;

119.16 (12) design a comprehensive program for the development of indigenous energy
119.17 resources. The program shall include, but not be limited to, providing technical,
119.18 informational, educational, and financial services and materials to persons, businesses,
119.19 municipalities, and organizations involved in the development of solar, wind, hydropower,
119.20 peat, fiber fuels, biomass, and other alternative energy resources. The program shall be
119.21 evaluated by the alternative energy technical activity; and

119.22 (13) dispense loans, grants, or other financial aid from money received from litigation
119.23 or settlement of alleged violations of federal petroleum-pricing regulations made available
119.24 to the department for that purpose.

119.25 (b) Further, the commissioner may participate fully in hearings before the Public Utilities
119.26 Commission on matters pertaining to rate design, cost allocation, efficient resource utilization,
119.27 utility conservation investments, small power production, cogeneration, and other rate issues.
119.28 The commissioner shall support the policies stated in section 216C.05 and shall prepare
119.29 and defend testimony proposed to encourage energy conservation improvements as defined
119.30 in section 216B.241.

120.1 Sec. 16. Minnesota Statutes 2022, section 216C.10, is amended to read:

120.2 **216C.10 COMMISSIONER POWERS.**

120.3 (a) The commissioner may:

120.4 (1) adopt rules under chapter 14 as necessary to carry out the purposes of ~~sections~~

120.5 ~~216C.05 to 216C.30~~ this chapter;

120.6 (2) make all contracts under ~~sections 216C.05 to 216C.30~~ this chapter and do all things

120.7 necessary to cooperate with the United States government, and to qualify for, accept, and

120.8 disburse any grant intended ~~for the administration of sections 216C.05 to 216C.30~~ to

120.9 administer this chapter;

120.10 (3) provide on-site technical assistance to units of local government in order to enhance

120.11 local capabilities for dealing with energy problems;

120.12 (4) administer for the state, energy programs under federal law, regulations, or guidelines,

120.13 and coordinate the programs and activities with other state agencies, units of local

120.14 government, and educational institutions;

120.15 (5) develop a state energy investment plan with yearly energy conservation and alternative

120.16 energy development goals, investment targets, and marketing strategies;

120.17 (6) perform market analysis studies relating to conservation, alternative and renewable

120.18 energy resources, and energy recovery;

120.19 (7) assist with the preparation of proposals for innovative conservation, renewable,

120.20 alternative, or energy recovery projects;

120.21 (8) manage and disburse funds made available for the purpose of research studies or

120.22 demonstration projects related to energy conservation or other activities deemed appropriate

120.23 by the commissioner;

120.24 (9) intervene in certificate of need proceedings before the Public Utilities Commission;

120.25 (10) collect fees from recipients of loans, grants, or other financial aid from money

120.26 received from litigation or settlement of alleged violations of federal petroleum-pricing

120.27 regulations, which fees must be used to pay the department's costs in administering those

120.28 financial aids; and

120.29 (11) collect fees from proposers and operators of conservation and other energy-related

120.30 programs that are reviewed, evaluated, or approved by the department, other than proposers

120.31 that are political subdivisions or community or nonprofit organizations, to cover the

121.1 department's cost in making the reviewal, evaluation, or approval and in developing additional
121.2 programs for others to operate.

121.3 (b) Notwithstanding any other law, the commissioner is designated the state agent to
121.4 apply for, receive, and accept federal or other funds made available to the state for the
121.5 purposes of ~~sections 216C.05 to 216C.30~~ this chapter.

121.6 Sec. 17. Minnesota Statutes 2022, section 216C.435, subdivision 3a, is amended to read:

121.7 Subd. 3a. **Cost-effective Energy improvements.** "Cost-effective Energy improvements"
121.8 means:

121.9 (1) any new construction, renovation, or retrofitting of qualifying commercial real
121.10 property to improve energy efficiency that: (i) is permanently affixed to the property; and
121.11 (ii) results in a net reduction in energy consumption without altering the principal source
121.12 of energy, and has been identified or greenhouse gas emissions, as documented in an energy
121.13 audit as repaying the purchase and installation costs in 20 years or less, based on the amount
121.14 of future energy saved and estimated future energy prices or emissions avoided;

121.15 (2) any renovation or retrofitting of qualifying residential real property that is permanently
121.16 affixed to the property and is eligible to receive an incentive through a program offered by
121.17 the electric or natural gas utility that provides service under section 216B.241 to the property
121.18 or is otherwise determined to be ~~a cost-effective~~ an eligible energy improvement by the
121.19 commissioner under section 216B.241, subdivision 1d, paragraph (a);

121.20 (3) permanent installation of new or upgraded electrical circuits and related equipment
121.21 to enable electrical vehicle charging; or

121.22 (4) a solar voltaic or solar thermal energy system attached to, installed within, or
121.23 proximate to a building that generates electrical or thermal energy from a renewable energy
121.24 source that has been ~~identified~~ documented in an energy audit or renewable energy system
121.25 feasibility study ~~as repaying their purchase and installation costs in 20 years or less, based~~
121.26 ~~on the amount of future energy saved and estimated future energy prices,~~ along with the
121.27 estimated amount of related renewable energy production.

121.28 Sec. 18. Minnesota Statutes 2022, section 216C.435, subdivision 3b, is amended to read:

121.29 Subd. 3b. **Commercial PACE loan contractor.** "Commercial PACE loan contractor"
121.30 means a person or entity that installs ~~cost-effective energy~~ eligible improvements financed
121.31 under a commercial PACE loan program.

122.1 Sec. 19. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision
122.2 to read:

122.3 Subd. 3e. **Eligible improvement.** "Eligible improvement" means one or more energy
122.4 improvements, resiliency improvements, or water improvements made to qualifying real
122.5 property.

122.6 Sec. 20. Minnesota Statutes 2022, section 216C.435, subdivision 4, is amended to read:

122.7 Subd. 4. **Energy audit.** "Energy audit" means a formal evaluation of the energy
122.8 consumption of a building by a certified energy auditor, whose certification is approved by
122.9 the commissioner, for the purpose of identifying appropriate energy improvements that
122.10 could be made to the building and including an estimate of the ~~length of time a specific~~
122.11 ~~energy improvement will take to repay its purchase and installation costs, based on the~~
122.12 ~~amount of energy saved and estimated future energy prices~~ effective useful life, the reduction
122.13 of energy consumption, and the related avoided greenhouse gas emissions resulting from
122.14 the proposed eligible improvements.

122.15 Sec. 21. Minnesota Statutes 2023 Supplement, section 216C.435, subdivision 8, is amended
122.16 to read:

122.17 Subd. 8. **Qualifying commercial real property.** "Qualifying commercial real property"
122.18 means a multifamily residential dwelling, a commercial or industrial building, or farmland,
122.19 as defined in section 216C.436, subdivision 1b, that the implementing entity has determined,
122.20 after review of an energy audit, renewable energy system feasibility study, water
122.21 improvement study, resiliency improvement study, or agronomic assessment, as defined in
122.22 section 216C.436, subdivision 1b, can benefit from ~~the installation of cost-effective energy~~
122.23 installing eligible improvements or land and water improvements, as defined in section
122.24 216C.436, subdivision 1b. Qualifying commercial real property includes new construction.

122.25 Sec. 22. Minnesota Statutes 2022, section 216C.435, subdivision 10, is amended to read:

122.26 Subd. 10. **Renewable energy system feasibility study.** "Renewable energy system
122.27 feasibility study" means a written study, conducted by a contractor trained to perform that
122.28 analysis, for the purpose of determining the feasibility of installing a renewable energy
122.29 system in a building, including an estimate of the ~~length of time a specific~~ effective useful
122.30 life, the production of renewable energy, and any related avoided greenhouse gas emissions
122.31 of the proposed renewable energy system ~~will take to repay its purchase and installation~~
122.32 ~~costs, based on the amount of energy saved and estimated future energy prices. For a~~

123.1 ~~geothermal energy improvement, the feasibility study must calculate net savings in terms~~
 123.2 ~~of nongeothermal energy and costs.~~

123.3 Sec. 23. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision
 123.4 to read:

123.5 Subd. 11a. **Resiliency improvement.** "Resiliency improvement" means one or more
 123.6 installations or modifications to eligible commercial real property that are designed to
 123.7 improve a property's resiliency by improving the eligible real property's:

123.8 (1) structural integrity for seismic events;

123.9 (2) indoor air quality;

123.10 (3) durability to resist wind, fire, and flooding;

123.11 (4) ability to withstand an electric power outage;

123.12 (5) stormwater control measures, including structural and nonstructural measures to
 123.13 mitigate stormwater runoff;

123.14 (6) ability to mitigate the impacts of extreme temperatures; or

123.15 (7) ability to mitigate greenhouse gas embodied emissions from the eligible real property.

123.16 Sec. 24. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision
 123.17 to read:

123.18 Subd. 11b. **Resiliency improvement feasibility study.** "Resiliency improvement
 123.19 feasibility study" means a written study that is conducted by a contractor trained to perform
 123.20 the analysis to: (1) determine the feasibility of installing a resiliency improvement; (2)
 123.21 document the improved resiliency capabilities of the property; and (3) estimate the effective
 123.22 useful life of the proposed resiliency improvements.

123.23 Sec. 25. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision
 123.24 to read:

123.25 Subd. 14. **Water improvement.** "Water improvement" means one or more installations
 123.26 or modifications to qualifying commercial real property that are designed to improve water
 123.27 efficiency or water quality by:

123.28 (1) reducing water consumption;

123.29 (2) improving the quality, potability, or safety of water for the qualifying property; or

124.1 (3) conserving or remediating water, in whole or in part, on qualifying real property.

124.2 Sec. 26. Minnesota Statutes 2022, section 216C.435, is amended by adding a subdivision
124.3 to read:

124.4 Subd. 15. **Water improvement feasibility study.** "Water improvement feasibility study"
124.5 means a written study that is conducted by a contractor trained to perform the analysis to:
124.6 (1) determine the appropriate water improvements that could be made to the building; and
124.7 (2) estimate the effective useful life, the reduction of water consumption, and any
124.8 improvement in water quality resulting from the proposed water improvements.

124.9 Sec. 27. Minnesota Statutes 2022, section 216C.436, subdivision 1, is amended to read:

124.10 Subdivision 1. **Program purpose and authority.** An implementing entity may establish
124.11 a commercial PACE loan program to finance ~~cost-effective~~ energy, water, and resiliency
124.12 improvements to enable owners of qualifying commercial real property to pay for the
124.13 ~~cost-effective energy~~ eligible improvements to the qualifying real property with the net
124.14 proceeds and interest earnings of revenue bonds authorized in this section. An implementing
124.15 entity may limit the number of qualifying commercial real properties for which a property
124.16 owner may receive program financing.

124.17 Sec. 28. Minnesota Statutes 2023 Supplement, section 216C.436, subdivision 1b, is
124.18 amended to read:

124.19 Subd. 1b. **Definitions.** (a) For the purposes of this section, the following terms have the
124.20 meanings given.

124.21 (b) "Agronomic assessment" means a study by an independent third party that assesses
124.22 the environmental impacts of proposed land and water improvements on farmland.

124.23 (c) "Farmland" means land classified as 2a, 2b, or 2c for property tax purposes under
124.24 section 273.13, subdivision 23.

124.25 (d) "Land and water improvement" means:

124.26 (1) an improvement to farmland that:

124.27 (i) is permanent;

124.28 (ii) results in improved agricultural profitability or resiliency;

124.29 (iii) reduces the environmental impact of agricultural production; and

125.1 (iv) if the improvement affects drainage, complies with the most recent versions of the
 125.2 applicable following conservation practice standards issued by the United States Department
 125.3 of Agriculture's Natural Resources Conservation Service: Drainage Water Management
 125.4 (Code 554), Saturated Buffer (Code 604), Denitrifying Bioreactor (Code 605), and
 125.5 Constructed Wetland (Code 656); or

125.6 (2) water conservation and quality measures, which include permanently affixed
 125.7 equipment, appliances, or improvements that reduce a property's water consumption or that
 125.8 enable water to be managed more efficiently.

125.9 (e) "Resiliency" means:

125.10 (1) the ability of farmland to maintain and enhance profitability, soil health, and water
 125.11 quality;

125.12 (2) the ability to mitigate greenhouse gas embodied emissions from an eligible real
 125.13 property; or

125.14 (3) an increase in building resilience through flood mitigation, stormwater management,
 125.15 wildfire and wind resistance, energy storage use, or microgrid use.

125.16 Sec. 29. Minnesota Statutes 2023 Supplement, section 216C.436, subdivision 2, is amended
 125.17 to read:

125.18 Subd. 2. **Program requirements.** A commercial PACE loan program must:

125.19 (1) impose requirements and conditions on financing arrangements to ensure timely
 125.20 repayment;

125.21 (2) require an energy audit, renewable energy system feasibility study, resiliency
 125.22 improvement study, water improvement study, or agronomic or soil health assessment to
 125.23 be conducted on the qualifying commercial real property and reviewed by the implementing
 125.24 entity prior to approval of the financing;

125.25 (3) require the inspection or verification of all ~~installations and a performance verification~~
 125.26 ~~of at least ten percent of the cost-effective energy~~ eligible improvements or land and water
 125.27 improvements financed by the program;

125.28 (4) not prohibit the financing of all ~~cost-effective energy~~ eligible improvements or land
 125.29 and water improvements not otherwise prohibited by this section;

125.30 (5) require that all ~~cost-effective energy~~ eligible improvements or land and water
 125.31 improvements be made to a qualifying commercial real property prior to, or in conjunction

126.1 with, an applicant's repayment of financing for ~~cost-effective-energy~~ energy eligible improvements
 126.2 or land and water improvements for ~~that~~ the qualifying commercial real property;

126.3 (6) have ~~cost-effective-energy~~ energy eligible improvements or land and water improvements
 126.4 financed by the program performed by a licensed contractor as required by chapter 326B
 126.5 or other law or ordinance;

126.6 (7) require disclosures in the loan document to borrowers by the implementing entity
 126.7 of: (i) the risks involved in borrowing, including the risk of foreclosure if a tax delinquency
 126.8 results from a default; and (ii) all the terms and conditions of the commercial PACE loan
 126.9 and the installation of ~~cost-effective-energy~~ energy eligible improvements or land and water
 126.10 improvements, including the interest rate being charged on the loan;

126.11 (8) provide financing only to those who demonstrate an ability to repay;

126.12 (9) not provide financing for a qualifying commercial real property in which the owner
 126.13 is not current on mortgage or real property tax payments;

126.14 (10) require a petition to the implementing entity by all owners of the qualifying
 126.15 commercial real property requesting collections of repayments as a special assessment under
 126.16 section 429.101;

126.17 (11) provide that payments and assessments are not accelerated due to a default and that
 126.18 a tax delinquency exists only for assessments not paid when due;

126.19 (12) require that liability for special assessments related to the financing runs with the
 126.20 qualifying commercial real property; and

126.21 (13) prior to financing any improvements to or imposing any assessment upon qualifying
 126.22 commercial real property, require notice to and written consent from the mortgage lender
 126.23 of any mortgage encumbering or otherwise secured by the qualifying commercial real
 126.24 property.

126.25 Sec. 30. Minnesota Statutes 2022, section 216C.436, subdivision 4, is amended to read:

126.26 Subd. 4. **Financing terms.** Financing provided under this section must have:

126.27 (1) a cost-weighted average maturity not exceeding the useful life of the ~~energy~~ energy eligible
 126.28 improvements installed, as determined by the implementing entity, but in no event may a
 126.29 term exceed ~~20~~ 30 years;

126.30 (2) a principal amount not to exceed the lesser of:

127.1 (i) the greater of ~~20~~ 30 percent of the assessed value of the real property on which the
 127.2 improvements are to be installed or ~~20~~ 30 percent of the real property's appraised value,
 127.3 accepted or approved by the mortgage lender; or

127.4 (ii) the actual cost of installing the ~~energy~~ energy eligible improvements, including the costs of
 127.5 necessary equipment, materials, and labor; ~~the costs of each related energy audit or,~~
 127.6 renewable energy system feasibility study, water improvement study, or resiliency
 127.7 improvement study; and the cost of verification of installation; and

127.8 (3) an interest rate sufficient to pay the financing costs of the program, including the
 127.9 issuance of bonds and any financing delinquencies.

127.10 Sec. 31. Minnesota Statutes 2022, section 216C.436, subdivision 7, is amended to read:

127.11 Subd. 7. **Repayment.** An implementing entity that finances an ~~energy~~ energy eligible
 127.12 improvement under this section must:

127.13 (1) secure payment with a lien against the qualifying commercial real property; and

127.14 (2) collect repayments as a special assessment as provided for in section 429.101 or by
 127.15 charter, provided that special assessments may be made payable in up to ~~20~~ 30 equal annual
 127.16 installments.

127.17 If the implementing entity is an authority, the local government that authorized the
 127.18 authority to act as implementing entity shall impose and collect special assessments necessary
 127.19 to pay debt service on bonds issued by the implementing entity under subdivision 8, and
 127.20 shall transfer all collections of the assessments upon receipt to the authority.

127.21 Sec. 32. Minnesota Statutes 2022, section 216C.436, subdivision 8, is amended to read:

127.22 Subd. 8. **Bond issuance; repayment.** (a) An implementing entity may issue revenue
 127.23 bonds as provided in chapter 475 for the purposes of this section and section 216C.437,
 127.24 provided the revenue bond must not be payable more than ~~20~~ 30 years from the date of
 127.25 issuance.

127.26 (b) The bonds must be payable as to both principal and interest solely from the revenues
 127.27 from the assessments established in subdivision 7 and section 216C.437, subdivision 28.

127.28 (c) No holder of bonds issued under this subdivision may compel any exercise of the
 127.29 taxing power of the implementing entity that issued the bonds to pay principal or interest
 127.30 on the bonds, and if the implementing entity is an authority, no holder of the bonds may
 127.31 compel any exercise of the taxing power of the local government. Bonds issued under this

128.1 subdivision are not a debt or obligation of the issuer or any local government that issued
128.2 them, nor is the payment of the bonds enforceable out of any money other than the revenue
128.3 pledged to the payment of the bonds.

128.4 Sec. 33. Minnesota Statutes 2022, section 216C.436, subdivision 10, is amended to read:

128.5 Subd. 10. **Improvements; real property or fixture.** ~~A cost-effective energy~~ An eligible
128.6 improvement financed under a PACE loan program, including all equipment purchased in
128.7 whole or in part with loan proceeds under a loan program, is deemed real property or a
128.8 fixture attached to the real property.

128.9 Sec. 34. **ADVANCED NUCLEAR TECHNOLOGIES STUDY.**

128.10 Subdivision 1. **Definitions.** For the purposes of this section, the following terms have
128.11 the meanings given:

128.12 (1) "advanced nuclear reactor" means a small modular reactor or a molten sodium reactor;

128.13 (2) "molten sodium reactor" means a nuclear fission reactor that uses a fluid fuel in the
128.14 form of very hot fluoride or chloride salt; and

128.15 (3) "small modular reactor" means a nuclear fission reactor that (i) has a capacity of 300
128.16 megawatts or less, and (ii) can be factory assembled and transported as a unit.

128.17 Subd. 2. **Study required.** (a) The commissioner of commerce must conduct a study
128.18 evaluating the potential costs, benefits, and impacts of advanced nuclear reactors operating
128.19 in Minnesota.

128.20 (b) At a minimum, the study must analyze the impacts the operation of advanced nuclear
128.21 reactors have on:

128.22 (1) air emissions from electric generating facilities in Minnesota;

128.23 (2) retail electricity prices;

128.24 (3) reliability of Minnesota's electric grid;

128.25 (4) the state's air resources, water resources, land resources, and public health, including
128.26 the impact of any waste material generated by the reactors;

128.27 (5) new employment opportunities for Minnesota workers;

128.28 (6) local economic development;

128.29 (7) Minnesota's eligible energy technology standard under Minnesota Statutes, section
128.30 216B.1691, subdivision 2a; and

129.1 (8) Minnesota's carbon-free standard under Minnesota Statutes, section 216B.1691,
129.2 subdivision 2g.

129.3 (c) The study must also identify Minnesota statutes and administrative rules that would
129.4 require modifications in order to enable the construction and operation of advanced nuclear
129.5 reactors.

129.6 (d) The study must evaluate the technologies and methods most likely to minimize the
129.7 environmental impacts of nuclear waste and the costs of managing nuclear waste.

129.8 Subd. 3. **Report.** The commissioner of commerce must submit the results of the study
129.9 under subdivision 2 to the chairs and ranking minority members of the legislative committees
129.10 having jurisdiction over energy finance and policy no later than January 31, 2025.

129.11 Sec. 35. **THERMAL ENERGY NETWORK DEPLOYMENT WORK GROUP.**

129.12 Subdivision 1. **Direction.** The Public Utilities Commission must establish and appoint
129.13 a thermal energy network deployment work group to examine the potential regulatory
129.14 opportunities for regulated natural gas utilities to deploy thermal energy networks and
129.15 potential barriers to development. The work group must examine the public benefits, costs,
129.16 and impacts of deployment of thermal energy networks, as well as examine rate design
129.17 options.

129.18 Subd. 2. **Membership.** (a) The work group consists of at least the following:

129.19 (1) representatives of the Department of Commerce;

129.20 (2) representatives of the Department of Health;

129.21 (3) representatives of the Pollution Control Agency;

129.22 (4) representatives of the Department of Natural Resources;

129.23 (5) representatives of the Office of the Attorney General;

129.24 (6) representatives from utilities;

129.25 (7) representatives from clean energy advocacy organizations;

129.26 (8) representatives from labor organizations;

129.27 (9) geothermal technology providers;

129.28 (10) representatives from consumer protection organizations;

129.29 (11) representatives from cities; and

129.30 (12) representatives from low-income communities.

130.1 (b) The executive director may invite others to participate in one or more meetings of
 130.2 the work group.

130.3 Subd. 3. **Duties.** The work group must prepare a report containing findings and
 130.4 recommendations regarding how to deploy thermal energy networks within a regulated
 130.5 context in a manner that protects the public interest and considers reliability, affordability,
 130.6 environmental impacts, and socioeconomic impacts.

130.7 Subd. 4. **Report to legislature.** The work group must submit a report detailing the work
 130.8 group's findings and recommendations to the chairs and ranking minority members of the
 130.9 legislative committees and divisions with jurisdiction over energy policy and finance by
 130.10 December 31, 2025. The work group terminates the day after the report under this subdivision
 130.11 is submitted.

130.12 Subd. 5. **Notice and comment period.** The executive secretary of the Public Utilities
 130.13 Commission must file the completed report in Public Utilities Commission Docket No.
 130.14 G-999/CI-21-565 and provide notice to all docket participants and other interested persons
 130.15 that comments on the findings and recommendations may be filed in the docket.

130.16 Subd. 6. **Definition.** For the purposes of this section, "thermal energy network" means
 130.17 a project that provides heating and cooling to multiple buildings connected via underground
 130.18 pipng containing fluids that, in concert with heat pumps, exchange thermal energy from
 130.19 the earth and underground or surface waters.

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

130.21 Sec. 36. **THERMAL ENERGY NETWORK SITE SUITABILITY STUDY.**

130.22 (a) The Department of Commerce must conduct or contract for a study to determine the
 130.23 suitability of sites to deploy thermal energy networks statewide.

130.24 (b) The study must:

130.25 (1) identify areas more and less suitable for deployment of thermal energy networks
 130.26 statewide; and

130.27 (2) identify potential barriers to thermal energy networks and potential ways to address
 130.28 the barriers.

130.29 (c) In determining site suitability, the study must consider:

130.30 (1) geologic or hydrologic access to thermal storage;

- 131.1 (2) existing built environment, including but not limited to age, density, building uses,
131.2 existing heating and cooling systems, and existing electrical services;
- 131.3 (3) the condition of existing natural gas infrastructure;
- 131.4 (4) road and street conditions, including planned replacement or maintenance;
- 131.5 (5) local land use regulation;
- 131.6 (6) area permitting requirements; and
- 131.7 (7) whether the area is an environmental justice area, as defined in Minnesota Statutes,
131.8 section 116.065, subdivision 1, paragraph (e).
- 131.9 (c) No later than January 15, 2026, the Department of Commerce must submit a written
131.10 report documenting the study's findings to the chairs and ranking minority members of the
131.11 senate and house of representatives committees with jurisdiction over energy policy and
131.12 finance.

APPENDIX
Repealed Minnesota Statutes: S4942-2

34.07 BEVERAGE INSPECTION ACCOUNT; APPROPRIATION.

A beverage inspection account is created in the agricultural fund. All fees and fines collected under this chapter shall be credited to the beverage inspection account. Money in the account is appropriated to the commissioner for inspection and supervision under this chapter.