

STATE OF MINNESOTA

EIGHTY-FIFTH SESSION — 2007

 FORTY-FIFTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, APRIL 11, 2007

The House of Representatives convened at 3:00 p.m. and was called to order by Margaret Anderson Kelliher, Speaker of the House.

Prayer was offered by Hesham Hussein, Muslim American Society of Minnesota, Inver Grove Heights, Minnesota.

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

The roll was called and the following members were present:

Abeler	Dettmer	Haws	Lenczewski	Norton	Simon
Anderson, B.	Dill	Heidgerken	Lesch	Olin	Simpson
Anderson, S.	Dittrich	Hilstrom	Liebling	Olson	Slawik
Anzelc	Dominguez	Hilty	Lieder	Otremba	Slocum
Atkins	Doty	Holberg	Lillie	Ozment	Smith
Beard	Eastlund	Hoppe	Loeffler	Paulsen	Solberg
Benson	Eken	Hornstein	Madore	Paymar	Sviggum
Berns	Emmer	Hortman	Magnus	Pelowski	Swails
Bigham	Erhardt	Hosch	Mahoney	Peppin	Thao
Bly	Erickson	Howes	Mariani	Peterson, A.	Thissen
Brod	Faust	Huntley	Marquart	Peterson, N.	Tillberry
Brown	Finstad	Jaros	Masin	Peterson, S.	Tingelstad
Brynaert	Fritz	Johnson	McFarlane	Poppe	Tschumper
Buesgens	Gardner	Juhnke	McNamara	Rukavina	Urdahl
Bunn	Garofalo	Kahn	Moe	Ruth	Wagenius
Carlson	Gottwalt	Kalin	Morgan	Ruud	Walker
Clark	Greiling	Knuth	Morrow	Sailer	Ward
Cornish	Gunther	Koenen	Mullery	Scalze	Welti
Davnie	Hackbarth	Kohls	Murphy, E.	Seifert	Winkler
Dean	Hamilton	Kranz	Murphy, M.	Sertich	Wollschlager
DeLaForest	Hansen	Laine	Nelson	Severson	Zellers
Demmer	Hausman	Lanning	Nornes	Shimanski	Spk. Kelliher

A quorum was present.

Wardlow and Westrom were excused.

The Chief Clerk proceeded to read the Journal of the preceding day. Bigham moved that further reading of the Journal be suspended and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Carlson from the Committee on Finance to which was referred:

H. F. No. 829, A bill for an act relating to public safety; appropriating money for the courts, public defenders, public safety, corrections, and other criminal justice agencies; modifying fees; amending Minnesota Statutes 2006, sections 363A.06, subdivision 1; 403.11, subdivision 1; 403.31, subdivision 1; 609.3457, subdivision 4; repealing Minnesota Statutes 2006, section 403.31, subdivision 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

Section 1. SUMMARY OF APPROPRIATIONS.

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

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	<u>\$926,123,000</u>	<u>\$963,963,000</u>	<u>\$1,890,086,000</u>
<u>State Government Special Revenue</u>	<u>55,688,000</u>	<u>50,392,000</u>	<u>106,080,000</u>
<u>Environmental Fund</u>	<u>69,000</u>	<u>71,000</u>	<u>140,000</u>
<u>Special Revenue Fund</u>	<u>11,968,000</u>	<u>15,007,000</u>	<u>26,975,000</u>
<u>Trunk Highway</u>	<u>367,000</u>	<u>374,000</u>	<u>741,000</u>
<u>Total</u>	<u>\$994,215,000</u>	<u>\$1,029,807,000</u>	<u>\$2,024,022,000</u>

Sec. 2. PUBLIC SAFETY APPROPRIATIONS.

(a) General

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this act. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this act mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for the fiscal year ending June 30, 2007, are effective the day following final enactment.

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

Sec. 3. **SUPREME COURT**

Subdivision 1. **Total Appropriation**

\$44,112,000

\$45,443,000

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

Subd. 2. **Judicial Salaries**

Effective July 1, 2007, and July 1, 2008, the salaries of judges of the Supreme Court, Court of Appeals, and district court are increased by two percent.

Subd. 3. **Supreme Court Operations**

31,292,000

32,623,000

Contingent account. \$5,000 each year is for a contingent account for expenses necessary for the normal operation of the court for which no other reimbursement is provided.

Subd. 4. **Civil Legal Services**

12,820,000

12,820,000

Legal services to low-income clients in family law matters. Of this appropriation, \$877,000 each year is to improve the access of low-income clients to legal representation in family law matters. This appropriation must be distributed under Minnesota Statutes, section 480.242, to the qualified legal services programs described in Minnesota Statutes, section 480.242, subdivision 2, paragraph (a). Any unencumbered balance remaining in the first year does not cancel and is available in the second year.

Sec. 4. **COURT OF APPEALS**

\$9,766,000

\$10,620,000

Caseload increase. \$1,285,000 the first year and \$1,876,000 the second year are for caseload increases. This money must be used for three additional judge units, an additional staff attorney, 2.67 additional full-time equivalent law clerk positions, and for retired judges.

Sec. 5. **TRIAL COURTS**

\$247,167,000

\$257,290,000

New judge units. \$1,536,000 the first year and \$2,778,000 the second year are for an increase in judge units, including three trial court judge units in the First Judicial District, one trial court judge unit in the Third Judicial District, one trial court judge unit in the Ninth Judicial District and one trial court judge unit in the Tenth Judicial District. These new judge units begin on January 1, 2008. Each judge unit consists of a judge, law clerk, and court reporter.

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

Maintain and expand drug courts. \$2,242,000 the first year and \$3,759,000 the second year are to maintain and to establish new drug courts.

Guardian ad litem services. \$1,260,000 the first year and \$1,629,000 the second year are for guardian ad litem services.

Interpreter services. \$606,000 the first year and \$777,000 the second year are for interpreter services.

Psychological services. \$1,531,000 the first year and \$2,151,000 the second year are for psychological services.

In forma pauperis services. \$178,000 each year is for in forma pauperis services.

Sec. 6. <u>TAX COURT</u>	<u>\$788,000</u>	<u>\$812,000</u>
Sec. 7. <u>UNIFORM LAWS COMMISSION</u>	<u>\$58,000</u>	<u>\$52,000</u>
Sec. 8. <u>BOARD ON JUDICIAL STANDARDS</u>	<u>\$448,000</u>	<u>\$455,000</u>

Investigative and hearing costs. \$125,000 each year is for special investigative and hearing costs for major disciplinary actions undertaken by the board. This appropriation does not cancel. Any encumbered and unspent balances remain available for these expenditures in subsequent fiscal years.

Sec. 9. <u>BOARD OF PUBLIC DEFENSE</u>	<u>\$65,348,000</u>	<u>\$68,519,000</u>
Sec. 10. <u>PUBLIC SAFETY</u>		
Subdivision 1. <u>Total Appropriation</u>	<u>\$154,041,000</u>	<u>\$154,726,000</u>

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>91,126,000</u>	<u>94,032,000</u>
<u>Special Revenue</u>	<u>6,791,000</u>	<u>9,857,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>55,688,000</u>	<u>50,392,000</u>

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

<u>Environmental</u>	<u>69,000</u>	<u>71,000</u>
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<u>Trunk Highway</u>	<u>367,000</u>	<u>374,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

<u>Subd. 2. Emergency Management</u>	<u>2,939,000</u>	<u>2,872,000</u>
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Appropriations by Fund

<u>General</u>	<u>2,870,000</u>	<u>2,801,000</u>
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<u>Environmental</u>	<u>69,000</u>	<u>71,000</u>
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\$250,000 each year is additional funding to provide state match for federal disaster assistance.

\$75,000 the first year is for one position to coordinate state readiness for a pandemic event. This is a onetime appropriation.

Crime labs and crime strike task forces; working group. The commissioner of public safety shall convene a working group to study the appropriateness of additional regional forensic crime laboratories and regional crime strike task forces. The legislature may not authorize or fund new regional forensic crime laboratories or regional crime strike task forces until the working group convened by the commissioner of public safety has studied and made recommendations to the legislative committees with jurisdiction over public safety finance and capital investment. The commissioner must consult with the chairs of the legislative committees with responsibility for public safety finance on the membership of the working group. The Forensic Laboratory Advisory Board, established under Minnesota Statutes, section 299C.156, and the Gang and Drug Oversight Council, established under section 299A.641, must provide advice and assistance to the commissioner and the working group as requested by the commissioner. The working group must submit its report and recommendations to the house and senate committees with responsibility for public safety finance by February 1, 2008.

<u>Subd. 3. Criminal Apprehension</u>	<u>45,374,000</u>	<u>47,021,000</u>
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Appropriations by Fund

<u>General</u>	<u>44,555,000</u>	<u>46,179,000</u>
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APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

<u>Special Revenue</u>	<u>445,000</u>	<u>461,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>7,000</u>	<u>7,000</u>
<u>Trunk Highway</u>	<u>367,000</u>	<u>374,000</u>

Cooperative investigation of cross-jurisdictional criminal activity. \$93,000 each year is appropriated from the Bureau of Criminal Apprehension account in the special revenue fund for grants to local officials for the cooperative investigation of cross-jurisdictional criminal activity. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

Laboratory activities. \$352,000 the first year and \$368,000 the second year are appropriated from the Bureau of Criminal Apprehension account in the special revenue fund for laboratory activities.

DWI lab analysis. Notwithstanding Minnesota Statutes, section 161.20, subdivision 3, \$367,000 the first year and \$374,000 the second year are appropriated from the trunk highway fund for laboratory analysis related to driving-while-impaired cases.

CriMNet justice information integration. \$3,135,000 the first year and \$3,460,000 the second year are for statewide information integration priorities. The base for this appropriation in fiscal year 2010 shall be \$2,032,000.

Policy group; report. The criminal and juvenile justice information policy group must study funding sources other than the general fund for new CriMNet costs and should present its ideas to the house and senate committees having jurisdiction over criminal justice issues by January 15, 2008.

Forensic scientists. \$1,018,000 the first year and \$1,769,000 the second year are for 19 new forensic scientists in the Bureau of Criminal Apprehension Forensic Science Laboratory.

Background checks. \$50,000 the first year is for the Bureau of Criminal Apprehension to conduct state background checks by charitable, nonprofit mentoring organizations. Of this amount, \$10,000 is to be distributed to Mentoring Partnership of Minnesota for background check training. Only organizations that have completed training with Mentoring Partnership of Minnesota are eligible to receive background checks under this provision. This is a onetime appropriation.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>
Subd. 4. <u>Fire Marshal</u>	
<u>6,196,000</u>	<u>9,243,000</u>

This appropriation is from the fire safety account in the special revenue fund.

Of this amount, \$3,330,000 the first year and \$6,300,000 the second year are for activities under Minnesota Statutes, section 299F.012.

Subd. 5. <u>Alcohol and Gambling Enforcement</u>	<u>1,785,000</u>	<u>1,817,000</u>
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Appropriations by Fund

<u>General</u>	<u>1,635,000</u>	<u>1,664,000</u>
<u>Special Revenue</u>	<u>150,000</u>	<u>153,000</u>

Subd. 6. <u>Office of Justice Programs</u>	<u>42,066,000</u>	<u>43,388,000</u>
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Crime victim reparations. \$250,000 each year is to increase the amount of funding for crime victim reparations.

Emergency assistance grant. \$100,000 each year is for grants under Minnesota Statutes, section 611A.675. This is a onetime appropriation.

Gang and Drug Task Force. \$600,000 the first year and \$1,900,000 the second year are for grants to the Gang and Drug Task Force.

Victim notification system. \$455,000 each year is for the continuation of the victim information and notification everyday (VINE) service.

Crime prevention and law enforcement grants. (a) \$ 1,900,000 each year is for crime prevention and law enforcement grants.

The office of justice programs shall conduct a competitive award process that ensures that grants are awarded to the most qualified organizations based on the office's established policies and procedures. The office shall determine the amount of each grant award based on need and funds available. The office shall require a grant recipient to report back to the office quarterly during the duration of the grant, and the office has the authority to withhold or suspend any additional grant payments if the grant recipient fails to meet the office's performance standards.

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The following organizations are eligible to apply for grants: (1) the city of St. Paul Police Department's Special Investigation Unit's Asian Gang Task Force; (2) the Victim Intervention Program, Inc.; (3) the Mosaic Youth Center; (4) Ramsey County's Juvenile Detention Alternatives Initiative; (5) Restorative Justice Community Action, Inc.; (6) existing supervised parenting time centers; (7) existing child advocacy centers; (8) law enforcement agencies to make squad car camera updates; (9) the St. Paul police and fire departments to hire an emergency coordinator; and (10) political subdivisions to administer safe cab programs. Any grant awarded to an organization in clause (5) may not be used for restorative justice in domestic violence cases. Any grant awarded to a political subdivision in clause (10) may comprise no more than one-third of the full operating cost of the program. This is a onetime appropriation.

(b) The executive director of the office of justice programs shall prepare a report containing the following information: a list of grant recipients, the amount of each award, the performance and eligibility standards used to determine the amount and recipient of each award, the office's reporting requirements, the grant recipient's use of the award, and any other information the director deems relevant. By January 1, 2010, the office of justice programs shall submit the report to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice funding and policy.

Crime victims. \$2,271,000 each year is to increase funding for victim services. Of this amount, 59 percent is for battered women shelters, 17 percent is for domestic violence programs, eight percent is for general crime victims, 11 percent is for sexual assault programs, and five percent is for abused children programs.

COPS grants. \$1,000,000 each year is to hire new peace officers and for peace officer overtime pay under Minnesota Statutes, section 299A.62, subdivision 1, paragraph (b), clauses (1) and (2). The commissioner shall award the grants based on the procedures set forth under section 299A.62. Of this amount, at least \$250,000 each year must be awarded to two cities in Hennepin County that are not cities of the first class and have the highest part 1 and part 2 crime rates per 100,000 inhabitants in the county as calculated by the latest Bureau of Criminal Apprehension report. This is a onetime appropriation.

APPROPRIATIONS
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Auto theft emergency grant. \$75,000 each year is appropriated from the general fund to the commissioner of public safety to fund grants awarded under Minnesota Statutes, section 611A.675, subdivision 1, clause (6). This amount shall be added to the department's base budget.

Youth intervention programs. \$1,000,000 each year is for youth intervention programs under Minnesota Statutes, section 299A.73. The commissioner shall use this money to make grants to help existing programs serve unmet needs in their communities and to fund new programs in underserved areas of the state. This appropriation is added to the base budget and is available until expended.

Trafficking legal clinics. \$150,000 each year is appropriated from the general fund to the commissioner of public safety to distribute to the grantees described in Minnesota Statutes, section 299A.786. This is a onetime appropriation.

Administration costs. Up to 2.5 percent of the grant funds appropriated in this subdivision may be used to administer the grant program.

Subd. 7. 911 Emergency Services/ARMER

55,681,000

50,385,000

This appropriation is from the state government special revenue fund for 911 emergency telecommunications services.

Public safety answering points. \$13,664,000 each year is to be distributed as provided in Minnesota Statutes, section 403.113, subdivision 2.

Medical Resource Communication Centers. \$683,000 each year is for grants to the Minnesota Emergency Medical Services Regulatory Board for the Metro East and Metro West Medical Resource Communication Centers that were in operation before January 1, 2000.

ARMER debt service. \$6,149,000 the first year and \$11,853,000 the second year are to the commissioner of finance to pay debt service on revenue bonds issued under Minnesota Statutes, section 403.275.

Any portion of this appropriation not needed to pay debt service in a fiscal year may be used by the commissioner of public safety to pay cash for any of the capital improvements for which bond proceeds were appropriated by Laws 2005, chapter 136, article 1, section 9, subdivision 8; or in subdivision 8.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

The base for this appropriation is \$18,002,000 in fiscal year 2010 and \$23,261,000 in fiscal year 2011.

Metropolitan Council debt service. \$1,410,000 each year is to the commissioner of finance for payment to the Metropolitan Council for debt service on bonds issued under Minnesota Statutes, section 403.27.

ARMER improvements. \$1,000,000 each year is for the Statewide Radio Board to design, construct, maintain, and improve those elements of the statewide public safety radio and communication system that support mutual aid communications and emergency medical services or provide interim enhancement of public safety communication interoperability in those areas of the state where the statewide public safety radio and communication system is not yet implemented.

ARMER interoperability planning. \$323,000 each year is to provide funding to coordinate and plan for communication interoperability between public safety entities.

ARMER state backbone operating costs. \$3,110,000 each year is to the commissioner of transportation for costs of maintaining and operating the first and third phases of the statewide radio system backbone. The base for this appropriation is \$5,060,000 in fiscal year 2010 and \$5,060,000 in fiscal year 2011 to provide funding to operate one additional phase of the system.

Zone controller. \$5,400,000 the first year is a onetime appropriation to upgrade zone controllers and network elements in phases one and two of the statewide radio system.

Advance project development. \$3,750,000 the first year is a onetime appropriation for site acquisition and site development work for the remaining phases of the statewide radio system. This appropriation is available until June 30, 2010. This appropriation is to the commissioner of public safety for transfer to the commissioner of transportation.

System design. \$1,850,000 the first year is a onetime appropriation to complete detailed design and planning of the remaining phases of the statewide radio system. The commissioner of public safety and the commissioner of transportation shall determine the scope of the study, after consulting with the Statewide Radio Board, the commissioner of administration, and the state chief information officer. The study

APPROPRIATIONS
Available for the Year
Ending June 30

<u>2008</u>	<u>2009</u>
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must address the system design for the state backbone and implications for local coverage, how data can be integrated, and whether other public safety communication networks can be integrated with the state backbone. The study must estimate the full cost of completing the state backbone to specified standards, the cost of local subsystems, and the potential advantages of using a request for proposal approach to solicit private sector participation in the project. The study must include a financial analysis of whether the estimated revenue from increasing the 911 fee by up to 30 cents will cover the estimated debt service of revenue bonds issued to finance the cost of completing the statewide radio system and a portion of the cost up to 50 percent for local subsystems. The study must also review the project organizational structure and governance.

Subd. 8. ARMER Public Safety

186,000,000

Radio and communication system. The appropriations in this subdivision are from the 911 revenue bond proceeds account for the purposes indicated, to be available until the project is completed or abandoned, subject to Minnesota Statutes, section 16A.642.

The appropriations are to the commissioner of public safety for transfer to the commissioner of transportation to construct the system backbone of the public safety radio and communication system plan under Minnesota Statutes, section 403.36.

\$62,000,000 of this appropriation is for the second year. \$62,000,000 of this appropriation is available on or after July 1, 2009. \$62,000,000 of this appropriation is available on or after July 1, 2010.

The commissioner of public safety and the commissioner of transportation shall certify to the chairs of the house Public Safety Finance Division of the Finance Committee and the senate Public Safety Budget Division of the Finance Committee that the detailed design has been completed and that the financial analysis finds that sufficient revenue will be generated by proposed changes in the 911 fee to cover all estimated debt service on revenue bonds proposed to be issued to complete the system before the appropriation is made available. The commissioner of finance shall not approve any fee increase under Minnesota Statutes, section 403.11, subdivision 1, paragraph (c), until this certification is made.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

Bond sale authorization. To provide the money appropriated in this subdivision, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$186,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, section 403.275.

Sec. 11. **PEACE OFFICER STANDARDS AND TRAINING (POST) BOARD**

\$4,287,000**\$4,260,000**

Excess amounts transferred. This appropriation is from the peace officer training account in the special revenue fund. Any new receipts credited to that account in the first year in excess of \$4,287,000 must be transferred and credited to the general fund. Any new receipts credited to that account in the second year in excess of \$4,260,000 must be transferred and credited to the general fund.

Peace officer training reimbursements. \$3,109,000 the first year and \$3,109,000 the second year are for reimbursements to local governments for peace officer training costs.

No contact orders; learning objectives. \$50,000 the first year is for: (1) revising and updating preservice courses and developing in-service training courses related to no contact orders in domestic violence cases and domestic violence dynamics; and (2) reimbursing peace officers who have taken training courses described in clause (1). At a minimum, the training must include instruction in the laws relating to no contact orders and address how to best coordinate law enforcement resources relating to no contact orders. In addition, the training must include a component to instruct peace officers on doing risk assessments of the escalating factors of lethality in domestic violence cases. The board must consult with a statewide domestic violence organization in developing training courses. The board shall utilize a request for proposal process in awarding training contracts. The recipient of the training contract must conduct these trainings with advocates or instructors from a statewide domestic violence organization.

Sec. 12. **BOARD OF PRIVATE DETECTIVES AND PROTECTIVE AGENT SERVICES**

\$128,000**\$130,000**

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>
<u>\$4,955,000</u>	<u>\$3,670,000</u>

Sec. 13. **HUMAN RIGHTS**

Management information system. \$1,403,000 the first year and \$55,000 the second year are for the replacement of the department's tracking and compliance databases with a management information system.

Evaluation. The Human Rights Department shall conduct a survey that evaluates the outcome of complaints filed with the department and whether or not a charging party is satisfied with the outcome of a complaint and the process by which the complaint is reviewed and handled by the department. The department shall evaluate complaints for which a probable cause or no probable cause determination is made. The survey must seek to determine the reasons for any dissatisfaction and whether a party sought an appeal or reconsideration of a determination or decision. The survey shall evaluate complaints filed or resolved in the past two years. By January 15, 2008, the department shall summarize the survey findings and file a report with the chairs and ranking minority members of the house and senate committees having jurisdiction over criminal justice policy and funding that discusses the findings and any actions the department proposes to undertake in response to the findings.

Inmate complaints, assaults, and fatalities; corrections ombudsman; working group; report. By August 1, 2007, the commissioner of human rights shall convene a working group to study how the state addresses inmate complaints, assaults, and deaths in county jails, workhouses, and prisons. The commissioner shall serve as chair of the working group and invite representatives from the Department of Corrections, legislature, the Minnesota Sheriffs' Association, the Minnesota Association of Community Corrections Act counties, state bar association, criminal victims justice unit, state Council on Black Minnesotans, state Chicano/Latino Affairs Council, University of Minnesota Law School, Immigrant Law Center of Minnesota, and other interested parties to participate in the working group. The group must: (1) assess how state and local units of government currently process and respond to inmate complaints, assaults, and deaths; (2) assess the effectiveness of the state's former corrections ombudsman program; (3) study other states' corrections ombudsmen; (4) study whether the state should conduct a fatality review process for inmates who die while in custody; and (5) make recommendations on how state and local units of government should systematically address inmate complaints, assaults, and deaths, including the need to re-appoint a corrections ombudsman. The commissioner shall

APPROPRIATIONS
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file a report detailing the group's findings and recommendations with the chairs and ranking minority members of the house and senate committees having jurisdiction over criminal justice policy and funding by January 15, 2008.

Sec. 14. **DEPARTMENT OF CORRECTIONS**

Subdivision 1. **Total Appropriation** **\$462,517,000** **\$483,230,000**

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>461,627,000</u>	<u>482,340,000</u>
<u>Special Revenue</u>	<u>890,000</u>	<u>890,000</u>

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

Subd. 2. **Correctional Institutions** **323,511,000** **338,577,000**

Appropriations by Fund

<u>General</u>	<u>322,931,000</u>	<u>337,997,000</u>
<u>Special Revenue</u>	<u>580,000</u>	<u>580,000</u>

Contracts for beds at Rush City. If the commissioner contracts with other states, local units of government, or the federal government to rent beds in the Rush City Correctional Facility, the commissioner shall charge a per diem under the contract, to the extent possible, that is equal to or greater than the per diem cost of housing Minnesota inmates in the facility.

Notwithstanding any law to the contrary, the commissioner may use per diems collected under contracts for beds at MCF-Rush City to operate the state correctional system.

Offender re-entry services. \$400,000 each year is for increased funding for expansion of offender re-entry services in the institutions and staffing for the Department of Corrections MCORP program.

Health services. \$900,000 the first year and \$1,300,000 the second year are for increases in health services.

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
<u>Ending June 30</u>		
	<u>2008</u>	<u>2009</u>
Subd. 3. <u>Community Services</u>	<u>121,482,000</u>	<u>126,899,000</u>
<u>Appropriations by Fund</u>		
General	<u>121,382,000</u>	<u>126,799,000</u>
Special Revenue	<u>100,000</u>	<u>100,000</u>
<u>ISR agents, challenge incarceration program.</u> \$600,000 the first year and \$1,000,000 the second year are for intensive supervised release agents for the challenge incarceration program.		
<u>ISR agents, conditional release program.</u> \$600,000 each year is for intensive supervised release agents for the conditional release program. This is a onetime appropriation.		
<u>Interstate compact.</u> \$225,000 each year is for increased costs based on changes made to the Interstate Compact for Adult Offender Supervision, Minnesota Statutes, section 243.1605.		
<u>Sex offenders, civil commitment and tracking.</u> \$350,000 each year is to fund a legal representative for civil commitments and to manage and track sex offenders.		
<u>Probation supervision, CCA system.</u> \$2,800,000 each year is added to the Community Corrections Act subsidy, Minnesota Statutes, section 401.14.		
<u>Probation supervision, CPO system.</u> \$600,000 each year is added to the county probation officers reimbursement base.		
<u>Probation supervision, DOC system.</u> \$600,000 each year is for the Department of Corrections probation and supervised release unit.		
<u>Probation, caseload reduction.</u> \$1,964,000 the first year and \$3,664,000 the second year are for adult felon offender management to be distributed statewide by the Community Corrections Act formula. \$200,000 the first year and \$400,000 the second year are for juvenile offender management to be distributed statewide by the Community Corrections Act formula. These appropriations may be used for sex offender management.		
<u>Sex offender treatment.</u> \$500,000 the first year and \$1,000,000 the second year are to increase funding for providing treatment for sex offenders on community supervision.		

APPROPRIATIONS
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2008 **2009**

Sex offender management/standards. \$500,000 the first year and \$1,000,000 the second year are for research and evaluation of sex offender management (supervision, treatment, and polygraphs) and for developing and monitoring standards of supervision and treatment.

Sex offender assessments. \$75,000 each year is to increase funding to reimburse counties or their designees, or courts, for sex offender assessments under Minnesota Statutes, section 609.3457.

Sentencing to service. \$600,000 each year is to increase funding for sentencing to service activities such as highway litter cleanup.

Short-term offenders. \$2,500,000 each year is to increase funding for the costs associated with the housing and care of short-term offenders. The commissioner may use up to 20 percent of the total amount of the appropriation for inpatient medical care for short-term offenders. All funds remaining at the end of the fiscal year not expended for inpatient medical care must be added to and distributed with the housing funds. These funds must be distributed proportionately based on the total number of days short-term offenders are placed locally, not to exceed \$70 per day.

The department is exempt from the state contracting process for the purposes of paying short-term offender costs relating to Minnesota Statutes, section 609.105.

Offender re-entry service. \$550,000 each year is for offender job-seeking services, evidence-based research, expansion of re-entry services specific to juveniles, and funding to local units of government participating in MCORP to provide re-entry programming to offenders.

Offender re-entry grant. \$800,000 the first year and \$1,700,000 the second year are for grants to the nonprofit organization selected to administer the five-year demonstration project for high-risk adults under Minnesota Statutes, section 241.86. This is a onetime appropriation.

Employment services for ex-offenders. \$200,000 each year is for grants to a nonprofit organization to establish a pilot project to provide employment services to ex-criminal offenders living in the North Minneapolis community as provided for in article 7, section 6. This is a onetime appropriation.

APPROPRIATIONS
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2008 **2009**

Domestic abuse re-entry grants. \$250,000 each year is appropriated from the general fund to the commissioner of corrections for the grant authorized in article 7, section 5. This is a onetime appropriation.

Re-entry; productive day. \$150,000 each year is appropriated from the general fund to the commissioner of corrections for the fiscal biennium ending June 30, 2009. The commissioner shall distribute the money as a grant to the Arrowhead Regional Corrections Agency to expand the agency's productive day initiative program, as defined in Minnesota Statutes, section 241.275, to include juvenile offenders who are 16 years of age and older. This is a onetime appropriation.

Mentoring grants; incarcerated parents. \$200,000 each year is appropriated from the general fund to the commissioner of corrections for the grant authorized in Minnesota Statutes, section 299A.82. This is a onetime appropriation.

Short-term offender study; report. The commissioner of corrections shall study the use and effectiveness of the short-term offender program and identify gaps in the current system relating to programming and re-entry services for short-term offenders. On or before January 15, 2008, the commissioner shall submit a report detailing the commissioner's findings and recommendations to the house and senate committees with jurisdiction over public safety policy and funding.

Subd. 4. Operations Support

17,524,000

17,754,000

Appropriations by Fund

General 17,314,000 17,544,000

Special Revenue 210,000 210,000

Sec. 15. SENTENCING GUIDELINES

\$600,000

\$600,000

Effectiveness of re-entry programs and drug courts; study. The Sentencing Guidelines Commission, in consultation with the commissioner of corrections and the state court administrator, shall study: (1) the effectiveness of the offender re-entry funding and programs authorized in this act; and (2) the effectiveness of the additional drug courts funded in this act. The executive director of the commission shall file a report with the ranking members of the house of representatives and senate committees with jurisdiction

<u>APPROPRIATIONS</u>		
<u>Available for the Year</u>		
<u>Ending June 30</u>		
<u>2008</u>		<u>2009</u>

over public safety policy and funding by February 15, 2009. The report must assess the impact this act's re-entry grants and programs and expanded drug court funding had on the recidivism rate of offenders who participated in: (1) programs that received re-entry grants; and/or (2) drug courts.

ARTICLE 2

GENERAL CRIME

Section 1. Minnesota Statutes 2006, section 518B.01, subdivision 22, is amended to read:

Subd. 22. **Domestic abuse no contact order.** (a) A domestic abuse no contact order is an order issued by a court against a defendant in a criminal proceeding for:

- (1) domestic abuse;
- (2) harassment or stalking charged under section 609.749 and committed against a family or household member;
- (3) violation of an order for protection charged under subdivision 14; or
- (4) violation of a prior domestic abuse no contact order charged under this subdivision.

It includes pretrial orders before final disposition of the case and probationary orders after sentencing.

(b) A person who knows of the existence of a domestic abuse no contact order issued against the person and violates the order is guilty of a misdemeanor.

(c) A person is guilty of a gross misdemeanor who knowingly violates this subdivision within ten years of a previous qualified domestic violence-related offense conviction or adjudication of delinquency. Upon a gross misdemeanor conviction under this paragraph, the defendant must be sentenced to a minimum of ten days' imprisonment and must be ordered to participate in counseling or other appropriate programs selected by the court as provided in section 518B.02. Notwithstanding section 609.135, the court must impose and execute the minimum sentence provided in this paragraph for gross misdemeanor convictions.

(d) A person is guilty of a felony and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if the person knowingly violates this subdivision within ten years of the first of two or more previous qualified domestic violence-related offense convictions or adjudications of delinquency. Upon a felony conviction under this paragraph in which the court stays imposition or execution of sentence, the court shall impose at least a 30-day period of incarceration as a condition of probation. The court also shall order that the defendant participate in counseling or other appropriate programs selected by the court. Notwithstanding section 609.135, the court must impose and execute the minimum sentence provided in this paragraph for felony convictions.

~~(d)~~ (e) A peace officer shall arrest without a warrant and take into custody a person whom the peace officer has probable cause to believe has violated a domestic abuse no contact order, even if the violation of the order did not take place in the presence of the peace officer, if the existence of the order can be verified by the officer. The person shall be held in custody for at least 36 hours, excluding the day of arrest, Sundays, and holidays, unless the person is released earlier by a judge or judicial officer. A peace officer acting in good faith and exercising due care in making an arrest pursuant to this paragraph is immune from civil liability that might result from the officer's actions.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 2. Minnesota Statutes 2006, section 609.02, subdivision 16, is amended to read:

Subd. 16. **Qualified domestic violence-related offense.** "Qualified domestic violence-related offense" includes a violation of or an attempt to violate the following offenses: sections 518B.01, subdivision 14 (violation of domestic abuse order for protection); 518B.01, subdivision 22 (violation of domestic abuse no contact order); 609.185 (first-degree murder); 609.19 (second-degree murder); 609.221 (first-degree assault); 609.222 (second-degree assault); 609.223 (third-degree assault); 609.2231 (fourth-degree assault); 609.224 (fifth-degree assault); 609.2242 (domestic assault); 609.2247 (domestic assault by strangulation); 609.342 (first-degree criminal sexual conduct); 609.343 (second-degree criminal sexual conduct); 609.344 (third-degree criminal sexual conduct); 609.345 (fourth-degree criminal sexual conduct); 609.377 (malicious punishment of a child); 609.713 (terroristic threats); 609.748, subdivision 6 (violation of harassment restraining order); 609.749 (harassment/stalking); and 609.78, subdivision 2 (interference with an emergency call); and similar laws of other states, the United States, the District of Columbia, tribal lands, and United States territories.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 3. Minnesota Statutes 2006, section 609.341, subdivision 11, is amended to read:

Subd. 11. **Sexual contact.** (a) "Sexual contact," for the purposes of sections 609.343, subdivision 1, clauses (a) to (f), and 609.345, subdivision 1, clauses (a) to (e), and (h) to ~~(m)~~ (o), includes any of the following acts committed without the complainant's consent, except in those cases where consent is not a defense, and committed with sexual or aggressive intent:

(i) the intentional touching by the actor of the complainant's intimate parts, or

(ii) the touching by the complainant of the actor's, the complainant's, or another's intimate parts effected by a person in a position of authority, or by coercion, or by inducement if the complainant is under 13 years of age or mentally impaired, or

(iii) the touching by another of the complainant's intimate parts effected by coercion or by a person in a position of authority, or

(iv) in any of the cases above, the touching of the clothing covering the immediate area of the intimate parts.

(b) "Sexual contact," for the purposes of sections 609.343, subdivision 1, clauses (g) and (h), and 609.345, subdivision 1, clauses (f) and (g), includes any of the following acts committed with sexual or aggressive intent:

(i) the intentional touching by the actor of the complainant's intimate parts;

(ii) the touching by the complainant of the actor's, the complainant's, or another's intimate parts;

(iii) the touching by another of the complainant's intimate parts; or

(iv) in any of the cases listed above, touching of the clothing covering the immediate area of the intimate parts.

(c) "Sexual contact with a person under 13" means the intentional touching of the complainant's bare genitals or anal opening by the actor's bare genitals or anal opening with sexual or aggressive intent or the touching by the complainant's bare genitals or anal opening of the actor's or another's bare genitals or anal opening with sexual or aggressive intent.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 4. Minnesota Statutes 2006, section 609.344, subdivision 1, is amended to read:

Subdivision 1. **Crime defined.** A person who engages in sexual penetration with another person is guilty of criminal sexual conduct in the third degree if any of the following circumstances exists:

(a) the complainant is under 13 years of age and the actor is no more than 36 months older than the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant shall be a defense;

(b) the complainant is at least 13 but less than 16 years of age and the actor is more than 24 months older than the complainant. In any such case if the actor is no more than 120 months older than the complainant, it shall be an affirmative defense, which must be proved by a preponderance of the evidence, that the actor reasonably believes the complainant to be 16 years of age or older. In all other cases, mistake as to the complainant's age shall not be a defense. If the actor in such a case is no more than 48 months but more than 24 months older than the complainant, the actor may be sentenced to imprisonment for not more than five years. Consent by the complainant is not a defense;

(c) the actor uses force or coercion to accomplish the penetration;

(d) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(e) the complainant is at least 16 but less than 18 years of age and the actor is more than 48 months older than the complainant and in a position of authority over the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(f) the actor has a significant relationship to the complainant and the complainant was at least 16 but under 18 years of age at the time of the sexual penetration. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(g) the actor has a significant relationship to the complainant, the complainant was at least 16 but under 18 years of age at the time of the sexual penetration, and:

(i) the actor or an accomplice used force or coercion to accomplish the penetration;

(ii) the complainant suffered personal injury; or

(iii) the sexual abuse involved multiple acts committed over an extended period of time.

Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(h) the actor is a psychotherapist and the complainant is a patient of the psychotherapist and the sexual penetration occurred:

(i) during the psychotherapy session; or

(ii) outside the psychotherapy session if an ongoing psychotherapist-patient relationship exists.

Consent by the complainant is not a defense;

(i) the actor is a psychotherapist and the complainant is a former patient of the psychotherapist and the former patient is emotionally dependent upon the psychotherapist;

(j) the actor is a psychotherapist and the complainant is a patient or former patient and the sexual penetration occurred by means of therapeutic deception. Consent by the complainant is not a defense;

(k) the actor accomplishes the sexual penetration by means of deception or false representation that the penetration is for a bona fide medical purpose. Consent by the complainant is not a defense;

(l) the actor is or purports to be a member of the clergy, the complainant is not married to the actor, and:

(i) the sexual penetration occurred during the course of a meeting in which the complainant sought or received religious or spiritual advice, aid, or comfort from the actor in private; or

(ii) the sexual penetration occurred during a period of time in which the complainant was meeting on an ongoing basis with the actor to seek or receive religious or spiritual advice, aid, or comfort in private. Consent by the complainant is not a defense;

(m) the actor is an employee, independent contractor, or volunteer of a state, county, city, or privately operated adult or juvenile correctional system, including, but not limited to, jails, prisons, detention centers, or work release facilities, and the complainant is a resident of a facility or under supervision of the correctional system. Consent by the complainant is not a defense; ~~or~~

(n) the actor provides or is an agent of an entity that provides special transportation service, the complainant used the special transportation service, and the sexual penetration occurred during or immediately before or after the actor transported the complainant. Consent by the complainant is not a defense; ~~or~~

(o) the actor performs massage or other bodywork for hire, the complainant was a user of one of those services, and nonconsensual sexual penetration occurred during or immediately before or after the actor performed or was hired to perform one of those services for the complainant.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 5. Minnesota Statutes 2006, section 609.345, subdivision 1, is amended to read:

Subdivision 1. **Crime defined.** A person who engages in sexual contact with another person is guilty of criminal sexual conduct in the fourth degree if any of the following circumstances exists:

(a) the complainant is under 13 years of age and the actor is no more than 36 months older than the complainant. Neither mistake as to the complainant's age or consent to the act by the complainant is a defense. In a prosecution under this clause, the state is not required to prove that the sexual contact was coerced;

(b) the complainant is at least 13 but less than 16 years of age and the actor is more than 48 months older than the complainant or in a position of authority over the complainant. Consent by the complainant to the act is not a defense. In any such case, if the actor is no more than 120 months older than the complainant, it shall be an affirmative defense which must be proved by a preponderance of the evidence that the actor reasonably believes the complainant to be 16 years of age or older. In all other cases, mistake as to the complainant's age shall not be a defense;

(c) the actor uses force or coercion to accomplish the sexual contact;

(d) the actor knows or has reason to know that the complainant is mentally impaired, mentally incapacitated, or physically helpless;

(e) the complainant is at least 16 but less than 18 years of age and the actor is more than 48 months older than the complainant and in a position of authority over the complainant. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(f) the actor has a significant relationship to the complainant and the complainant was at least 16 but under 18 years of age at the time of the sexual contact. Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(g) the actor has a significant relationship to the complainant, the complainant was at least 16 but under 18 years of age at the time of the sexual contact, and:

(i) the actor or an accomplice used force or coercion to accomplish the contact;

(ii) the complainant suffered personal injury; or

(iii) the sexual abuse involved multiple acts committed over an extended period of time.

Neither mistake as to the complainant's age nor consent to the act by the complainant is a defense;

(h) the actor is a psychotherapist and the complainant is a patient of the psychotherapist and the sexual contact occurred:

(i) during the psychotherapy session; or

(ii) outside the psychotherapy session if an ongoing psychotherapist-patient relationship exists. Consent by the complainant is not a defense;

(i) the actor is a psychotherapist and the complainant is a former patient of the psychotherapist and the former patient is emotionally dependent upon the psychotherapist;

(j) the actor is a psychotherapist and the complainant is a patient or former patient and the sexual contact occurred by means of therapeutic deception. Consent by the complainant is not a defense;

(k) the actor accomplishes the sexual contact by means of deception or false representation that the contact is for a bona fide medical purpose. Consent by the complainant is not a defense;

(l) the actor is or purports to be a member of the clergy, the complainant is not married to the actor, and:

(i) the sexual contact occurred during the course of a meeting in which the complainant sought or received religious or spiritual advice, aid, or comfort from the actor in private; or

(ii) the sexual contact occurred during a period of time in which the complainant was meeting on an ongoing basis with the actor to seek or receive religious or spiritual advice, aid, or comfort in private. Consent by the complainant is not a defense;

(m) the actor is an employee, independent contractor, or volunteer of a state, county, city, or privately operated adult or juvenile correctional system, including, but not limited to, jails, prisons, detention centers, or work release facilities, and the complainant is a resident of a facility or under supervision of the correctional system. Consent by the complainant is not a defense; ~~or~~

(n) the actor provides or is an agent of an entity that provides special transportation service, the complainant used the special transportation service, the complainant is not married to the actor, and the sexual contact occurred during or immediately before or after the actor transported the complainant. Consent by the complainant is not a defense; or

(o) the actor performs massage or other bodywork for hire, the complainant was a user of one of those services, and nonconsensual sexual contact occurred during or immediately before or after the actor performed or was hired to perform one of those services for the complainant.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 6. Minnesota Statutes 2006, section 609.3451, subdivision 3, is amended to read:

Subd. 3. **Felony.** A person is guilty of a felony and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if the person violates ~~subdivision 1, clause (2) this section, after having been previously convicted of or adjudicated delinquent for violating subdivision 1, clause (2) this section; sections 609.342 to 609.345; section 609.3453; section 617.23, subdivision 2, clause (1); section 617.247; or a statute from another state in conformity with subdivision 1, clause (2), or section 617.23, subdivision 2, clause (1) with one of these statutes.~~

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 7. Minnesota Statutes 2006, section 609.3455, subdivision 4, is amended to read:

Subd. 4. **Mandatory life sentence; repeat offenders.** (a) Notwithstanding the statutory maximum penalty otherwise applicable to the offense, the court shall sentence a person to imprisonment for life if the person is convicted of violating section 609.342, 609.343, 609.344, 609.345, or 609.3453 and:

(1) the person has two previous sex offense convictions;

(2) the person has a previous sex offense conviction and:

(i) the factfinder determines that the present offense involved an aggravating factor that would provide grounds for an upward durational departure under the sentencing guidelines other than the aggravating factor applicable to repeat criminal sexual conduct convictions;

(ii) the person received an upward durational departure from the sentencing guidelines for the previous sex offense conviction; or

(iii) the person was sentenced under this section or Minnesota Statutes 2004, section 609.108, for the previous sex offense conviction; or

(3) the person has two prior sex offense convictions, and the factfinder determines that the prior convictions and present offense involved at least three separate victims, and:

(i) the factfinder determines that the present offense involved an aggravating factor that would provide grounds for an upward durational departure under the sentencing guidelines other than the aggravating factor applicable to repeat criminal sexual conduct convictions;

(ii) the person received an upward durational departure from the sentencing guidelines for one of the prior sex offense convictions; or

(iii) the person was sentenced under this section or Minnesota Statutes 2004, section 609.108, for one of the prior sex offense convictions.

(b) Notwithstanding paragraph (a), a court may not sentence a person to imprisonment for life for a violation of section 609.345, unless at least one of the person's previous or prior sex offense convictions that are being used as the basis for the sentence are for violations of section 609.342, 609.343, 609.344, or 609.3453, or any similar statute of the United States, this state, or any other state.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 8. Minnesota Statutes 2006, section 609.3455, is amended by adding a subdivision to read:

Subd. 9. **Applicability.** The provisions of this section do not affect the applicability of Minnesota Statutes 2004, section 609.108, to crimes committed before August 1, 2005, or the validity of sentences imposed under Minnesota Statutes 2004, section 609.108.

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

Sec. 9. Minnesota Statutes 2006, section 609.352, is amended to read:

609.352 SOLICITATION OF CHILDREN TO ENGAGE IN SEXUAL CONDUCT.

Subdivision 1. **Definitions.** As used in this section:

(a) "child" means a person 15 years of age or younger;

(b) "sexual conduct" means sexual contact of the individual's primary genital area, sexual penetration as defined in section 609.341, or sexual performance as defined in section 617.246; ~~and~~

(c) "solicit" means commanding, entreating, or attempting to persuade a specific person in person, by telephone, by letter, or by computerized or other electronic means; and

(d) "sexually explicit" means any communication, language, or material, including a photographic or video image, that relates to or describes sexual conduct.

Subd. 2. **Prohibited act.** A person 18 years of age or older who solicits a child or someone the person reasonably believes is a child to engage in sexual conduct with intent to engage in sexual conduct is guilty of a felony ~~and may be sentenced to imprisonment for not more than three years, or to payment of a fine of not more than \$5,000, or both.~~

Subd. 2a. **Internet or computer solicitation of children.** A person 18 years of age or older who uses the Internet or a computer, computer program, computer network, or computer system to communicate with a child or someone the person reasonably believes is a child, with the intent to arouse or gratify the sexual desire of any person, is guilty of a felony if any of the following circumstances exist:

(a) the actor solicits a child or someone the actor reasonably believes is a child to engage in sexual conduct;

(b) the actor communicates in a sexually explicit manner with a child or someone the actor reasonably believes is a child; or

(c) the actor distributes sexually explicit material to a child or someone the actor reasonably believes is a child.

Subd. 2b. **Jurisdiction.** A person may be convicted of an offense under subdivision 2a if the transmission that constitutes the offense either originates within this state or is received within this state.

Subd. 3. **Defenses.** (a) Mistake as to age is not a defense to a prosecution under ~~this section~~ subdivision 2. Mistake as to age is an affirmative defense to a prosecution under subdivision 2a.

(b) The fact that an undercover operative or law enforcement officer was involved in the detection or investigation of an offense under this section does not constitute a defense to a prosecution under this section.

Subd. 4. **Penalty.** A person convicted under subdivision 2 or 2a is guilty of a felony and may be sentenced to imprisonment for not more than three years, or to payment of a fine of not more than \$5,000, or both.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 10. Minnesota Statutes 2006, section 609.505, subdivision 2, is amended to read:

Subd. 2. **Reporting police misconduct.** (a) Whoever informs, or causes information to be communicated to, a peace officer, whose responsibilities include investigating or reporting police misconduct, or other person working under the authority of a chief law enforcement officer, whose responsibilities include investigating or reporting police misconduct, that a peace officer, as defined in section 626.84, subdivision 1, paragraph (c), has committed an act of police misconduct, knowing that the information is false, is guilty of a crime and may be sentenced as follows:

(1) up to the maximum provided for a misdemeanor if the false information does not allege a criminal act; or

(2) up to the maximum provided for a gross misdemeanor if the false information alleges a criminal act.

(b) The court shall order any person convicted of a violation of this subdivision to make full restitution of all reasonable expenses incurred in the investigation of the false allegation unless the court makes a specific written finding that restitution would be inappropriate under the circumstances. A restitution award may not exceed \$3,000.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 11. Minnesota Statutes 2006, section 609.535, subdivision 2a, is amended to read:

Subd. 2a. **Penalties.** (a) A person who is convicted of issuing a dishonored check under subdivision 2 may be sentenced as follows:

(1) to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if the value of the dishonored check, or checks aggregated under paragraph (b), is more than ~~\$500~~ \$1,000;

(2) to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both, if the value of the dishonored check, or checks aggregated under paragraph (b), is more than ~~\$250~~ \$500 but not more than ~~\$500~~ \$1,000; or

(3) to imprisonment for not more than 90 days or to payment of a fine of not more than \$1,000, or both, if the value of the dishonored check, or checks aggregated under paragraph (b), is not more than ~~\$250~~ \$500.

(b) In a prosecution under this subdivision, the value of dishonored checks issued by the defendant in violation of this subdivision within any six-month period may be aggregated and the defendant charged accordingly in applying this section. When two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the dishonored checks was issued for all of the offenses aggregated under this paragraph.

Sec. 12. Minnesota Statutes 2006, section 609.581, is amended by adding a subdivision to read:

Subd. 5. **Government building.** "Government building" means a building that is owned, leased, controlled, or operated by a governmental entity for a governmental purpose.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 13. Minnesota Statutes 2006, section 609.581, is amended by adding a subdivision to read:

Subd. 6. **Religious establishment.** "Religious establishment" means a building used for worship services by a religious organization and clearly identified as such by a posted sign or other means.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 14. Minnesota Statutes 2006, section 609.581, is amended by adding a subdivision to read:

Subd. 7. **School building.** "School building" means a public or private preschool, elementary school, middle school, secondary school, or postsecondary school building.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 15. Minnesota Statutes 2006, section 609.581, is amended by adding a subdivision to read:

Subd. 8. **Historic property.** "Historic property" means any property identified as a historic site or historic place by sections 138.661 to 138.664 and clearly identified as such by a posted sign or other means.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 16. Minnesota Statutes 2006, section 609.582, subdivision 2, is amended to read:

Subd. 2. **Burglary in the second degree.** (a) Whoever enters a building without consent and with intent to commit a crime, or enters a building without consent and commits a crime while in the building, either directly or as an accomplice, commits burglary in the second degree and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both, if:

(a) (1) the building is a dwelling;

(b) (2) the portion of the building entered contains a banking business or other business of receiving securities or other valuable papers for deposit or safekeeping and the entry is with force or threat of force;

(c) (3) the portion of the building entered contains a pharmacy or other lawful business or practice in which controlled substances are routinely held or stored, and the entry is forcible; or

(d) (4) when entering or while in the building, the burglar possesses a tool to gain access to money or property.

(b) Whoever enters a government building, religious establishment, historic property, or school building without consent and with intent to commit a crime under section 609.52 or 609.595, or enters a government building, religious establishment, historic property, or school building without consent and commits a crime under section 609.52 or 609.595 while in the building, either directly or as an accomplice, commits burglary in the second degree and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 17. **[609.593] DAMAGE OR THEFT TO ENERGY TRANSMISSION OR TELECOMMUNICATIONS EQUIPMENT.**

Subdivision 1. **Crime.** Whoever intentionally and without consent from one authorized to give consent causes any damage or takes, removes, severs, or breaks:

(1) any line erected or maintained for the purpose of transmitting electricity for light, heat, or power, or any insulator or cross-arm, appurtenance or apparatus connected therewith, any wire, cable, or current thereof;

(2) any pipe or main or hazardous liquid pipeline erected, operated, or maintained for the purpose of transporting, conveying, or distributing gas or other hazardous liquids for light, heat, power, or any other purpose, or any part thereof, or any valve, meter, holder, compressor, machinery, appurtenance, equipment, or apparatus connected with any such main or pipeline; or

(3) any machinery, equipment, and fixtures used in receiving, initiating, amplifying, processing, transmitting, retransmitting, recording, switching, or monitoring telecommunications services, such as computers, transformers, amplifiers, routers, repeaters, multiplexers, and other items performing comparable functions; and machinery, equipment, and fixtures used in the transportation of telecommunications services, radio transmitters and receivers, satellite equipment, microwave equipment, and other transporting media including wire, cable, fiber, poles, and conduit;

is guilty of a crime and may be sentenced as provided in subdivision 2.

Subd. 2. **Penalty.** Whoever violates subdivision 1 is guilty of a felony and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both.

Sec. 18. **[609.5935] TAMPERING WITH GAS AND ELECTRICAL LINES.**

Whoever intentionally and without claim of right, takes, removes, breaks, or severs, a line or any part connected to a line that is used for supplying or transporting gas or electricity without the consent of one authorized to give consent and in a manner that creates a substantial risk of death or bodily harm or serious property damage is guilty of a felony and may be sentenced to imprisonment for not more than 20 years or to payment of a fine of not more than \$100,000, or both.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 19. Minnesota Statutes 2006, section 609.595, subdivision 1, is amended to read:

Subdivision 1. **Criminal damage to property in the first degree.** Whoever intentionally causes damage to physical property of another without the latter's consent may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both, if:

- (1) the damage to the property caused a reasonably foreseeable risk of bodily harm; or
- (2) the property damaged belongs to a common carrier and the damage impairs the service to the public rendered by the carrier; or
- (3) the damage reduces the value of the property by more than ~~\$500~~ \$1,000 measured by the cost of repair and replacement; or
- (4) the damage reduces the value of the property by more than ~~\$250~~ \$500 measured by the cost of repair and replacement and the defendant has been convicted within the preceding three years of an offense under this subdivision or subdivision 2.

In any prosecution under clause (3), the value of any property damaged by the defendant in violation of that clause within any six-month period may be aggregated and the defendant charged accordingly in applying the provisions of this section; provided that when two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this paragraph.

Sec. 20. Minnesota Statutes 2006, section 609.595, subdivision 2, is amended to read:

Subd. 2. **Criminal damage to property in the third degree.** (a) Except as otherwise provided in subdivision 1a, whoever intentionally causes damage to another person's physical property without the other person's consent may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both, if the damage reduces the value of the property by more than ~~\$250~~ \$500 but not more than ~~\$500~~ \$1,000 as measured by the cost of repair and replacement.

(b) Whoever intentionally causes damage to another person's physical property without the other person's consent because of the property owner's or another's actual or perceived race, color, religion, sex, sexual orientation, disability as defined in section 363A.03, age, or national origin may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both, if the damage reduces the value of the property by not more than ~~\$250~~ \$500.

(c) In any prosecution under paragraph (a), the value of property damaged by the defendant in violation of that paragraph within any six-month period may be aggregated and the defendant charged accordingly in applying this section. When two or more offenses are committed by the same person in two or more counties, the accused may be prosecuted in any county in which one of the offenses was committed for all of the offenses aggregated under this paragraph.

Sec. 21. Minnesota Statutes 2006, section 609.748, subdivision 1, is amended to read:

Subdivision 1. **Definition.** For the purposes of this section, the following terms have the meanings given them in this subdivision.

(a) "Harassment" includes:

(1) a single incident of physical or sexual assault or repeated incidents of intrusive or unwanted acts, words, or gestures that have a substantial adverse effect or are intended to have a substantial adverse effect on the safety, security, or privacy of another, regardless of the relationship between the actor and the intended target;

(2) targeted residential picketing; ~~and~~

(3) a pattern of attending public events after being notified that the actor's presence at the event is harassing to another; and

(4) a single incident of posing as another person or persons through the use of the Internet or a computer, computer program, computer network, or computer system, without express authorization in order to harass or defame another person or persons.

(b) "Respondent" includes any adults or juveniles alleged to have engaged in harassment or organizations alleged to have sponsored or promoted harassment.

(c) "Targeted residential picketing" includes the following acts when committed on more than one occasion:

(1) marching, standing, or patrolling by one or more persons directed solely at a particular residential building in a manner that adversely affects the safety, security, or privacy of an occupant of the building; or

(2) marching, standing, or patrolling by one or more persons which prevents an occupant of a residential building from gaining access to or exiting from the property on which the residential building is located.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 22. Minnesota Statutes 2006, section 609.748, subdivision 5, is amended to read:

Subd. 5. **Restraining order.** (a) The court may grant a restraining order ordering the respondent to cease or avoid the harassment of another person or to have no contact with that person if all of the following occur:

(1) the petitioner has filed a petition under subdivision 3;

(2) the sheriff has served respondent with a copy of the temporary restraining order obtained under subdivision 4, and with notice of the right to request a hearing, or service has been made by publication under subdivision 3, paragraph (b); and

(3) the court finds at the hearing that there are reasonable grounds to believe that the respondent has engaged in harassment.

Except as provided in paragraph (c), a restraining order may be issued only against the respondent named in the petition; ~~except that~~ and if the respondent is an organization, the order may be issued against and apply to all of the members of the organization. Relief granted by the restraining order must be for a fixed period of not more than two years. When a referee presides at the hearing on the petition, the restraining order becomes effective upon the referee's signature.

(b) An order issued under this subdivision must be personally served upon the respondent.

(c) If the harassment involves communication through the use of the Internet or a computer, computer program, computer network, or computer system, a restraining order may also be issued against private computer networks, including Internet service providers or computer bulletin board systems, that are publishing harassing information. A restraining order issued under this paragraph may direct the respondent or a private computer network to remove or correct the harassing information. A restraining order issued under this paragraph may be served by mail upon any private computer network affected.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 23. **REPEALER.**

Minnesota Statutes 2006, section 609.805, is repealed.

EFFECTIVE DATE. This section is effective July 1, 2007.

ARTICLE 3

DWI AND DRIVING RELATED PROVISIONS

Section 1. Minnesota Statutes 2006, section 169A.275, is amended by adding a subdivision to read:

Subd. 7. **Exception.** (a) A judge is not required to sentence a person as provided in this section if the judge requires the person as a condition of probation to drive only motor vehicles equipped with an ignition interlock device meeting the standards described in section 171.306.

(b) This subdivision expires July 1, 2009.

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to crimes committed on or after that date.

Sec. 2. Minnesota Statutes 2006, section 169A.51, subdivision 7, is amended to read:

Subd. 7. Requirements for conducting tests; liability. (a) Only a physician, medical technician, emergency medical technician-paramedic, registered nurse, medical technologist, medical laboratory technician, phlebotomist, or laboratory assistant acting at the request of a peace officer may withdraw blood for the purpose of determining the presence of alcohol, a controlled substance or its metabolite, or a hazardous substance. This limitation does not apply to the taking of a breath or urine sample.

(b) The person tested has the right to have someone of the person's own choosing administer a chemical test or tests in addition to any administered at the direction of a peace officer; provided, that the additional test sample on behalf of the person is obtained at the place where the person is in custody, after the test administered at the direction of a peace officer, and at no expense to the state. The failure or inability to obtain an additional test or tests by a person does not preclude the admission in evidence of the test taken at the direction of a peace officer unless the additional test was prevented or denied by the peace officer.

(c) The physician, medical technician, emergency medical technician-paramedic, medical technologist, medical laboratory technician, laboratory assistant, phlebotomist, or registered nurse drawing blood at the request of a peace officer for the purpose of determining the concentration of alcohol, a controlled substance or its metabolite, or a hazardous substance is in no manner liable in any civil or criminal action except for negligence in drawing the blood. The person administering a breath test must be fully trained in the administration of breath tests pursuant to training given by the commissioner of public safety.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to crimes committed on or after that date.

Sec. 3. Minnesota Statutes 2006, section 171.12, is amended by adding a subdivision to read:

Subd. 9. Driving record disclosure to law enforcement. The commissioner shall also furnish driving records, without charge, to chiefs of police, county sheriffs, prosecuting attorneys, and other law enforcement agencies with the power to arrest.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 4. **[171.306] IGNITION INTERLOCK DEVICE PILOT PROJECT.**

Subdivision 1. Pilot project established; reports. The commissioner shall conduct a two-year ignition interlock device pilot project as provided in this section. The commissioner shall select one metropolitan county and one rural county to participate in the pilot project. The pilot project must begin on July 1, 2007, and continue until June 30, 2009. The commissioner shall submit two preliminary reports by February 1, 2008, and by December 1, 2008, and a final report by September 1, 2009, to the chairs and ranking minority members of the senate and house of representatives committees having jurisdiction over criminal justice policy and funding. The reports must evaluate the successes and failures of the pilot project, provide information on participation rates, and make recommendations on continuing the project.

Subd. 2. Performance standards; certification. The commissioner shall determine appropriate performance standards and a certification process for ignition interlock devices for the pilot project. Only devices certified by the commissioner as meeting the performance standards may be used in the pilot project.

Subd. 3. Pilot project components. (a) Under the pilot project, the commissioner shall issue a driver's license to an individual whose driver's license has been revoked under chapter 169A for a repeat impaired driving incident if the person qualifies under this section and agrees to all of the conditions of the project.

(b) The commissioner must flag the person's driver's license record to indicate the person's participation in the program. The license must authorize the person to drive only vehicles having functioning ignition interlock devices conforming with the requirements of subdivision 2.

(c) Notwithstanding any statute or rule to the contrary, the commissioner has authority to and shall determine the appropriate period for which a person participating in the ignition interlock pilot program shall be subject to this program, and when the person is eligible to be issued:

(1) a limited driver's license subject to the ignition interlock restriction;

(2) full driving privileges subject to the ignition interlock restriction; and

(3) a driver's license without an ignition interlock restriction.

(d) A person participating in this pilot project shall agree to participate in any treatment recommended by a chemical use assessment.

(e) The commissioner shall determine guidelines for participation in the project. A person participating in the project shall sign a written agreement accepting these guidelines and agreeing to comply with them.

(f) It is a misdemeanor for a person who is licensed under this section for driving a vehicle equipped with an ignition interlock device:

(1) to start or attempt to start, or to operate or attempt to operate, the vehicle while the person has any amount of alcohol in the person's body; or

(2) to drive, operate or be in physical control of a motor vehicle other than a vehicle properly equipped with an ignition interlock device.

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

Sec. 5. Minnesota Statutes 2006, section 171.55, is amended to read:

171.55 OUT-OF-STATE CONVICTIONS GIVEN EFFECT.

The commissioner shall give the same effect for driver licensing purposes to conduct reported from a licensing authority or court in another state or province or territory of Canada that the commissioner would give to conduct reported from a court or other agency of this state, whether or not the other state or province or territory of Canada is a party to the Driver License Compact in section 171.50. The conduct to be given effect by the commissioner includes a report of conviction for an offense enumerated in section 171.50, article IV, or an offense described in sections 171.17 and 171.18.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 6. Minnesota Statutes 2006, section 609.21, subdivision 1, is amended to read:

Subdivision 1. **Criminal vehicular ~~homicide~~ operation; crime described.** A person is guilty of criminal vehicular ~~homicide resulting in death and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both~~ operation and may be sentenced as provided in subdivision 1a, if the person causes ~~injury to or the death of a human being not constituting murder or manslaughter~~ another as a result of operating a motor vehicle:

(1) in a grossly negligent manner;

(2) in a negligent manner while under the influence of:

(i) alcohol;

- (ii) a controlled substance; or
- (iii) any combination of those elements;
- (3) while having an alcohol concentration of 0.08 or more;
- (4) while having an alcohol concentration of 0.08 or more, as measured within two hours of the time of driving;
- (5) in a negligent manner while knowingly under the influence of a hazardous substance;
- (6) in a negligent manner while any amount of a controlled substance listed in schedule I or II, or its metabolite, other than marijuana or tetrahydrocannabinols, is present in the person's body; or
- (7) where the driver who causes the accident leaves the scene of the accident in violation of section 169.09, subdivision 1 or 6.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 7. Minnesota Statutes 2006, section 609.21, is amended by adding a subdivision to read:

Subd. 1a. **Criminal penalties.** (a) A person who violates subdivision 1 and causes the death of a human being not constituting murder or manslaughter or the death of an unborn child may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000, or both.

(b) A person who violates subdivision 1 and causes great bodily harm to another not constituting attempted murder or assault or great bodily harm to an unborn child who is subsequently born alive may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both.

(c) A person who violates subdivision 1 and causes substantial bodily harm to another may be sentenced to imprisonment for not more than three years or to payment of a fine of not more than \$10,000, or both.

(d) A person who violates subdivision 1 and causes bodily harm to another may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 8. Minnesota Statutes 2006, section 609.21, is amended by adding a subdivision to read:

Subd. 1b. **Conviction not bar to punishment for other crimes.** A prosecution for or a conviction of a crime under this section relating to causing death or injury to an unborn child is not a bar to conviction of or punishment for any other crime committed by the defendant as part of the same conduct.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 9. Minnesota Statutes 2006, section 609.21, subdivision 4a, is amended to read:

Subd. 4a. **Affirmative defense.** It shall be an affirmative defense to a charge under subdivision 1, clause (6); ~~2, clause (6); 2a, clause (6); 2b, clause (6); 3, clause (6); or 4, clause (6)~~, that the defendant used the controlled substance according to the terms of a prescription issued for the defendant in accordance with sections 152.11 and 152.12.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 10. Minnesota Statutes 2006, section 609.21, subdivision 5, is amended to read:

Subd. 5. **Definitions.** For purposes of this section, the terms defined in this subdivision have the meanings given them.

(a) "Motor vehicle" has the meaning given in section 609.52, subdivision 1, and includes attached trailers.

(b) "Controlled substance" has the meaning given in section 152.01, subdivision 4.

(c) "Hazardous substance" means any chemical or chemical compound that is listed as a hazardous substance in rules adopted under chapter 182.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to crimes committed on or after that date.

Sec. 11. Minnesota Statutes 2006, section 634.15, subdivision 1, is amended to read:

Subdivision 1. **Certificates of analysis; blood sample reports; chain of custody.** (a) In any hearing or trial of a criminal offense or petty misdemeanor or proceeding pursuant to section 169A.53, subdivision 3, the following documents shall be admissible in evidence:

~~(a)~~ (1) a report of the facts and results of any laboratory analysis or examination if it is prepared and attested by the person performing the laboratory analysis or examination in any laboratory operated by the Bureau of Criminal Apprehension or authorized by the bureau to conduct an analysis or examination, or in any laboratory of the Federal Bureau of Investigation, the federal Postal Inspection Service, the federal Bureau of Alcohol, Tobacco and Firearms, or the federal Drug Enforcement Administration;

~~(b)~~ (2) a report of a blood sample withdrawn under the implied consent law if:

(i) The report was prepared by the person who administered the test;

(ii) The person who withdrew the blood sample was competent to administer the test under section 169A.51, subdivision 7; and

(iii) The report was prepared consistent with any applicable rules promulgated by the commissioner of public safety; and

~~(e)~~ (3) a verified chain of custody of a specimen while under the control of a laboratory described in clause ~~(a)~~ (1).

(b) A report described in paragraph (a), clause ~~(a)~~ (1), purported to be signed by the person performing the analysis or examination in a laboratory named in that clause, or a blood sample report described in paragraph (a), clause ~~(b)~~ (2), purported to be signed by the person who withdrew the blood sample shall be admissible as evidence without proof of the seal, signature or official character of the person whose name is signed to it. The signature in paragraph (a), clause ~~(a)~~ (1) or ~~(b)~~ (2), can be written or in electronic format.

(c) At least 20 days before trial, the prosecutor shall submit to the accused person or the accused person's attorney notice of the contents of a report described in paragraph (a) and of the requirements of subdivision 2.

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

Sec. 12. Minnesota Statutes 2006, section 634.15, subdivision 2, is amended to read:

Subd. 2. **Testimony at trial.** (a) Except in civil proceedings, including proceedings under section 169A.53, an accused person or the accused person's attorney may request, by notifying the prosecuting attorney at least ten days before the trial, that the following persons testify in person at the trial on behalf of the state:

~~(a)~~ (1) a person who performed the laboratory analysis or examination for the report described in subdivision 1, paragraph (a), clause ~~(a)~~ (1); or

~~(b)~~ (2) a person who prepared the blood sample report described in subdivision 1, paragraph (a), clause ~~(b)~~ (2).

If a petitioner in a proceeding under section 169A.53 subpoenas a person described in paragraph ~~(a)~~ clause (1) or ~~(b)~~ (2), to testify at the proceeding, the petitioner is not required to pay the person witness fees under section 357.22 in excess of \$100.

(b) If the accused person or the accused person's attorney does not comply with the ten-day requirement described in paragraph (a), the prosecutor is not required to produce the person who performed the analysis or examination or prepared the report. In this case, the accused person's right to confront that witness is waived and the report shall be admitted into evidence.

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

Sec. 13. **REVISOR'S INSTRUCTION.**

(a) In Minnesota Statutes, sections 171.3215, subdivision 2a; and 609.135, subdivision 2, the revisor of statutes shall change the references in column A to the references in column B.

Column A

609.21, subdivision 1
609.21, subdivision 2
609.21, subdivision 2a
609.21, subdivision 2b
609.21, subdivision 4

Column B

609.21, subdivision 1a, paragraph (a)
609.21, subdivision 1a, paragraph (b)
609.21, subdivision 1a, paragraph (c)
609.21, subdivision 1a, paragraph (d)
609.21, subdivision 1a, paragraph (b)

(b) In Minnesota Statutes, section 609.035, subdivision 1, the revisor of statutes shall replace the reference to Minnesota Statutes, section 609.21, subdivisions 3 and 4, with a reference to Minnesota Statutes, section 609.21, subdivision 1b.

(c) In Minnesota Statutes, section 609.266, the revisor of statutes shall replace the reference to Minnesota Statutes, section 609.21, subdivisions 3 and 4, with a reference to Minnesota Statutes, section 609.21, subdivision 1a, paragraphs (a) and (b).

(d) In Minnesota Statutes, section 169A.03, subdivisions 20 and 21, and Minnesota Statutes, section 169A.24, subdivision 1, the revisor of statutes shall strike the references to Minnesota Statutes, section 609.21, subdivision 2, clauses (2) to (6); subdivision 2a, clauses (2) to (6); subdivision 2b, clauses (2) to (6); subdivision 3, clauses (2) to (6); and subdivision 4, clauses (2) to (6).

EFFECTIVE DATE. This section is effective August 1, 2007.

Sec. 14. **REPEALER.**

Subdivision 1. **Verify auto insurance.** Minnesota Statutes 2006, section 169.796, subdivision 3, is repealed.

Subd. 2. **Suspension of mailed demands.** Laws 2005, First Special Session chapter 6, article 3, section 91, is repealed.

Subd. 3. **Criminal vehicular operation.** Minnesota Statutes 2006, section 609.21, subdivisions 2, 2a, 2b, 3, and 4, are repealed.

EFFECTIVE DATE. Subdivisions 1 and 2 are effective the day following final enactment. Subdivision 3 is effective August 1, 2007.

ARTICLE 4

CRIME VICTIMS

Section 1. **[299A.786] LEGAL ADVOCACY TRAFFICKING VICTIMS; GRANT.**

(a) The commissioner of public safety shall award a grant for ten weekly international trafficking screening clinics that are staffed by attorneys from a nonprofit organization that provides free legal, medical, dental, mental health, shelter, and vocational counseling services and English language classes to trafficking victims in the state.

(b) The grant applicant shall prepare and submit to the commissioner of public safety a written grant proposal detailing the screening clinic free services, including components of the services offered.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 2. Minnesota Statutes 2006, section 363A.06, subdivision 1, is amended to read:

Subdivision 1. **Formulation of policies.** (a) The commissioner shall formulate policies to effectuate the purposes of this chapter and shall:

(1) exercise leadership under the direction of the governor in the development of human rights policies and programs, and make recommendations to the governor and the legislature for their consideration and implementation;

(2) establish and maintain a principal office in St. Paul, and any other necessary branch offices at any location within the state;

- (3) meet and function at any place within the state;
- (4) employ attorneys, clerks, and other employees and agents as the commissioner may deem necessary and prescribe their duties;
- (5) to the extent permitted by federal law and regulation, utilize the records of the Department of Employment and Economic Development of the state when necessary to effectuate the purposes of this chapter;
- (6) obtain upon request and utilize the services of all state governmental departments and agencies;
- (7) adopt suitable rules for effectuating the purposes of this chapter;
- (8) issue complaints, receive and investigate charges alleging unfair discriminatory practices, and determine whether or not probable cause exists for hearing;
- (9) subpoena witnesses, administer oaths, take testimony, and require the production for examination of any books or papers relative to any matter under investigation or in question as the commissioner deems appropriate to carry out the purposes of this chapter;
- (10) attempt, by means of education, conference, conciliation, and persuasion to eliminate unfair discriminatory practices as being contrary to the public policy of the state;
- (11) develop and conduct programs of formal and informal education designed to eliminate discrimination and intergroup conflict by use of educational techniques and programs the commissioner deems necessary;
- (12) make a written report of the activities of the commissioner to the governor each year;
- (13) accept gifts, bequests, grants, or other payments public and private to help finance the activities of the department;
- (14) create such local and statewide advisory committees as will in the commissioner's judgment aid in effectuating the purposes of the Department of Human Rights;
- (15) develop such programs as will aid in determining the compliance throughout the state with the provisions of this chapter, and in the furtherance of such duties, conduct research and study discriminatory practices based upon race, color, creed, religion, national origin, sex, age, disability, marital status, status with regard to public assistance, familial status, sexual orientation, or other factors and develop accurate data on the nature and extent of discrimination and other matters as they may affect housing, employment, public accommodations, schools, and other areas of public life;
- (16) develop and disseminate technical assistance to persons subject to the provisions of this chapter, and to agencies and officers of governmental and private agencies;
- (17) provide staff services to such advisory committees as may be created in aid of the functions of the Department of Human Rights;
- (18) make grants in aid to the extent that appropriations are made available for that purpose in aid of carrying out duties and responsibilities; and
- (19) cooperate and consult with the commissioner of labor and industry regarding the investigation of violations of, and resolution of complaints regarding section 363A.08, subdivision 7.

In performing these duties, the commissioner shall give priority to those duties in clauses (8), (9), and (10) and to the duties in section 363A.36.

(b) All gifts, bequests, grants, or other payments, public and private, accepted under paragraph (a), clause (13), must be deposited in the state treasury and credited to a special account. Money in the account is appropriated to the commissioner of human rights to help finance activities of the department.

Sec. 3. **[504B.206] RIGHT OF VICTIMS OF DOMESTIC ABUSE TO TERMINATE LEASE.**

Subdivision 1. **Right to terminate; procedure.** A tenant to a residential lease who is a victim of domestic abuse and fears imminent domestic abuse against the tenant or the tenant's children by remaining in the leased premises may terminate a lease agreement without penalty or liability, except as provided by this section, by providing written notice to the landlord stating that the tenant fears imminent domestic abuse and indicating the specific date the tenant intends to vacate the premises. The written notice must be delivered by mail, fax, or in person, and be accompanied by one of the following:

(1) an order for protection under chapter 518B; or

(2) a no contact order, currently in effect, issued under section 518B.01, subdivision 22, or chapter 609.

Subd. 2. **Confidentiality of information.** Information provided to the landlord by the victim documenting domestic abuse pursuant to subdivision 1 shall be treated by the landlord as confidential. The information may not be entered into any shared database or provided to any entity except when required for use in an eviction proceeding, upon the consent of the victim, or as otherwise required by law.

Subd. 3. **Liability for rent; termination of tenancy.** (a) A tenant terminating a lease pursuant to subdivision 1 is responsible for one month's rent following the vacation of the premises and is relieved of any contractual obligation for payment of rent or any other charges for the remaining term of the lease.

(b) This section does not affect a tenant's liability for delinquent, unpaid rent or other sums owed to the landlord before the lease was terminated by the tenant under this section. The return or retention of the security deposit is subject to the provisions of section 504B.178.

(c) The tenancy terminates, including the right of possession of the premises, when the tenant surrenders the keys to the premises to the landlord. The one month's rent is due and payable on or before the date the tenant vacates the premises, as indicated in their written notice pursuant to subdivision 1. For purposes of this section, the provisions of section 504B.178 commence upon the first day of the month following either:

(1) the date the tenant vacates the premises; or

(2) the date the tenant pays the one month's rent, whichever occurs first.

(d) The provisions of this subdivision do not apply until written notice meeting the requirements of subdivision 1 is delivered to the landlord.

Subd. 4. **Multiple tenants.** Notwithstanding the release of a tenant from a lease agreement under this section, if there are any remaining tenants residing in the premises the tenancy shall continue for those remaining tenants. A perpetrator who has been excluded from the premises under court order remains liable under the lease with any other tenant of the premises for rent or damage to the premises.

Subd. 5. Waiver prohibited. A residential tenant may not waive, and a landlord may not require the residential tenant to waive, the resident tenant's rights under this section.

Subd. 6. Definition. For purposes of this section, "domestic abuse" has the meaning given in section 518B.01, subdivision 2.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 4. Minnesota Statutes 2006, section 518B.01, subdivision 6a, is amended to read:

Subd. 6a. **Subsequent orders and extensions.** (a) Upon application, notice to all parties, and hearing, the court may extend the relief granted in an existing order for protection or, if a petitioner's order for protection is no longer in effect when an application for subsequent relief is made, grant a new order. The court may extend the terms of an existing order or, if an order is no longer in effect, grant a new order upon a showing that:

- (1) the respondent has violated a prior or existing order for protection;
- (2) the petitioner is reasonably in fear of physical harm from the respondent;
- (3) the respondent has engaged in acts of harassment or stalking within the meaning of section 609.749, subdivision 2; or
- (4) the respondent is incarcerated and about to be released, or has recently been released from incarceration.

A petitioner does not need to show that physical harm is imminent to obtain an extension or a subsequent order under this subdivision.

(b) If the court extends relief in an existing order for protection or grants a new order, the court may order the respondent to provide the following information to the court for purposes of service of process: the respondent's home address, the respondent's employment address, and the names and locations of the respondent's parents, siblings, children, or other close relatives.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 5. Minnesota Statutes 2006, section 595.02, subdivision 1, is amended to read:

Subdivision 1. **Competency of witnesses.** Every person of sufficient understanding, including a party, may testify in any action or proceeding, civil or criminal, in court or before any person who has authority to receive evidence, except as provided in this subdivision:

(a) A husband cannot be examined for or against his wife without her consent, nor a wife for or against her husband without his consent, nor can either, during the marriage or afterwards, without the consent of the other, be examined as to any communication made by one to the other during the marriage. This exception does not apply to a civil action or proceeding by one against the other, nor to a criminal action or proceeding for a crime committed by one against the other or against a child of either or against a child under the care of either spouse, nor to a criminal action or proceeding in which one is charged with homicide or an attempt to commit homicide and the date of the marriage of the defendant is subsequent to the date of the offense, nor to an action or proceeding for nonsupport, neglect, dependency, or termination of parental rights.

(b) An attorney cannot, without the consent of the attorney's client, be examined as to any communication made by the client to the attorney or the attorney's advice given thereon in the course of professional duty; nor can any employee of the attorney be examined as to the communication or advice, without the client's consent.

(c) A member of the clergy or other minister of any religion shall not, without the consent of the party making the confession, be allowed to disclose a confession made to the member of the clergy or other minister in a professional character, in the course of discipline enjoined by the rules or practice of the religious body to which the member of the clergy or other minister belongs; nor shall a member of the clergy or other minister of any religion be examined as to any communication made to the member of the clergy or other minister by any person seeking religious or spiritual advice, aid, or comfort or advice given thereon in the course of the member of the clergy's or other minister's professional character, without the consent of the person.

(d) A licensed physician or surgeon, dentist, or chiropractor shall not, without the consent of the patient, be allowed to disclose any information or any opinion based thereon which the professional acquired in attending the patient in a professional capacity, and which was necessary to enable the professional to act in that capacity; after the decease of the patient, in an action to recover insurance benefits, where the insurance has been in existence two years or more, the beneficiaries shall be deemed to be the personal representatives of the deceased person for the purpose of waiving this privilege, and no oral or written waiver of the privilege shall have any binding force or effect except when made upon the trial or examination where the evidence is offered or received.

(e) A public officer shall not be allowed to disclose communications made to the officer in official confidence when the public interest would suffer by the disclosure.

(f) Persons of unsound mind and persons intoxicated at the time of their production for examination are not competent witnesses if they lack capacity to remember or to relate truthfully facts respecting which they are examined.

(g) A registered nurse, psychologist, consulting psychologist, or licensed social worker engaged in a psychological or social assessment or treatment of an individual at the individual's request shall not, without the consent of the professional's client, be allowed to disclose any information or opinion based thereon which the professional has acquired in attending the client in a professional capacity, and which was necessary to enable the professional to act in that capacity. Nothing in this clause exempts licensed social workers from compliance with the provisions of sections 626.556 and 626.557.

(h) An interpreter for a person disabled in communication shall not, without the consent of the person, be allowed to disclose any communication if the communication would, if the interpreter were not present, be privileged. For purposes of this section, a "person disabled in communication" means a person who, because of a hearing, speech or other communication disorder, or because of the inability to speak or comprehend the English language, is unable to understand the proceedings in which the person is required to participate. The presence of an interpreter as an aid to communication does not destroy an otherwise existing privilege.

(i) Licensed chemical dependency counselors shall not disclose information or an opinion based on the information which they acquire from persons consulting them in their professional capacities, and which was necessary to enable them to act in that capacity, except that they may do so:

(1) when informed consent has been obtained in writing, except in those circumstances in which not to do so would violate the law or would result in clear and imminent danger to the client or others;

(2) when the communications reveal the contemplation or ongoing commission of a crime; or

(3) when the consulting person waives the privilege by bringing suit or filing charges against the licensed professional whom that person consulted.

(j) A parent or the parent's minor child may not be examined as to any communication made in confidence by the minor to the minor's parent. A communication is confidential if made out of the presence of persons not members of the child's immediate family living in the same household. This exception may be waived by express consent to disclosure by a parent entitled to claim the privilege or by the child who made the communication or by failure of the child or parent to object when the contents of a communication are demanded. This exception does not apply to a civil action or proceeding by one spouse against the other or by a parent or child against the other, nor to a proceeding to commit either the child or parent to whom the communication was made or to place the person or property or either under the control of another because of an alleged mental or physical condition, nor to a criminal action or proceeding in which the parent is charged with a crime committed against the person or property of the communicating child, the parent's spouse, or a child of either the parent or the parent's spouse, or in which a child is charged with a crime or act of delinquency committed against the person or property of a parent or a child of a parent, nor to an action or proceeding for termination of parental rights, nor any other action or proceeding on a petition alleging child abuse, child neglect, abandonment or nonsupport by a parent.

(k) Sexual assault counselors may not be ~~compelled to testify about~~ allowed to disclose any opinion or information received from or about the victim without the consent of the victim. However, a counselor may be compelled to identify or disclose information in investigations or proceedings related to neglect or termination of parental rights if the court determines good cause exists. In determining whether to compel disclosure, the court shall weigh the public interest and need for disclosure against the effect on the victim, the treatment relationship, and the treatment services if disclosure occurs. Nothing in this clause exempts sexual assault counselors from compliance with the provisions of sections 626.556 and 626.557.

"Sexual assault counselor" for the purpose of this section means a person who has undergone at least 40 hours of crisis counseling training and works under the direction of a supervisor in a crisis center, whose primary purpose is to render advice, counseling, or assistance to victims of sexual assault.

(l) A person cannot be examined as to any communication or document, including worknotes, made or used in the course of or because of mediation pursuant to an agreement to mediate. This does not apply to the parties in the dispute in an application to a court by a party to have a mediated settlement agreement set aside or reformed. A communication or document otherwise not privileged does not become privileged because of this paragraph. This paragraph is not intended to limit the privilege accorded to communication during mediation by the common law.

(m) A child under ten years of age is a competent witness unless the court finds that the child lacks the capacity to remember or to relate truthfully facts respecting which the child is examined. A child describing any act or event may use language appropriate for a child of that age.

(n) A communication assistant for a telecommunications relay system for communication-impaired persons shall not, without the consent of the person making the communication, be allowed to disclose communications made to the communication assistant for the purpose of relaying.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 6. Minnesota Statutes 2006, section 609.748, subdivision 5, is amended to read:

Subd. 5. **Restraining order.** (a) The court may grant a restraining order ordering the respondent to cease or avoid the harassment of another person or to have no contact with that person if all of the following occur:

(1) the petitioner has filed a petition under subdivision 3;

(2) the sheriff has served respondent with a copy of the temporary restraining order obtained under subdivision 4, and with notice of the right to request a hearing, or service has been made by publication under subdivision 3, paragraph (b); and

(3) the court finds at the hearing that there are reasonable grounds to believe that the respondent has engaged in harassment.

A restraining order may be issued only against the respondent named in the petition; except that if the respondent is an organization, the order may be issued against and apply to all of the members of the organization. Relief granted by the restraining order must be for a fixed period of not more than two years. When a referee presides at the hearing on the petition, the restraining order becomes effective upon the referee's signature.

If the petitioner has had one or more restraining orders in effect against the respondent, the court may order the respondent to provide the following information to the court for purposes of service of process: the respondent's home address, the respondent's employment address, and the names and locations of the respondent's parents, siblings, children, or other close relatives.

(b) An order issued under this subdivision must be personally served upon the respondent. If personal service cannot be made, the court may order service by alternate means, or by publication, which publication must be made as in other actions. The application for alternate service must include the last known location of the respondent; the petitioner's most recent contacts with the respondent; the last known location of the respondent's employment; the names and locations of the respondent's parents, siblings, children, and other close relatives; the names and locations of other persons who are likely to know the respondent's whereabouts; and a description of efforts to locate those persons. The court shall consider the length of time the respondent's location has been unknown, the likelihood that the respondent's location will become known, the nature of the relief sought, and the nature of efforts made to locate the respondent. The court shall order service by first class mail, forwarding address requested, to any addresses where there is a reasonable possibility that mail or information will be forwarded or communicated to the respondent. The court may also order publication, within or without the state, but only if it might reasonably succeed in notifying the respondent of the proceeding. Service shall be deemed complete 14 days after mailing or 14 days after court-ordered publication.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 7. Minnesota Statutes 2006, section 611A.036, subdivision 2, is amended to read:

Subd. 2. **Victim's spouse or next of kin.** An employer must allow a victim of a ~~heinous~~ violent crime, as well as the victim's spouse or next of kin, reasonable time off from work to attend criminal proceedings related to the victim's case.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 8. Minnesota Statutes 2006, section 611A.036, subdivision 7, is amended to read:

Subd. 7. **Definition.** As used in this section, ~~"heinous crime"~~ "violent crime" means a violation or attempt to violate any of the following: section 609.185; 609.19; 609.195; 609.20; 609.205; 609.21; 609.221; 609.222; 609.223; 609.2231; 609.2241; 609.2242; 609.2245; 609.2247; 609.228; 609.23; 609.231; 609.2325; 609.233; 609.235; 609.24; 609.245; 609.25; 609.255; 609.265; 609.2661; 609.2662; 609.2663; 609.2664; 609.2665; 609.267; 609.2671; 609.2672; 609.268; 609.282; 609.342; 609.343; 609.344; 609.345; 609.3451; 609.3453; 609.352; 609.377; 609.378; 609.561, subdivision 1; 609.582, subdivision 1, paragraph (a) or (c); or 609.66, subdivision 1e, paragraph (b).

- ~~(1) a violation or attempted violation of section 609.185 or 609.19;~~
- ~~(2) a violation of section 609.195 or 609.221; or~~
- ~~(3) a violation of section 609.342, 609.343, or 609.344, if the offense was committed with force or violence or if the complainant was a minor at the time of the offense.~~

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 9. **[611A.26] POLYGRAPH EXAMINATIONS; CRIMINAL SEXUAL CONDUCT COMPLAINTS; LIMITATIONS.**

Subdivision 1. **Polygraph prohibition.** No law enforcement agency or prosecutor shall require that a complainant of a criminal sexual conduct offense submit to a polygraph examination as part of or a condition to proceeding with the investigation, charging, or prosecution of such offense.

Subd. 2. **Law enforcement inquiry.** A law enforcement agency or prosecutor may not ask that a complainant of a criminal sexual conduct offense submit to a polygraph examination as part of the investigation, charging, or prosecution of such offense unless the complainant has been referred to, and had the opportunity to exercise the option of consulting with a sexual assault counselor as defined in section 595.02, subdivision 1, paragraph (k).

Subd. 3. **Informed consent requirement.** At the request of the complainant, a law enforcement agency may conduct a polygraph examination of the complainant only with the complainant's written, informed consent as provided in this subdivision.

Subd. 4. **Informed consent.** To consent to a polygraph, a complainant must be informed in writing that:

- (1) the taking of the polygraph examination is voluntary and solely at the victim's request;
- (2) a law enforcement agency or prosecutor may not ask or require that the complainant submit to a polygraph examination;
- (3) the results of the examination are not admissible in court; and
- (4) the complainant's refusal to take a polygraph examination may not be used as a basis by the law enforcement agency or prosecutor not to investigate, charge, or prosecute the offender.

Subd. 5. **Polygraph refusal.** A complainant's refusal to submit to a polygraph examination shall not prevent the investigation, charging, or prosecution of the offense.

Subd. 6. **Definitions.** For the purposes of this section, the following terms have the meanings given.

- (a) "Criminal sexual conduct" means a violation of section 609.342, 609.343, 609.344, 609.345, or 609.3451.
- (b) "Complainant" means a person reporting to have been subjected to criminal sexual conduct.
- (c) "Polygraph examination" means any mechanical or electrical instrument or device of any type used or allegedly used to examine, test, or question individuals for the purpose of determining truthfulness.

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

Sec. 10. Minnesota Statutes 2006, section 611A.675, subdivision 1, is amended to read:

Subdivision 1. **Grants authorized.** The ~~Crime Victim and Witness Advisory Council~~ commissioner of public safety shall make grants to prosecutors and victim assistance programs for the purpose of providing emergency assistance to victims. As used in this section, "emergency assistance" includes but is not limited to:

- (1) replacement of necessary property that was lost, damaged, or stolen as a result of the crime;
- (2) purchase and installation of necessary home security devices;
- (3) transportation to locations related to the victim's needs as a victim, such as medical facilities and facilities of the criminal justice system;
- (4) cleanup of the crime scene; ~~and~~
- (5) reimbursement for reasonable travel and living expenses the victim incurred to attend court proceedings that were held at a location other than the place where the crime occurred due to a change of venue; and
- (6) reimbursement of towing and storage fees incurred due to impoundment of a recovered stolen vehicle.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 11. Minnesota Statutes 2006, section 611A.675, subdivision 2, is amended to read:

Subd. 2. **Application for grants.** (a) A city or county attorney's office or victim assistance program may apply to the ~~council~~ commissioner of public safety for a grant for any of the purposes described in subdivision 1 or for any other emergency assistance purpose approved by the ~~council~~ commissioner. The application must be on forms and pursuant to procedures developed by the ~~council~~ commissioner. The application must describe the type or types of intended emergency assistance, estimate the amount of money required, and include any other information deemed necessary by the ~~council~~ commissioner.

(b) A city or county attorney's office or victim assistance program that applies for a grant for the purpose described in subdivision 1, clause (6), must make the application on a separate form and pursuant to procedures developed by the commissioner. The application must estimate the amount of money required for reimbursement costs, estimate the amount of money required for administrative costs, and include any other information deemed necessary by the commissioner. An applicant may not spend in any fiscal year more than five percent of the grant awarded for administrative costs.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 12. Minnesota Statutes 2006, section 611A.675, is amended by adding a subdivision to read:

Subd. 2a. **Awards; limitations.** (a) No award may be granted under subdivision 1, clause (6), to a victim that fails to provide proof of insurance stating that security had been provided for the vehicle at the time the vehicle was stolen. As used in this paragraph, "proof of insurance" has the meaning given it in section 169.791, subdivision 1, paragraph (g).

(b) An award paid to a victim under subdivision 1, clause (6), shall compensate the victim for actual costs incurred but shall not exceed \$300.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 13. Minnesota Statutes 2006, section 611A.675, subdivision 3, is amended to read:

Subd. 3. **Reporting by local agencies required.** A city or county attorney's office or victim assistance program that receives a grant under this section shall file an annual report with the ~~council~~ commissioner of public safety itemizing the expenditures made during the preceding year, the purpose of those expenditures, and the ultimate disposition, if any, of each assisted victim's criminal case.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 14. Minnesota Statutes 2006, section 611A.675, subdivision 4, is amended to read:

Subd. 4. **Report to legislature.** ~~On or before February 1, 1999, the council shall report to the chairs of the senate Crime Prevention and house of representatives Judiciary Committees on the implementation, use, and administration of the grant program created under this section.~~ By February 1, 2008, the commissioner of public safety shall report to the chairs and ranking members of the senate and house committees and divisions having jurisdiction over criminal justice policy and funding on the implementation, use, and administration of the grant programs created under this section.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 15. **PHOTOGRAPH AND NO CONTACT ORDERS.**

The state court administrator shall convene a multidisciplinary implementation work group to study the attachment of photographs to criminal no contact orders and report their recommendations to the appropriate committees of the house of representatives and senate in charge of criminal justice policy by June 30, 2008.

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

ARTICLE 5

COURTS AND PUBLIC DEFENDERS

Section 1. Minnesota Statutes 2006, section 2.722, subdivision 1, is amended to read:

Subdivision 1. **Description.** Effective July 1, 1959, the state is divided into ten judicial districts composed of the following named counties, respectively, in each of which districts judges shall be chosen as hereinafter specified:

1. Goodhue, Dakota, Carver, Le Sueur, McLeod, Scott, and Sibley; ~~33~~ 36 judges; and four permanent chambers shall be maintained in Red Wing, Hastings, Shakopee, and Glencoe and one other shall be maintained at the place designated by the chief judge of the district;

2. Ramsey; 26 judges;

3. Wabasha, Winona, Houston, Rice, Olmsted, Dodge, Steele, Waseca, Freeborn, Mower, and Fillmore; ~~23~~ 24 judges; and permanent chambers shall be maintained in Faribault, Albert Lea, Austin, Rochester, and Winona;

4. Hennepin; 60 judges;

5. Blue Earth, Watonwan, Lyon, Redwood, Brown, Nicollet, Lincoln, Cottonwood, Murray, Nobles, Pipestone, Rock, Faribault, Martin, and Jackson; 16 judges; and permanent chambers shall be maintained in Marshall, Windom, Fairmont, New Ulm, and Mankato;

6. Carlton, St. Louis, Lake, and Cook; 15 judges;
7. Benton, Douglas, Mille Lacs, Morrison, Otter Tail, Stearns, Todd, Clay, Becker, and Wadena; 27 judges; and permanent chambers shall be maintained in Moorhead, Fergus Falls, Little Falls, and St. Cloud;
8. Chippewa, Kandiyohi, Lac qui Parle, Meeker, Renville, Swift, Yellow Medicine, Big Stone, Grant, Pope, Stevens, Traverse, and Wilkin; 11 judges; and permanent chambers shall be maintained in Morris, Montevideo, and Willmar;
9. Norman, Polk, Marshall, Kittson, Red Lake, Roseau, Mahnomen, Pennington, Aitkin, Itasca, Crow Wing, Hubbard, Beltrami, Lake of the Woods, Clearwater, Cass and Koochiching; ~~22~~ 23 judges; and permanent chambers shall be maintained in Crookston, Thief River Falls, Bemidji, Brainerd, Grand Rapids, and International Falls; and
10. Anoka, Isanti, Wright, Sherburne, Kanabec, Pine, Chisago, and Washington; ~~43~~ 44 judges; and permanent chambers shall be maintained in Anoka, Stillwater, and other places designated by the chief judge of the district.

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

Sec. 2. Minnesota Statutes 2006, section 3.732, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** As used in this section and section 3.736 the terms defined in this section have the meanings given them.

(1) "State" includes each of the departments, boards, agencies, commissions, courts, and officers in the executive, legislative, and judicial branches of the state of Minnesota and includes but is not limited to the Housing Finance Agency, the Minnesota Office of Higher Education, the Higher Education Facilities Authority, the Health Technology Advisory Committee, the Armory Building Commission, the Zoological Board, the Iron Range Resources and Rehabilitation Board, the State Agricultural Society, the University of Minnesota, the Minnesota State Colleges and Universities, state hospitals, and state penal institutions. It does not include a city, town, county, school district, or other local governmental body corporate and politic.

(2) "Employee of the state" means all present or former officers, members, directors, or employees of the state, members of the Minnesota National Guard, members of a bomb disposal unit approved by the commissioner of public safety and employed by a municipality defined in section 466.01 when engaged in the disposal or neutralization of bombs or other similar hazardous explosives, as defined in section 299C.063, outside the jurisdiction of the municipality but within the state, or persons acting on behalf of the state in an official capacity, temporarily or permanently, with or without compensation. It does not include either an independent contractor except, for purposes of this section and section 3.736 only, a guardian ad litem acting under court appointment, or members of the Minnesota National Guard while engaged in training or duty under United States Code, title 10, or title 32, section 316, 502, 503, 504, or 505, as amended through December 31, 1983. Notwithstanding sections 43A.02 and 611.263, for purposes of this section and section 3.736 only, "employee of the state" includes a district public defender or assistant district public defender in the Second or Fourth Judicial District and a member of the Health Technology Advisory Committee.

(3) "Scope of office or employment" means that the employee was acting on behalf of the state in the performance of duties or tasks lawfully assigned by competent authority.

(4) "Judicial branch" has the meaning given in section 43A.02, subdivision 25.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 3. Minnesota Statutes 2006, section 3.736, subdivision 1, is amended to read:

Subdivision 1. **General rule.** The state will pay compensation for injury to or loss of property or personal injury or death caused by an act or omission of an employee of the state while acting within the scope of office or employment or a peace officer who is not acting on behalf of a private employer and who is acting in good faith under section 629.40, subdivision 4, under circumstances where the state, if a private person, would be liable to the claimant, whether arising out of a governmental or proprietary function. Nothing in this section waives the defense of judicial, quasi-judicial, or legislative immunity except to the extent provided in subdivision 8.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 4. Minnesota Statutes 2006, section 15A.083, subdivision 4, is amended to read:

Subd. 4. **Ranges for other judicial positions.** Salaries or salary ranges are provided for the following positions in the judicial branch of government. The appointing authority of any position for which a salary range has been provided shall fix the individual salary within the prescribed range, considering the qualifications and overall performance of the employee. ~~The Supreme Court shall set the salary of the state court administrator and the salaries of district court administrators. The salary of the state court administrator or a district court administrator may not exceed the salary of a district court judge.~~ If district court administrators die, the amounts of their unpaid salaries for the months in which their deaths occur must be paid to their estates. The salary of the state public defender shall be fixed by the State Board of Public Defense but must not exceed the salary of a district court judge.

Salary or Range
Effective
July 1, 1994

Board on Judicial Standards
executive director

\$44,000-60,000

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 5. **[72A.329] DIRECT LIABILITY OF INSURER.**

Any bond or policy of insurance covering liability to others for negligence makes the insurer liable, up to the amounts stated in the bond or policy, to the persons entitled to recover against the insured for the death of any person or for injury to persons or property, irrespective of whether the liability is presently established or is contingent and to become fixed or certain by final judgment against the insured.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to bonds or policies of insurance issued, renewed, or in place on or after that date.

Sec. 6. Minnesota Statutes 2006, section 260C.193, subdivision 6, is amended to read:

Subd. 6. **Termination of jurisdiction.** The court may dismiss the petition or otherwise terminate its jurisdiction on its own motion or on the motion or petition of any interested party at any time. Unless terminated by the court, and except as otherwise provided in this subdivision, the jurisdiction of the court shall continue until the individual becomes 19 years of age if the court determines it is in the best interest of the individual to do so. ~~Court jurisdiction under section 260C.007, subdivision 6, clause (14), may not continue past the child's 18th birthday.~~

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 7. Minnesota Statutes 2006, section 270A.03, subdivision 5, is amended to read:

Subd. 5. **Debt.** "Debt" means a legal obligation of a natural person to pay a fixed and certain amount of money, which equals or exceeds \$25 and which is due and payable to a claimant agency. The term includes criminal fines imposed under section 609.10 or 609.125, fines imposed for petty misdemeanors as defined in section 609.02, subdivision 4a, and restitution. ~~The term also includes the co-payment for the appointment of a district public defender imposed under section 611.17, paragraph (c).~~ A debt may arise under a contractual or statutory obligation, a court order, or other legal obligation, but need not have been reduced to judgment.

A debt includes any legal obligation of a current recipient of assistance which is based on overpayment of an assistance grant where that payment is based on a client waiver or an administrative or judicial finding of an intentional program violation; or where the debt is owed to a program wherein the debtor is not a client at the time notification is provided to initiate recovery under this chapter and the debtor is not a current recipient of food support, transitional child care, or transitional medical assistance.

A debt does not include any legal obligation to pay a claimant agency for medical care, including hospitalization if the income of the debtor at the time when the medical care was rendered does not exceed the following amount:

- (1) for an unmarried debtor, an income of \$8,800 or less;
- (2) for a debtor with one dependent, an income of \$11,270 or less;
- (3) for a debtor with two dependents, an income of \$13,330 or less;
- (4) for a debtor with three dependents, an income of \$15,120 or less;
- (5) for a debtor with four dependents, an income of \$15,950 or less; and
- (6) for a debtor with five or more dependents, an income of \$16,630 or less.

The income amounts in this subdivision shall be adjusted for inflation for debts incurred in calendar years 2001 and thereafter. The dollar amount of each income level that applied to debts incurred in the prior year shall be increased in the same manner as provided in section 1(f) of the Internal Revenue Code of 1986, as amended through December 31, 2000, except that for the purposes of this subdivision the percentage increase shall be determined from the year starting September 1, 1999, and ending August 31, 2000, as the base year for adjusting for inflation for debts incurred after December 31, 2000.

Debt also includes an agreement to pay a MinnesotaCare premium, regardless of the dollar amount of the premium authorized under section 256L.15, subdivision 1a.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 8. Minnesota Statutes 2006, section 302A.781, is amended by adding a subdivision to read:

Subd. 5. **Other claims preserved.** In addition to the claims in subdivision 4, all other statutory and common law rights of persons who may bring claims of injury to a person, including death, are not affected by dissolution under this chapter.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 9. Minnesota Statutes 2006, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. **Coverage.** (a) Employees enumerated in paragraph (c), clauses (2), (3), (4), and (6) to (14), if they are in the unclassified service of the state or Metropolitan Council and are eligible for coverage under the general state employees retirement plan under chapter 352, are participants in the unclassified plan under this chapter unless the employee gives notice to the executive director of the Minnesota State Retirement System within one year following the commencement of employment in the unclassified service that the employee desires coverage under the general state employees retirement plan. For the purposes of this chapter, an employee who does not file notice with the executive director is deemed to have exercised the option to participate in the unclassified plan.

(b) Persons referenced in paragraph (c), clause (5), are participants in the unclassified program under this chapter unless the person was eligible to elect different coverage under section 3A.07 and elected retirement coverage by the applicable alternative retirement plan. Persons referenced in paragraph (c), clause (15), are participants in the unclassified program under this chapter for judicial employment in excess of the service credit limit in section 490.121, subdivision 22.

(c) Enumerated employees and referenced persons are:

(1) the governor, the lieutenant governor, the secretary of state, the state auditor, and the attorney general;

(2) an employee in the Office of the Governor, Lieutenant Governor, Secretary of State, State Auditor, Attorney General;

(3) an employee of the State Board of Investment;

(4) the head of a department, division, or agency created by statute in the unclassified service, an acting department head subsequently appointed to the position, or an employee enumerated in section 15A.0815 or 15A.083, subdivision 4;

(5) a member of the legislature;

(6) a full-time unclassified employee of the legislature or a commission or agency of the legislature who is appointed without a limit on the duration of the employment or a temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota State Retirement System;

(7) a person who is employed in a position established under section 43A.08, subdivision 1, clause (3), or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level;

(8) the regional administrator, or executive director of the Metropolitan Council, general counsel, division directors, operations managers, and other positions as designated by the council, all of which may not exceed 27 positions at the council and the chair;

(9) the executive director, associate executive director, and not to exceed nine positions of the Minnesota Office of Higher Education in the unclassified service, as designated by the Minnesota Office of Higher Education before January 1, 1992, or subsequently redesignated with the approval of the board of directors of the Minnesota State Retirement System, unless the person has elected coverage by the individual retirement account plan under chapter 354B;

(10) the clerk of the appellate courts appointed under article VI, section 2, of the Constitution of the state of Minnesota, the state court administrator and judicial district administrators;

(11) the chief executive officers of correctional facilities operated by the Department of Corrections and of hospitals and nursing homes operated by the Department of Human Services;

(12) an employee whose principal employment is at the state ceremonial house;

(13) an employee of the Minnesota Educational Computing Corporation;

(14) an employee of the State Lottery who is covered by the managerial plan established under section 43A.18, subdivision 3; and

(15) a judge who has exceeded the service credit limit in section 490.121, subdivision 22.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 10. **[357.42] DRUG COURT FEES.**

(a) When a court establishes a drug court process, the court may establish one or more fees for services provided to defendants participating in the process.

(b) In each fiscal year, the court shall deposit the drug court participation fees in the special revenue fund and credit the fees to a separate account for the trial courts. The balance in this account is appropriated to the trial courts and does not cancel but is available until expended. Expenditures from this account must be made for drug court purposes.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 11. Minnesota Statutes 2006, section 484.54, subdivision 2, is amended to read:

Subd. 2. **Expense payments.** A judge shall be paid travel and subsistence expenses for travel from the judge's place of residence to and from the judge's permanent chambers only for a period of two years ~~after July 1, 1977, or the date the judge initially assumes office, whichever is later~~ as provided by Judicial Council policy.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 12. Minnesota Statutes 2006, section 484.83, is amended to read:

484.83 REINSTATEMENT OF FORFEITED SUMS.

Subdivision 1. **Abandonment of fees.** All sums deposited with the court administrator to cover fees shall be deemed abandoned if the fees are not disbursed or the services covered by the fees are not performed and the person entitled to refund of the fees does not file a written demand for refund with the court administrator within six months from the date of trial, dismissal, or striking of the cause as to jury fees and from the date of deposit as to other fees.

Subd. 2. **Bail forfeitures.** Any bail not forfeited by court order shall be deemed abandoned and forfeited if the person entitled to refund does not file a written demand for refund with the court administrator within six months from the date when the person became entitled to the refund.

~~Whereas, _____, of _____, has filed with the undersigned, a judge of county stated, a complaint against _____, of _____, a copy of which is attached: You are hereby summoned to appear before the undersigned on the _____ day of _____, year _____, at _____ o'clock _____m., at _____, to answer and defend against the complaint and to further be dealt with according to law.~~

Dated at, this day of, year

 Judge of court.

(e)

FORM OF WRIT OF RECOVERY OF PREMISES AND ORDER TO VACATE

State of Minnesota →
) ss:
 County of.....)

The State of Minnesota, to the Sheriff of the County:

Whereas,, the plaintiff, of, in an eviction action, at a court held at, in the county of, on the day of, year, before, a judge of the county, recovered a judgment against, the, to have recovery of the following premises (describe here the property as in the complaint):

Therefore, you are commanded that, taking with you the force of the county, if necessary, you cause to be immediately removed from the premises, and the plaintiff to recover the premises. You are also commanded that from the personal property of within the county that you seize and sell, the plaintiff be paid dollars, as the costs assessed against the defendant, together with 25 cents for this writ. You are ordered to return this writ within 30 days.

Dated at, this day of, year

 Judge.....of court.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 15. Minnesota Statutes 2006, section 518.165, subdivision 1, is amended to read:

Subdivision 1. **Permissive appointment of guardian ad litem.** In all proceedings for child custody or for dissolution or legal separation where custody or parenting time with a minor child is in issue, the court may appoint a guardian ad litem from a panel established by the court to represent the interests of the child. The guardian ad litem shall advise the court with respect to custody, ~~support~~, and parenting time.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 16. Minnesota Statutes 2006, section 518.165, subdivision 2, is amended to read:

Subd. 2. **Required appointment of guardian ad litem.** In all proceedings for child custody or for marriage dissolution or legal separation in which custody or parenting time with a minor child is an issue, if the court has reason to believe that the minor child is a victim of domestic child abuse or neglect, as those terms are defined in sections 260C.007 and 626.556, respectively, the court shall appoint a guardian ad litem. The guardian ad litem shall represent the interests of the child and advise the court with respect to custody, ~~support~~, and parenting time. If the child is represented by a guardian ad litem in any other pending proceeding, the court may appoint that guardian

to represent the child in the custody or parenting time proceeding. No guardian ad litem need be appointed if the alleged domestic child abuse or neglect is before the court on a juvenile dependency and neglect petition. Nothing in this subdivision requires the court to appoint a guardian ad litem in any proceeding for child custody, marriage dissolution, or legal separation in which an allegation of domestic child abuse or neglect has not been made.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 17. Minnesota Statutes 2006, section 518A.35, subdivision 3, is amended to read:

Subd. 3. **Income cap on determining basic support.** (a) The basic support obligation for parents with a combined parental income for determining child support in excess of the income limit ~~currently in effect~~ under subdivision 2 must be the same dollar amount as provided for the parties with a combined parental income for determining child support equal to the income ~~in effect~~ limit under subdivision 2.

(b) A court may order a basic support obligation in a child support order in an amount that exceeds the income limit in subdivision 2 if it finds that a child has a disability or other substantial, demonstrated need for the additional support for those reasons set forth in section 518A.43 and that the additional support will directly benefit the child.

~~(c) The dollar amount for the cap in subdivision 2 must be adjusted on July 1 of every even-numbered year to reflect cost of living changes. The Supreme Court must select the index for the adjustment from the indices listed in section 518A.75, subdivision 1. The state court administrator must make the changes in the dollar amounts required by this paragraph available to courts and the public on or before April 30 of the year in which the amount is to change.~~

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 18. **[540.19] NEGLIGENCE ACTIONS; INSURERS.**

Subdivision 1. **Direct action.** In any action for damages caused by negligence, any insurer which:

(1) has an interest in the outcome of the controversy adverse to the plaintiff or any of the parties to the controversy;

(2) by its policy of insurance assumes or reserves the right to control the prosecution, defense, or settlement of the claim or action; or

(3) by its policy agrees to prosecute or defend the action brought by plaintiff or any of the parties to the action, or agrees to engage counsel to prosecute or defend the action or agrees to pay the costs of the litigation,

is by this section made a proper party defendant in any action brought by plaintiff in this state on account of any claim against the insured. If the policy of insurance was issued or delivered outside this state, the insurer is by this subdivision made a proper party defendant only if the accident, injury, or negligence occurred in this state.

Subd. 2. **Other parties; impleading.** If an insurer is made a party defendant pursuant to this section and it appears at any time before or during the trial that there is or may be a cross issue between the insurer and the insured or any issue between any other person and the insurer involving the question of the insurer's liability if judgment should be rendered against the insured, the court may, upon motion of any defendant in the action, cause the person who may be liable upon such cross issue to be made a party defendant to the action and all the issues involved in the controversy determined in the trial of the action or any third party may be impleaded. Nothing in this subdivision

prohibits the trial court from directing and conducting separate trials on the issue of liability to the plaintiff or other party seeking affirmative relief and on the issue of whether the insurance policy in question affords coverage. Any party may move for separate trials. If the court orders separate trials, the court shall specify in its order the sequence in which the trials are to be conducted.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to actions commenced on or after that date.

Sec. 19. Minnesota Statutes 2006, section 549.09, subdivision 1, is amended to read:

Subdivision 1. **When owed; rate.** (a) When a judgment or award is for the recovery of money, including a judgment for the recovery of taxes, interest from the time of the verdict, award, or report until judgment is finally entered shall be computed by the court administrator or arbitrator as provided in paragraph (c) and added to the judgment or award.

(b) Except as otherwise provided by contract or allowed by law, preverdict, preaward, or prereport interest on pecuniary damages shall be computed as provided in paragraph (c) from the time of the commencement of the action or a demand for arbitration, or the time of a written notice of claim, whichever occurs first, except as provided herein. The action must be commenced within two years of a written notice of claim for interest to begin to accrue from the time of the notice of claim. If either party serves a written offer of settlement, the other party may serve a written acceptance or a written counteroffer within 30 days. After that time, interest on the judgment or award shall be calculated by the judge or arbitrator in the following manner. The prevailing party shall receive interest on any judgment or award from the time of commencement of the action or a demand for arbitration, or the time of a written notice of claim, or as to special damages from the time when special damages were incurred, if later, until the time of verdict, award, or report only if the amount of its offer is closer to the judgment or award than the amount of the opposing party's offer. If the amount of the losing party's offer was closer to the judgment or award than the prevailing party's offer, the prevailing party shall receive interest only on the amount of the settlement offer or the judgment or award, whichever is less, and only from the time of commencement of the action or a demand for arbitration, or the time of a written notice of claim, or as to special damages from when the special damages were incurred, if later, until the time the settlement offer was made. Subsequent offers and counteroffers supersede the legal effect of earlier offers and counteroffers. For the purposes of clause (2), the amount of settlement offer must be allocated between past and future damages in the same proportion as determined by the trier of fact. Except as otherwise provided by contract or allowed by law, preverdict, preaward, or prereport interest shall not be awarded on the following:

- (1) judgments, awards, or benefits in workers' compensation cases, but not including third-party actions;
- (2) judgments or awards for future damages;
- (3) punitive damages, fines, or other damages that are noncompensatory in nature;
- (4) judgments or awards not in excess of the amount specified in section 491A.01; and
- (5) that portion of any verdict, award, or report which is founded upon interest, or costs, disbursements, attorney fees, or other similar items added by the court or arbitrator.

(c) The interest shall be computed as simple interest per annum. The rate of interest shall be based on the secondary market yield of one year United States Treasury bills, calculated on a bank discount basis as provided in this section.

On or before the 20th day of December of each year the state court administrator shall determine the rate from the one-year constant maturity treasury yield for the most recent calendar month, reported on a monthly basis in the latest statistical release of the board of governors of the Federal Reserve System. This yield, rounded to the nearest one percent, or ~~four~~ ten percent, whichever is greater, shall be the annual interest rate during the succeeding calendar year. The state court administrator shall communicate the interest rates to the court administrators and sheriffs for use in computing the interest on verdicts and shall make the interest rates available to arbitrators.

When a judgment creditor, or the judgment creditor's attorney or agent, has received a payment after entry of judgment, whether the payment is made voluntarily by or on behalf of the judgment debtor, or is collected by legal process other than execution levy where a proper return has been filed with the court administrator, the judgment creditor, or the judgment creditor's attorney, before applying to the court administrator for an execution shall file with the court administrator an affidavit of partial satisfaction. The affidavit must state the dates and amounts of payments made upon the judgment after the most recent affidavit of partial satisfaction filed, if any; the part of each payment that is applied to taxable disbursements and to accrued interest and to the unpaid principal balance of the judgment; and the accrued, but the unpaid interest owing, if any, after application of each payment.

(d) This section does not apply to arbitrations between employers and employees under chapter 179 or 179A. An arbitrator is neither required to nor prohibited from awarding interest under chapter 179 or under section 179A.16 for essential employees.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 20. Minnesota Statutes 2006, section 563.01, is amended by adding a subdivision to read:

Subd. 7a. **Copy costs.** The court administrator shall provide a person who is proceeding in forma pauperis with copies of the person's court file without charge.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 21. Minnesota Statutes 2006, section 590.05, is amended to read:

590.05 INDIGENT PETITIONERS.

A person financially unable to obtain counsel who desires to pursue the remedy provided in section 590.01 may apply for representation by the state public defender. The state public defender shall represent such person under the applicable provisions of sections 611.14 to 611.27, if the person has not already had a direct appeal of the conviction. ~~If, however, the person pled guilty and received a presumptive sentence or a downward departure in sentence, and the state public defender reviewed the person's case and determined that there was no basis for an appeal of the conviction or of the sentence, then the state public defender may decline to represent the person in a postconviction remedy case.~~ The state public defender may represent, without charge, all other persons pursuing a postconviction remedy under section 590.01, who are financially unable to obtain counsel.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 22. **[604.18] GOOD FAITH INSURANCE PRACTICES.**

Subdivision 1. **Required conduct.** (a) An insurer shall act in good faith in connection with any matter involving a claim under an insurance policy.

(b) An insurer does not act in good faith if the insurer delays or denies benefits offered or paid without an objectively reasonable basis for its offer, delay, or denial. An insurer also does not act in good faith if the insurer engages in any fraud, false pretense, false promise, misrepresentation, misleading statement, or deceptive practice that others rely on in connection with any matter involving a claim under an insurance policy.

(c) For purposes of this section:

(1) "insurance policy" means an insurance policy or contract issued, executed, renewed, maintained, or delivered in this state, other than a workers' compensation insurance policy or contract or other policy or contract of a health carrier as defined in section 62A.011; and

(2) "insurer" means an insurance company: (i) incorporated or organized in this state; or (ii) admitted to do business in this state but not incorporated or organized in this state. The term does not include a political subdivision providing self-insurance or establishing a pool under section 471.981, subdivision 3.

Subd. 2. **Penalties and remedies.** A person violating subdivision 1 is acting against the public interest and is liable to the injured party for costs, damages, and reasonable attorney fees.

Subd. 3. **Insurance producers; liability limited.** A licensed insurance producer is not liable under this section for errors, acts, or omissions attributed to the insurer that appointed the producer to transact business on its behalf, except to the extent the producer has caused or contributed to the error, act, or omission.

Subd. 4. **Report to commissioner.** An insurer shall promptly report to the commissioner of commerce the date and disposition of every settlement and award against the insurer for a violation of subdivision 1.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to causes of action commenced or pending on or after that date.

Sec. 23. Minnesota Statutes 2006, section 609.135, subdivision 8, is amended to read:

Subd. 8. **Fine and surcharge collection.** (a) A defendant's obligation to pay court-ordered fines, surcharges, court costs, restitution, and fees shall survive for a period of six years from the date of the expiration of the defendant's stayed sentence for the offense for which the fines, surcharges, court costs, restitution, and fees were imposed, or six years from the imposition or due date of the fines, surcharges, court costs, restitution, and fees, whichever is later. Nothing in this subdivision extends the period of a defendant's stay of sentence imposition or execution.

(b) The six-year period relating to a defendant's obligation to pay restitution under paragraph (a) does not limit the victim's right to collect restitution through other means such as a civil judgment.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 24. Minnesota Statutes 2006, section 611.14, is amended to read:

611.14 RIGHT TO REPRESENTATION BY PUBLIC DEFENDER.

The following persons who are financially unable to obtain counsel are entitled to be represented by a public defender:

(1) a person charged with a felony, gross misdemeanor, or misdemeanor including a person charged under sections 629.01 to 629.29;

(2) a person appealing from a conviction of a felony or gross misdemeanor, or a person convicted of a felony or gross misdemeanor, who is pursuing a postconviction proceeding and who has not already had a direct appeal of the conviction, ~~but if the person pled guilty and received a presumptive sentence or a downward departure in sentence, and the state public defender reviewed the person's case and determined that there was no basis for an appeal of the conviction or of the sentence, then the state public defender may decline to represent the person in a postconviction remedy case;~~

(3) a person who is entitled to be represented by counsel under section 609.14, subdivision 2; or

(4) a minor ten years of age or older who is entitled to be represented by counsel under section 260B.163, subdivision 4, or 260C.163, subdivision 3.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 25. Minnesota Statutes 2006, section 611.20, subdivision 6, is amended to read:

Subd. 6. **Reimbursement schedule guidelines.** In determining a defendant's reimbursement schedule, the court may derive a specific dollar amount per month by multiplying the defendant's net income by the percent indicated by the following guidelines:

Net Income Per Month of Defendant	Number of Dependents Not Including Defendant				
	4 or more	3	2	1	0
\$200 and Below	Percentage based on the ability of the defendant to pay as determined by the court.				
\$200 - 350	8%	9.5%	11%	12.5%	14%
\$351 - 500	9%	11%	12.5%	14%	15%
\$501 - 650	10%	12%	14%	15%	17%
\$651 - 800	11%	13.5%	15.5%	17%	19%
\$801 and above	12%	14.5%	17%	19%	20%

~~"Net income" shall have the meaning given it in section 518.551, subdivision 5.~~

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 26. Minnesota Statutes 2006, section 611.215, subdivision 1, is amended to read:

Subdivision 1. **Structure; membership.** (a) The State Board of Public Defense is a part of, but is not subject to the administrative control of, the judicial branch of government. The State Board of Public Defense shall consist of seven members including:

(1) four attorneys admitted to the practice of law, well acquainted with the defense of persons accused of crime, but not employed as prosecutors, appointed by the Supreme Court; and

(2) three public members appointed by the governor.

~~After the expiration of the terms of persons appointed to the board before March 1, 1991, The appointing authorities may not appoint a person who is a judge to be a member of the State Board of Public Defense, other than as a member of the ad hoc Board of Public Defense.~~

(b) All members shall demonstrate an interest in maintaining a high quality, independent defense system for those who are unable to obtain adequate representation. Appointments to the board shall include qualified women and members of minority groups. At least three members of the board shall be from judicial districts other than the First, Second, Fourth, and Tenth Judicial Districts. The terms, compensation, and removal of members shall be as provided in section 15.0575. The chair shall be elected by the members from among the membership for a term of two years.

(c) In addition, the State Board of Public Defense shall consist of a nine-member ad hoc board when considering the appointment of district public defenders under section 611.26, subdivision 2. The terms of chief district public defenders currently serving shall terminate in accordance with the staggered term schedule set forth in section 611.26, subdivision 2.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 27. Minnesota Statutes 2006, section 611.215, subdivision 1a, is amended to read:

Subd. 1a. **Chief administrator.** The State Board of Public Defense, with the advice of the state public defender, shall appoint a chief administrator who must be chosen solely on the basis of training, experience, and other qualifications, and who will serve at the pleasure of the ~~state public defender~~ State Board of Public Defense. The chief administrator need not be licensed to practice law. The chief administrator shall attend all meetings of the board, but may not vote, and shall:

- (1) enforce all resolutions, rules, regulations, or orders of the board;
- (2) present to the board and the state public defender plans, studies, and reports prepared for the board's and the state public defender's purposes and recommend to the board and the state public defender for adoption measures necessary to enforce or carry out the powers and duties of the board and the state public defender, or to efficiently administer the affairs of the board and the state public defender;
- (3) keep the board fully advised as to its financial condition, and prepare and submit to the board its annual budget and other financial information as it may request;
- (4) recommend to the board the adoption of rules and regulations necessary for the efficient operation of the board and its functions; and
- (5) perform other duties prescribed by the board and the state public defender.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 28. Minnesota Statutes 2006, section 611.23, is amended to read:

611.23 OFFICE OF STATE PUBLIC DEFENDER; APPOINTMENT; SALARY.

The state public defender is responsible to the State Board of Public Defense. The state public defender shall supervise the operation, activities, policies, and procedures of the statewide public defender system. When requested by a district public defender or appointed counsel, the state public defender may assist the district public defender, appointed counsel, or an organization designated in section 611.216 in the performance of duties, including trial representation in matters involving legal conflicts of interest or other special circumstances, and assistance with legal research and brief preparation. The state public defender shall be appointed by the State Board of Public Defense for a term of four years, except as otherwise provided in this section, and until a successor is appointed and qualified. The state public defender shall be a full-time qualified attorney, licensed to practice law in this state, serve in the unclassified service of the state, and be removed only for cause by the appointing authority. Vacancies in the office shall be filled by the appointing authority for the unexpired term. The salary of the state public defender shall be fixed by the State Board of Public Defense but must not exceed the salary of a district court judge. Terms of the state public defender shall commence on July 1. The state public defender shall devote full time to the performance of duties and shall not engage in the general practice of law.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 29. Minnesota Statutes 2006, section 611.24, is amended to read:

611.24 CHIEF APPELLATE PUBLIC DEFENDER; ORGANIZATION OF OFFICE; ASSISTANTS.

~~The state public defender shall supervise the operation, activities, policies and procedures of the state public defender system. The state public defender shall employ or retain assistant state public defenders, a chief administrator, a deputy state~~ (a) Beginning January 1, 2007, and for every four years after that date, the State Board of Public Defense shall appoint a chief appellate public defender in charge of appellate services, who shall employ or retain assistant state public defenders and other personnel as may be necessary to discharge the functions of the office. The chief appellate public defender shall serve a four-year term and may be removed only for cause upon the order of the State Board of Public Defense. The chief appellate public defender shall be a full-time qualified attorney, licensed to practice law in this state, and serve in the unclassified service of the state. Vacancies in the office shall be filled by the appointing authority for the unexpired term.

(b) An assistant state public defender shall be a qualified attorney, licensed to practice law in this state, serve in the unclassified service of the state if employed, and serve at the pleasure of the appointing authority at a salary or retainer fee not to exceed reasonable compensation for comparable services performed for other governmental agencies or departments. Retained or part-time employed assistant state public defenders may engage in the general practice of law. The compensation of the chief appellate public defender and the compensation of each assistant state public defender shall be set by the State Board of Public Defense. The chief appellate public defender shall devote full time to the performance of duties and shall not engage in the general practice of law.

(c) The incumbent deputy state public defender as of December 31, 2006, shall be appointed as the chief appellate public defender for the four-year term beginning on January 1, 2007.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 30. Minnesota Statutes 2006, section 611.25, subdivision 1, is amended to read:

Subdivision 1. **Representation.** (a) The ~~state~~ chief appellate public defender shall represent, without charge:

(1) a defendant or other person appealing from a conviction of a felony or gross misdemeanor;

(2) a person convicted of a felony or gross misdemeanor who is pursuing a postconviction proceeding and who has not already had a direct appeal of the conviction, ~~but if the person pled guilty and received a presumptive sentence or a downward departure in sentence, and the state public defender reviewed the person's case and determined that there was no basis for an appeal of the conviction or of the sentence, then the state public defender may decline to represent the person in a postconviction remedy case; and~~

(3) a child who is appealing from a delinquency adjudication or from an extended jurisdiction juvenile conviction.

(b) The ~~state~~ chief appellate public defender may represent, without charge, all other persons pursuing a postconviction remedy under section 590.01, who are financially unable to obtain counsel.

(c) ~~The state public defender shall represent any other person, who is financially unable to obtain counsel, when directed to do so by the Supreme Court or the Court of Appeals, except that~~ The state chief appellate public defender shall not represent a person in any action or proceeding in which a party is seeking a monetary judgment, recovery or award. ~~When requested by a district public defender or appointed counsel, the state public defender may assist the district public defender, appointed counsel, or an organization designated in section 611.216 in the performance of duties, including trial representation in matters involving legal conflicts of interest or other special circumstances;~~

~~and assistance with legal research and brief preparation. When the state public defender is directed by a court to represent a defendant or other person, the state public defender may assign the representation to any district public defender.~~

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 31. Minnesota Statutes 2006, section 611.26, subdivision 2, is amended to read:

Subd. 2. **Appointment; terms.** The state Board of Public Defense shall appoint a chief district public defender for each judicial district. When appointing a chief district public defender, the state Board of Public Defense membership shall be increased to include two residents of the district appointed by the chief judge of the district to reflect the characteristics of the population served by the public defender in that district. The additional members shall serve only in the capacity of selecting the district public defender. The ad hoc state Board of Public Defense shall appoint a chief district public defender only after requesting and giving reasonable time to receive any recommendations from the public, the local bar association, and the judges of the district. Each chief district public defender shall be a qualified attorney licensed to practice law in this state. The chief district public defender shall be appointed for a term of four years, beginning January 1, pursuant to the following staggered term schedule: (1) in ~~2000~~ 2008, the second and eighth districts; (2) in ~~2001~~ 2009, the first, third, fourth, and tenth districts; (3) in ~~2002~~ 2010, the fifth and ninth districts; and (4) in ~~1999~~ 2011, the sixth and seventh districts. The chief district public defenders shall serve for four-year terms and may be removed for cause upon the order of the state Board of Public Defense. Vacancies in the office shall be filled by the appointing authority for the unexpired term. The chief district public defenders shall devote full time to the performance of duties and shall not engage in the general practice of law.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 32. Minnesota Statutes 2006, section 611.26, subdivision 7, is amended to read:

Subd. 7. **Other employment.** ~~Chief district public defenders and~~ Assistant district public defenders may engage in the general practice of law where not employed on a full-time basis.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 33. Minnesota Statutes 2006, section 611.27, subdivision 3, is amended to read:

Subd. 3. **Transcript use.** If the ~~state~~ chief appellate public defender or a district public defender deems it necessary to make a motion for a new trial, to take an appeal, or other postconviction proceedings in order to properly represent a defendant or other person whom that public defender had been directed to represent, that public defender may use the transcripts of the testimony and other proceedings filed with the court administrator of the district court as provided by section 243.49.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 34. Minnesota Statutes 2006, section 611.27, subdivision 13, is amended to read:

Subd. 13. **Public defense services; correctional facility inmates.** All billings for services rendered and ordered under subdivision 7 shall require the approval of the chief district public defender before being forwarded on a monthly basis to the state public defender. In cases where adequate representation cannot be provided by the district public defender and where counsel has been appointed under a court order, the state public defender shall forward to the commissioner of finance all billings for services rendered under the court order. The commissioner shall pay for services from ~~county criminal justice aid retained by the commissioner of revenue for that purpose under section 477A.0121, subdivision 4, or from county program aid retained by the commissioner of revenue for that purpose under section 477A.0124, subdivision 1, clause (4), or 477A.03, subdivision 2b, paragraph (a).~~

The costs of appointed counsel and associated services in cases arising from new criminal charges brought against indigent inmates who are incarcerated in a Minnesota state correctional facility are the responsibility of the state Board of Public Defense. In such cases the state public defender may follow the procedures outlined in this section for obtaining court-ordered counsel.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 35. Minnesota Statutes 2006, section 611.27, subdivision 15, is amended to read:

Subd. 15. **Costs of transcripts.** In appeal cases and postconviction cases where the ~~state appellate~~ public defender's office does not have sufficient funds to pay for transcripts and other necessary expenses because it has spent or committed all of the transcript funds in its annual budget, the state public defender may forward to the commissioner of finance all billings for transcripts and other necessary expenses. The commissioner shall pay for these transcripts and other necessary expenses from ~~county criminal justice aid retained by the commissioner of revenue under section 477A.0121, subdivision 4, or from~~ county program aid retained by the commissioner of revenue for that purpose under section 477A.0124, subdivision 1, clause (4), or 477A.03, subdivision 2b, paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 36. Minnesota Statutes 2006, section 611.35, is amended to read:

611.35 REIMBURSEMENT OF ~~PUBLIC DEFENDER AND APPOINTEE~~ APPOINTED COUNSEL.

Subdivision 1. **Reimbursement; civil obligation.** Any person who is represented by ~~a public defender or appointive appointed~~ counsel shall, if financially able to pay, reimburse the governmental unit chargeable with the compensation of ~~such public defender or appointive appointed~~ counsel for the actual costs to the governmental unit in providing the services of the ~~public defender or appointive appointed~~ counsel. The court in hearing such matter shall ascertain the amount of such costs to be charged to the defendant and shall direct reimbursement over a period of not to exceed six months, unless the court for good cause shown shall extend the period of reimbursement. If a term of probation is imposed as a part of a sentence, reimbursement of costs as required by this chapter must not be made a condition of probation. Reimbursement of costs as required by this chapter is a civil obligation and must not be made a condition of a criminal sentence.

Subd. 2. **Civil action.** The county attorney may commence a civil action to recover such cost remaining unpaid at the expiration of six months unless the court has extended the reimbursement period and shall, if it appears that such recipient of ~~public defender or appointive appointed~~ counsel services is about to leave the jurisdiction of the court or sell or otherwise dispose of assets out of which reimbursement may be obtained, commence such action forthwith. The county attorney may compromise and settle any claim for reimbursement with the approval of the court which heard the matter. No determination or action shall be taken later than two years after the termination of the duties of the ~~public defender or appointive appointed~~ counsel.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 37. Laws 2001, First Special Session chapter 8, article 4, section 4, is amended to read:

Sec. 4. **DISTRICT COURTS**

\$118,470,000

\$128,842,000

Carlton County Extraordinary Expenses. \$300,000 the first year is to reimburse Carlton county for extraordinary expenses related to homicide trials. This is a onetime appropriation.

New Judge Units. \$774,000 the first year and \$1,504,000 the second year are for an increase in judgeship units, including one trial court judge unit beginning October 1, 2001, in the tenth judicial district, one trial court judge unit beginning April 1, 2002, in the third judicial district, one trial court judge unit beginning July 1, 2002, in the tenth judicial district, one trial court judge unit beginning January 1, 2003, in the seventh judicial district, and one trial court judge unit beginning January 1, 2003, in the first judicial district. Each judge unit consists of a judge, law clerk, and court reporter.

Alternative Dispute Resolution Programs. A portion of this appropriation may be used for the alternative dispute resolution programs authorized by article 5, section 18.

Supplemental Funding for Certain Mandated Costs. \$4,533,000 the first year and \$6,032,000 the second year are to supplement funding for guardians ad litem, interpreters, rule 20 and civil commitment examinations, and in forma pauperis costs in the fifth, seventh, eighth, and ninth judicial districts.

Trial Court Infrastructure Staff. \$684,000 the first year and \$925,000 the second year are for infrastructure staff.

Court Effectiveness Initiatives; Community Courts and Screener Collectors. \$835,000 the first year and \$765,000 the second year are for court effectiveness initiatives. Of this amount, \$125,000 each year is for continued funding of the community court in the fourth judicial district and \$125,000 each year is for continued funding of the community court in the second judicial district. These are onetime appropriations.

The second judicial district and fourth judicial district shall each report quarterly to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over criminal justice funding on:

- (1) how money appropriated for this initiative was spent; and
- (2) the cooperation of other criminal justice agencies and county units of government in the community courts' efforts.

The first report is due on October 1, 2001. None of this appropriation may be used for the purpose of complying with these reporting requirements.

Of this amount, \$585,000 the first year and \$515,000 the second year are for screener collector programs.

~~The fifth, seventh, and ninth judicial district courts shall implement screener-collector programs to enhance the collection of overdue fine revenue by at least ten percent in each location serviced by a screener-collector. By August 15, 2002, and annually thereafter, the state court administrator shall report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over criminal justice policy and funding issues on the total amount of fines collected, the amount of overdue fines collected for the two preceding fiscal years, and the expenditures associated with the screener-collector program.~~

Ninth District County and Support Pilot Projects. Up to \$99,000 each year may be used for the ninth judicial district to implement the pilot projects on the six-month review of child custody, parenting time, and support orders, and on the accounting for child support by obligees.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 38. Laws 2003, First Special Session chapter 2, article 1, section 2, is amended to read:

Sec. 2. **SUPREME COURT**

\$38,806,000

\$36,439,000

~~**Report on Court Fees.** The state court administrator shall review and report back on the financial consequences of policy changes made in the following areas: (1) criminal and traffic offender surcharges; (2) public defender co-pays; and (3) the use of revenue recapture to collect the public defender co-pay. The report shall also list the local governmental units that employ administrative procedures to collect fines for ordinance violations. The state court administrator must submit the report to the chairs and ranking minority members on the committees that have jurisdiction over court funding by January 15 of each year.~~

\$5,000 each year is for a contingent account for expenses necessary for the normal operation of the court for which no other reimbursement is provided.

Legal Services to Low-Income Clients in Family Law Matters. Of this appropriation, \$877,000 each year is to improve the access of low-income clients to legal representation in family law matters. This appropriation must be distributed under Minnesota Statutes, section 480.242, to the qualified legal services programs described in Minnesota Statutes, section 480.242, subdivision 2, paragraph (a). Any unencumbered balance remaining in the first year does not cancel and is available in the second year.

Of this appropriation, \$355,000 in fiscal year 2005 is for the implementation of the Minnesota Child Support Act and is contingent upon its enactment. This is a onetime appropriation.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 39. PUBLIC DEFENDER STUDY AND REPORT REQUIRED.

The State Board of Public Defense and the Hennepin County Board of Commissioners shall jointly prepare a report to the legislature on the history of the funding of the public defender's office in the Fourth Judicial District provided by the state and Hennepin County. The report must compare the costs and services provided by the Fourth Judicial District Public Defender's Office to the costs and services provided by the state Board of Public Defense in all other public defender district offices. The report must detail the amount of funding provided by Hennepin County to the Fourth Judicial District Public Defender's Office and the amount necessary for the state to assume the full costs of the public defender duties in the Fourth Judicial District as in the other judicial districts throughout the state. The report must also recommend specific legislation that would provide for an appropriate resolution of the state and local funding of the Fourth Judicial District Public Defender's Office. The report must be completed by October 1, 2007, and be submitted to the commissioner of finance, the chairs and ranking minority members of the senate and house committees and divisions with jurisdiction over finance, judiciary, judiciary finance, and public safety finance, and the house Ways and Means Committee.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 40. REPORT.

The commissioner of commerce shall monitor compliance with the good faith obligations of insurers imposed by Minnesota Statutes, section 604.18 and prepare a compliance report and submit it to the house and senate standing committees with jurisdiction over insurance matters on January 1 of each year. The commissioner shall also submit a copy of the report to the state court administrator to assist the administrator in monitoring the impact on the state court system of the enactment of Minnesota Statutes, section 604.18. The report must also include the information received by the commissioner under Minnesota Statutes, section 604.18, subdivision 3.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 41. REPEALER.

Minnesota Statutes 2006, sections 260B.173; 480.175, subdivision 3; and 611.20, subdivision 5, are repealed.

EFFECTIVE DATE. This section is effective July 1, 2007.

ARTICLE 6**CORRECTIONS**

Section 1. Minnesota Statutes 2006, section 16A.72, is amended to read:

16A.72 INCOME CREDITED TO GENERAL FUND; EXCEPTIONS.

All income, including fees or receipts of any nature, shall be credited to the general fund, except:

- (1) federal aid;
- (2) contributions, or reimbursements received for any account of any division or department for which an appropriation is made by law;
- (3) income to the University of Minnesota;

(4) income to revolving funds now established in institutions under the control of the commissioners of corrections or human services;

(5) investment earnings resulting from the master lease program, except that the amount credited to another fund or account may not exceed the amount of the additional expense incurred by that fund or account through participation in the master lease program;

(6) investment earnings resulting from any gift, donation, devise, endowment, trust, or court ordered or approved escrow account or trust fund, which should be credited to the fund or account and appropriated for the purpose for which it was received;

(7) receipts from the operation of patients' and inmates' stores and patients' vending machines, which shall be deposited in the social welfare fund, or in the case of prison industries in the correctional revolving fund, in each institution for the benefit of the patients and inmates;

(8) ~~money received in payment for services of inmate labor employed in the industries carried on in the state correctional facilities which receipts shall be credited to the current expense fund of those facilities~~ income to prison industries which shall be credited to the correctional industries revolving fund;

(9) as provided in sections 16B.57 and 85.22;

(10) income to the Minnesota Historical Society;

(11) the percent of income collected by a private collection agency and retained by the collection agency as its collection fee; or

(12) as otherwise provided by law.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 2. Minnesota Statutes 2006, section 16B.181, subdivision 2, is amended to read:

Subd. 2. **Public entities; purchases from corrections industries.** (a) The commissioner of corrections, in consultation with the commissioner of administration, shall prepare updated lists of the items available for purchase from Department of Corrections industries and annually forward a copy of the most recent list to all public entities within the state. A public entity that is supported in whole or in part with funds from the state treasury may purchase items directly from corrections industries. The bid solicitation process is not required for these purchases.

(b) The commissioner of administration shall develop a contract or contracts to enable public entities to purchase items directly from corrections industries. ~~The commissioner of administration, in consultation with the commissioner of corrections, shall determine the fair market price for listed items.~~ The commissioner of administration shall require that all requests for bids or proposals, for items provided by corrections industries, be forwarded to the commissioner of corrections to enable corrections industries to submit bids. The commissioner of corrections shall consult with the commissioner of administration prior to introducing new products to the state agency market.

(c) No public entity may evade the intent of this section by adopting slight variations in specifications, when Minnesota corrections industry items meet the reasonable needs and specifications of the public entity.

~~(d) The commissioners of administration and corrections shall develop annual performance measures outlining goals to maximize inmate work program participation. The commissioners of administration and corrections shall appoint cochair for a task force whose purpose is to determine additional methods to achieve the performance goals for public entity purchasing. The task force shall include representatives from the Minnesota House of Representatives, Minnesota Senate, the Minnesota State Colleges and Universities, University of Minnesota, Minnesota League of Cities, Minnesota Association of Counties, and administrators with purchasing responsibilities from the Minnesota state Departments of Corrections, Public Safety, Finance, Transportation, Natural Resources, Human Services, Health, and Employment and Economic Development. Notwithstanding section 15.059, the task force created in this paragraph expires on June 30, 2003.~~

~~(e) If performance goals for public entity purchasing are not achieved in two consecutive fiscal years, public entities shall purchase items available from corrections industries. The commissioner of administration shall be responsible for notifying public entities of this requirement.~~

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 3. Minnesota Statutes 2006, section 16C.23, subdivision 2, is amended to read:

Subd. 2. **Surplus property.** "Surplus property" means state or federal commodities, equipment, materials, supplies, books, printed matter, buildings, and other personal or real property that is obsolete, unused, not needed for a public purpose, or ineffective for current use. Surplus property does not include products manufactured by or held in inventory by prison industries for sale to the general public in the normal course of its business.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 4. Minnesota Statutes 2006, section 241.018, is amended to read:

241.018 PER DIEM CALCULATION.

Subdivision 1. **State correctional facilities.** (a) The commissioner of corrections shall develop a uniform method to calculate the average department-wide per diem cost of incarcerating offenders at state adult correctional facilities. In addition to other costs currently factored into the per diem, it must include an appropriate percentage of capitol costs for all adult correctional facilities and 65 percent of the department's management services budget.

(b) The commissioner also shall use this method of calculating per diem costs for offenders in each state adult correctional facility. When calculating the per diem cost of incarcerating offenders at a particular facility, the commissioner shall include an appropriate percentage of capital costs for the facility and an appropriate prorated amount, given the facility's population, of 65 percent of the department's management services budget.

(c) The commissioner shall ensure that these new per diem methods are used in all future annual performance reports to the legislature and are also reflected in the department's biennial budget document.

Subd. 2. **Local correctional facilities.** (a) The commissioner of corrections shall develop a uniform method to calculate the average per diem cost of incarcerating offenders in county and regional jail facilities licensed by the commissioner under section 241.021, subdivision 1, paragraph (a).

(b) Each county and regional jail in the state must annually provide the commissioner with a per diem calculation based on the formula the commissioner promulgates pursuant to paragraph (a).

(c) The commissioner shall include the county and regional jail per diem data collected under paragraph (b) in the Department of Correction's annual performance report to the legislature mandated by section 241.016.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 5. Minnesota Statutes 2006, section 241.27, subdivision 1, is amended to read:

Subdivision 1. **Establishment of Minnesota correctional industries; MINNCOR industries.** For the purpose of providing adequate, regular and suitable employment, ~~vocational~~ educational training, and to aid the inmates of state correctional facilities, the commissioner of corrections may establish, equip, maintain and operate at any correctional facility under the commissioner's control such industrial and commercial activities as may be deemed necessary and suitable to the profitable employment, ~~vocational~~ educational training and development of proper work habits of the inmates of state correctional facilities. The industrial and commercial activities authorized by this section are designated MINNCOR industries and shall be for the primary purpose of sustaining and ensuring MINNCOR industries' self-sufficiency, providing ~~vocational~~ educational training, meaningful employment and the teaching of proper work habits to the inmates of correctional facilities under the control of the commissioner of corrections, and not solely as competitive business ventures. The net profits from these activities shall be used for the benefit of the inmates as it relates to education, self-sufficiency skills, and transition services and not to fund non-inmate-related activities or mandates. Prior to the establishment of any industrial and commercial activity, the commissioner of corrections may consult with representatives of business, industry, organized labor, the state Department of Education, the state Apprenticeship Council, the state Department of Labor and Industry, the Department of Employment Security, the Department of Administration, and such other persons and bodies as the commissioner may feel are qualified to determine the quantity and nature of the goods, wares, merchandise and services to be made or provided, and the types of processes to be used in their manufacture, processing, repair, and production consistent with the greatest opportunity for the reform and ~~vocational~~ educational training of the inmates, and with the best interests of the state, business, industry and labor.

The commissioner of corrections shall, at all times in the conduct of any industrial or commercial activity authorized by this section, utilize inmate labor to the greatest extent feasible, provided, however, that the commissioner may employ all administrative, supervisory and other skilled workers necessary to the proper instruction of the inmates and the profitable and efficient operation of the industrial and commercial activities authorized by this section.

Additionally, the commissioner of corrections may authorize the director of any correctional facility under the commissioner's control to accept work projects from outside sources for processing, fabrication or repair, provided that preference shall be given to the performance of such work projects for state departments and agencies.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 6. Minnesota Statutes 2006, section 241.27, subdivision 2, is amended to read:

Subd. 2. **Revolving fund; use of fund.** There is established in the Department of Corrections under the control of the commissioner of corrections the Minnesota correctional industries revolving fund to which shall be transferred the revolving funds authorized in Minnesota Statutes 1978, sections 243.41 and 243.85, clause (f), and any other industrial revolving funds heretofore established at any state correctional facility under the control of the commissioner of corrections. The revolving fund established shall be used for the conduct of the industrial and commercial activities now or hereafter established at any state correctional facility, including but not limited to the purchase of equipment, raw materials, the payment of salaries, wages and other expenses necessary and incident thereto. The purchase of services, materials, and commodities used in and held for resale are not subject to the competitive bidding procedures of section 16C.06, but are subject to all other provisions of chapters 16B and 16C, unless otherwise identified. When practical, purchases must be made from small targeted group businesses designated under section 16C.16. Additionally, the expenses of inmate ~~vocational~~ educational training, self-sufficiency skills, transition services, and the inmate release fund may be financed from the correctional industries revolving fund in an amount to be determined by the commissioner or the MINNCOR chief executive officer as duly appointed by the commissioner. The proceeds and income from all industrial and commercial activities

conducted at state correctional facilities shall be deposited in the correctional industries revolving fund subject to disbursement as hereinabove provided. The commissioner of corrections may request that money in the fund be invested pursuant to section 11A.25; the proceeds from the investment not currently needed shall be accounted for separately and credited to the fund.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 7. Minnesota Statutes 2006, section 241.27, subdivision 3, is amended to read:

Subd. 3. **Disbursement from fund.** The correctional industries revolving fund shall be deposited in the state treasury and paid out only on proper vouchers as may be authorized and approved by the commissioner of corrections, and in the same manner and under the same restrictions as are now provided by law for the disbursement of funds by the commissioner. An amount deposited in the state treasury equal to six months of net operating cash as determined by the prior 12 months of revenue and cash flow statements, shall be restricted for use only by correctional industries as described under subdivision 2. For purposes of this subdivision, "net operating cash" means net income minus sales plus cost of goods sold. Cost of goods sold include all direct costs of correctional industry products attributable to their production. The commissioner of corrections is authorized to keep and maintain at any correctional facility under the commissioner's control a contingent fund, as provided in section 241.13; but the contingent fund shall at all times be covered and protected by a proper and sufficient bond to be duly approved as by law now provided.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 8. Minnesota Statutes 2006, section 241.27, subdivision 4, is amended to read:

Subd. 4. **Revolving fund; borrowing.** The commissioner of corrections is authorized, when in the commissioner's judgment it becomes necessary in order to meet current demands on the correctional industries revolving fund, to borrow sums of money as may be necessary. The sums so borrowed shall not exceed, in any one year, 50 percent of the total of the net worth of correctional industries six months of net operating cash as determined by the previous 12 months of the correctional industries' revenue and cash flow statements.

When the commissioner of corrections shall certify to the commissioner of finance that, in the commissioner's judgment, it is necessary to borrow a specified sum of money in order to meet the current demands on the correctional industries revolving fund, and the commissioner of finance may, in the commissioner's discretion, transfer and credit to the correctional industries revolving fund, from any moneys in the state treasury not required for immediate disbursement, the whole or such part of the amount so certified as they deem advisable, which sum so transferred shall be repaid by the commissioner from the revolving fund to the fund from which transferred, at such time as shall be specified by the commissioner of finance, together with interest thereon at such rate as shall be specified by the commissioner of finance, not exceeding four percent per annum. When any transfer shall so have been made to the correctional industries revolving fund, the commissioner of finance shall notify the commissioner of corrections of the amount so transferred to the credit of the correctional industries revolving fund, the date when the same is to be repaid, and the rate of interest so to be paid.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 9. Minnesota Statutes 2006, section 241.278, is amended to read:

241.278 AGREEMENTS FOR WORK FORCE OF STATE OR COUNTY JAIL INMATES.

The commissioner of corrections, in the interest of inmate rehabilitation or to promote programs under section 241.275, subdivision 2, may enter into interagency agreements with state, county, or municipal agencies, or contract with nonprofit agencies to manage, fund, or partially fund the cost of programs that use state or county jail inmates

as a work force. The commissioner is authorized to receive funds via these agreements and these funds are appropriated to the commissioner for community service programming or when prison industries are party to the agreement, shall be deposited in the Minnesota correctional industries revolving fund for use as described under section 241.27, subdivision 2.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 10. Minnesota Statutes 2006, section 241.69, subdivision 3, is amended to read:

Subd. 3. **Transfer.** If the licensed mental health professional finds the person to be a person who is mentally ill and in need of short-term care, ~~the examining licensed mental health care professional~~ may recommend transfer by the commissioner of corrections to the mental health unit established pursuant to subdivision 1.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 11. Minnesota Statutes 2006, section 241.69, subdivision 4, is amended to read:

Subd. 4. **Commitment.** If ~~the examining licensed mental health care professional~~ or licensed mental health professional finds the person to be a person who is mentally ill and in need of long-term care in a hospital, or if an inmate transferred pursuant to subdivision 3 refuses to voluntarily participate in the treatment program at the mental health unit, the director of psychological services of the institution or the mental health professional shall initiate proceedings for judicial commitment as provided in section 253B.07. Upon the recommendation of the licensed mental health professional and upon completion of the hearing and consideration of the record, the court may commit the person to the mental health unit established in subdivision 1 or to another hospital. A person confined in a state correctional institution for adults who has been adjudicated to be a person who is mentally ill and in need of treatment may be committed to the commissioner of corrections and placed in the mental health unit established in subdivision 1.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 12. Minnesota Statutes 2006, section 383A.08, subdivision 6, is amended to read:

Subd. 6. **Rules and regulations.** The county may promulgate rules and regulations for the proper operation and maintenance of each facility and the proper care and discipline of inmates detained in the facility. These rules and regulations may, among other things, provide for the diminution of sentences of inmates for good behavior, ~~but in no event to exceed a total of five days for each 30-day sentence~~ in accordance with section 643.29.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 13. Minnesota Statutes 2006, section 383A.08, subdivision 7, is amended to read:

Subd. 7. **Confinement of inmates from other counties.** The county may accept an inmate for confinement at a county correction facility when the inmate is committed to the facility by order of a judge of a municipality or county outside Ramsey County if the county is paid the amount of compensation for board, confinement, and maintenance of the inmate that it determines. ~~No compensation of this kind may be in an amount less than the actual per diem cost per person confined.~~ A county outside Ramsey County or a municipality outside Ramsey County may enter into and agree with Ramsey County for the incarceration of prisoners.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 14. Minnesota Statutes 2006, section 401.15, subdivision 1, is amended to read:

Subdivision 1. **Certified statements; determinations; adjustments.** ~~On or before~~ Within 60 days of the end of each calendar quarter, participating counties which have received the payments authorized by section 401.14 shall submit to the commissioner certified statements detailing the amounts expended and costs incurred in furnishing the correctional services provided in sections 401.01 to 401.16. Upon receipt of certified statements, the commissioner shall, in the manner provided in sections 401.10 and 401.12, determine the amount each participating county is entitled to receive, making any adjustments necessary to rectify any disparity between the amounts received pursuant to the estimate provided in section 401.14 and the amounts actually expended. If the amount received pursuant to the estimate is greater than the amount actually expended during the quarter, the commissioner may withhold the difference from any subsequent monthly payments made pursuant to section 401.14. Upon certification by the commissioner of the amount a participating county is entitled to receive under the provisions of section 401.14 or of this subdivision the commissioner of finance shall thereupon issue a state warrant to the chief fiscal officer of each participating county for the amount due together with a copy of the certificate prepared by the commissioner.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 15. Minnesota Statutes 2006, section 641.15, is amended by adding a subdivision to read:

Subd. 3a. **Intake procedure; approved mental health screening.** As part of its intake procedure for new prisoners, the sheriff or local corrections shall use a mental health screening tool approved by the commissioner of corrections in consultation with the commissioner of human services to identify persons who may have mental illness.

EFFECTIVE DATE. This section is effective August 1, 2007.

Sec. 16. Minnesota Statutes 2006, section 641.265, subdivision 2, is amended to read:

Subd. 2. **Withdrawal.** A county board may withdraw from cooperation in a regional jail system ~~if the county boards of all of the other cooperating counties decide, by majority vote, to allow the withdrawal in accordance with the terms of a joint powers agreement.~~ With the approval of the county board of each cooperating county, the regional jail board shall fix the sum, if any, to be paid to the county withdrawing, to reimburse it for capital cost, debt service, or lease rental payments made by the county prior to withdrawal, in excess of its proportionate share of benefits from the regional jail prior to withdrawal, and the time and manner of making the payments. The payments shall be deemed additional payments of capital cost, debt service, or lease rentals to be made proportionately by the remaining counties and, when received, shall be deposited in and paid from the regional jail fund; provided that:

~~(a)~~ (1) payments shall not be made from any amounts in the regional jail fund which are needed for maintenance and operation expenses or lease rentals currently due and payable; and

~~(b)~~ (2) the withdrawing county shall remain obligated for the payment of its proportionate share of any lease rentals due and payable after its withdrawal, in the event and up to the amount of any lease payment not made when due by one or more of the other cooperating counties.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 17. **DISCIPLINARY CONFINEMENT; PROTOCOL.**

The commissioner of corrections shall develop a protocol that is fair, firm, and consistent so that inmates have an opportunity to be released from disciplinary confinement in a timely manner. For those inmates in disciplinary confinement who are nearing their release date, the commissioner of corrections shall, when possible, develop a reentry plan.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 18. **REPEALER.**

Minnesota Statutes 2006, sections 241.021, subdivision 5; and 241.85, subdivision 2, are repealed.

EFFECTIVE DATE. This section is effective July 1, 2007.

ARTICLE 7

OFFENDER RE-ENTRY POLICY

Section 1. Minnesota Statutes 2006, section 241.016, subdivision 1, is amended to read:

Subdivision 1. **Biennial report.** (a) The Department of Corrections shall submit a performance report to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice funding by January 15, 2005, and every other year thereafter. The issuance and content of the report must include the following:

- (1) department strategic mission, goals, and objectives;
- (2) the department-wide per diem, adult facility-specific per diems, and an average per diem, reported in a standard calculated method as outlined in the departmental policies and procedures;
- (3) department annual statistics as outlined in the departmental policies and procedures; and
- (4) information about prison-based mental health programs, including, but not limited to, the availability of these programs, participation rates, and completion rates.

(b) The department shall maintain recidivism rates for adult facilities on an annual basis. In addition, each year the department shall, on an alternating basis, complete a recidivism analysis of adult facilities, juvenile services, and the community services divisions and include a three-year recidivism analysis in the report described in paragraph (a). ~~When appropriate, The recidivism analysis must include:~~ (1) assess education programs, vocational programs, treatment programs, including mental health programs, industry, and employment; and (2) assess statewide re-entry policies and funding, including postrelease treatment, education, training, and supervision. In addition, when reporting recidivism for the department's adult and juvenile facilities, the department shall report on the extent to which offenders it has assessed as chemically dependent commit new offenses, with separate recidivism rates reported for persons completing and not completing the department's treatment programs.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 2. **[241.86] FIVE-YEAR DEMONSTRATION PROJECT FOR HIGH-RISK ADULTS.**

Subdivision 1. **Definition.** For purposes of this section, "high-risk adult" means an adult with a history of some combination of substance abuse, mental illness, chronic unemployment, incarceration, or homelessness. High-risk adults are considered to be very likely to enter or reenter state or county correctional programs or chemical or mental health programs.

Subd. 2. **Establishment.** (a) The Department of Corrections shall contract with one nonprofit entity to conduct this five-year demonstration project and document the effectiveness of this model. Initially, the demonstration will operate in the Twin Cities metropolitan area.

(b) The contractor must, at a minimum, meet the following criteria:

(1) be an incorporated, nonprofit organization that is capable of managing and operating a multidisciplinary model for providing high-risk adults with housing, short-term work, health care, behavioral health care, and community reengagement;

(2) demonstrate an ability to organize and manage an alliance of nonprofit organizations providing services to high-risk adults;

(3) have organizational leaders with a demonstrated ability to organize, manage, and lead service teams consisting of workers from multiple service providers that deliver direct support to high-risk adults;

(4) have experience with providing a comprehensive set of housing, work, health care, behavioral health care, and community reengagement services to high-risk adults; and

(5) be a recipient of foundation and other private funds for the refinement and testing of a demonstration of this type.

Subd. 3. **Scope of the five-year demonstration project.** The contractor undertaking this five-year demonstration project shall, as part of this project:

(1) enroll up to 500 eligible high-risk adults over the five-year demonstration project period, starting December 1, 2007, and ending December 31, 2012;

(2) using best practices derived from research and testing, provide or assist in arranging access to services for high-risk adults enrolled in the demonstration project, including, at a minimum, housing, behavioral health services, health care, employment, and community and family reengagement;

(3) maximize the performance of existing services and programs by coordinating access to and the delivery of these services; and

(4) define conditions under which enrollees are considered to be in good standing and allowed to remain in the demonstration project. These conditions may include, but are not limited to:

(i) living in stable and safe housing;

(ii) working and earning an income;

(iii) paying child support, if appropriate;

(iv) participating in treatment programs, if appropriate; and

(v) no arrests.

Subd. 4. **Payment.** The commissioner shall pay from grant funds for this demonstration project, to the entity under contract, a monthly flat fee of \$1,600 for every enrollee who is in good standing in the demonstration project.

Subd. 5. **Report.** (a) The entity shall submit annually a report to the commissioners of corrections, human services, employment and economic development, and housing finance and the legislature on or before January 15 of each year, beginning January 15, 2008. The report must include:

(1) the number of participants who have been enrolled and the number currently participating in the demonstration project;

(2) a description of the services provided to enrollees over the past year and over the duration of the demonstration project to date;

(3) an accounting of the costs associated with the enrollees over the past year and over the duration of the demonstration project to date; and

(4) any other information requested by the commissioners of corrections, housing, employment and economic development, and human services and the legislature.

(b) The report shall include recommendations on improving and expanding the project to other geographical areas of the state.

(c) The report shall include an update on the status of the independent evaluation required in subdivision 7.

Subd. 6. **Independent evaluation.** An independent evaluator selected by the commissioner of corrections, in consultation with the contractor conducting the project, must conduct an evaluation of the project. The independent evaluator must complete and submit a report of findings and recommendations to the commissioners of corrections, housing finance, human services, education, and employment and economic development and the legislature. This independent evaluation must be developed and implemented concurrently with the five-year demonstration project, beginning on December 1, 2007. The final report to the legislature is due on or before January 15, 2013.

Subd. 7. **Sunset.** This section expires December 31, 2013.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 3. **[299A.82] MENTORING GRANT FOR CHILDREN OF INCARCERATED PARENTS.**

Subdivision 1. **Mentoring grant.** The commissioner of corrections shall award grants to nonprofit organizations that provide one-to-one mentoring relationships to youth enrolled between the ages of seven to 13 whose parent or other significant family member is incarcerated in a county workhouse, county jail, state prison, or other type of correctional facility or is subject to correctional supervision. The intent of the grant is to provide children with adult mentors to strengthen developmental outcomes, including enhanced self-confidence and esteem; improved academic performance; and improved relationships with peers, family, and other adults that may prevent them from entering the juvenile justice system.

Subd. 2. **Grant criteria.** As a condition of receiving the grant, the grant recipient must:

(1) collaborate with other organizations that have a demonstrated history of providing services to youth and families in disadvantaged situations;

(2) implement procedures to ensure that 100 percent of the mentors pose no safety risk to the child and have the skills to participate in a mentoring relationship;

(3) provide enhanced training to mentors focusing on asset building and family dynamics when a parent is incarcerated; and

(4) provide an individual family plan and aftercare.

Subd. 3. **Program evaluation.** The grant recipient must submit an evaluation plan to the commissioner delineating the program and student outcome goals and activities implemented to achieve the stated outcomes. The goals must be clearly stated and measurable. The grant recipient must collect, analyze, and report on participation and outcome data that enable the department to verify that the program goals were met.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 4. **LEGISLATIVE WORKING GROUP ON OFFENDER RE-ENTRY.**

(a) The chairs of the house of representatives Public Safety Finance Committee and the senate Public Safety Budget Division, or their designees, shall co-chair an offender re-entry working group. The working group shall review, examine, and, where the group deems necessary, formulate legislative proposals addressing the following issues:

(1) the Department of Corrections' role in offender re-entry, including prerelease and postrelease planning, education, treatment, housing, and employment;

(2) housing for offenders upon release from prison, including offender housing plans and the need for and placement of halfway houses;

(3) the Department of Human Services and the Department of Housing Finance Administration's role in assisting recently released offenders with housing and mental health services;

(4) prerelease and postrelease offender drug treatment policies, programs, and funding;

(5) drug sentencing, including an assessment of the costs and benefits of adjusting drug weight thresholds in controlled substance offenses in Minnesota Statutes, chapter 152, and the proportionality of Minnesota's drug sentences as compared to sentences for other Minnesota offenses and drug sentences in other states in the upper midwest;

(6) creation of an early discharge committee to recommend the release of offenders who make significant and measurable progress in treatment, education, job skill training, and overall behavior before their term of imprisonment expires;

(7) defining the class of offenders who are eligible for early release, if an early discharge committee is recommended;

(8) establishing re-entry courts to oversee postprison supervision of offenders;

(9) how the current system of probation supervision affects recidivism and if the system needs to be reformed;

(10) the need for and value of collateral employment sanctions associated with certain offenses;

(11) juvenile offender re-entry;

(12) extending tax credits to businesses that employ offenders recently released from prison; and

(13) any other matter relevant to promoting successful offender re-entry.

(b) At the invitation of the co-chairs, the group shall include members of the house of representatives and senate and representatives from the Department of Corrections, the Sentencing Guidelines Commission, the courts, law enforcement, probation, county attorneys, the Board of Public Defense, Private Criminal Defense Bar, and the Minnesota Comprehensive Offender Re-entry Plan Steering Committee.

(c) The house of representatives co-chair shall convene and lead the first session of the working group on or before August 1, 2007. The co-chairs or their designees shall alternate leading working group sessions. The group shall meet at least twice a month.

(d) The working group shall develop policy recommendations by November 1, 2007, and prepare draft legislation on or before December 15, 2007.

(e) Legislative staff is authorized to assist the working group, as the co-chairs deem necessary.

(f) The working group expires on December 15, 2007.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 5. RE-ENTRY GRANT ADDRESSING DOMESTIC VIOLENCE AND INTIMATE PARTNER VIOLENCE.

Subdivision 1. **Re-entry grant.** The commissioner of corrections shall award a grant to a nonprofit having a section 501(c)(3) status with the Internal Revenue Service or a public or private institution of higher education that has expertise in addressing the intersection between offender re-entry and domestic violence. The intent of the grant is to provide services to re-entering offenders and their intimate partners to: (1) reduce the incidence of domestic violence among offenders re-entering the community; (2) reduce occurrences of domestic violence, serious injury, and death experienced by intimate partners who are in relationships with offenders recently released from jail or prison; and (3) reduce criminal recidivism due to domestic violence.

Subd. 2. **Grant criteria.** As a condition of receiving the grant, the grant recipient must:

(1) subcontract with at least one community-based domestic abuse counseling or educational program and at least one crime victim service provider to provide comprehensive services to recently released offenders and their intimate partners;

(2) train the organizations selected pursuant to clause (1) on research-based practices and best practices in addressing the intersection of offender re-entry and domestic violence; and

(3) serve as liaison to the department of corrections and provide technical assistance, training, and coordination to the organizations selected pursuant to clause (1) in implementing policies that address the intersection of offender re-entry and domestic violence.

Subd. 3. **Program evaluation.** The grant recipient must rigorously evaluate the effectiveness of its intervention and work with subcontracted organizations to collect data. The grant recipient must submit an evaluation plan to the commissioner of corrections delineating project goals and specific activities performed to achieve those goals.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 6. **PILOT PROJECT.**

(a) The commissioner of corrections shall issue a grant to a nonprofit organization to establish a pilot project to provide employment services to ex-criminal offenders living in the North Minneapolis community. The pilot project must provide the ex-offender participants with a continuum of employment services that identifies their needs; intervenes with them through case management if they are struggling; and provides them with work readiness, skill training, chemical and mental health referrals, housing support, job placement, work experience, and job retention support. The pilot project shall work with community corrections officials, faith-based organizations, and businesses to create an array of support opportunities for the participants.

(b) By January 15, 2010, the commissioner of corrections shall report to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy and funding on the activities conducted by the grant recipient and the effectiveness of the pilot project.

EFFECTIVE DATE. This section is effective July 1, 2007.

ARTICLE 8

PUBLIC SAFETY AND LAW ENFORCEMENT

Section 1. Minnesota Statutes 2006, section 13.87, subdivision 1, is amended to read:

Subdivision 1. **Criminal history data.** (a) **Definition.** For purposes of this subdivision, "criminal history data" means all data maintained in criminal history records compiled by the Bureau of Criminal Apprehension and disseminated through the criminal justice information system, including, but not limited to fingerprints, photographs, identification data, arrest data, prosecution data, criminal court data, custody and supervision data.

(b) **Classification.** Criminal history data maintained by agencies, political subdivisions and statewide systems are classified as private, pursuant to section 13.02, subdivision 12, except that data created, collected, or maintained by the Bureau of Criminal Apprehension that identify an individual who was convicted of a crime, the offense of which the individual was convicted, associated court disposition and sentence information, controlling agency, and confinement information are public data for 15 years following the discharge of the sentence imposed for the offense. When an innocent party's name is associated with a criminal history, and a determination has been made through a fingerprint verification that the innocent party is not the subject of the criminal history, the name may be redacted from the public criminal history data. The name shall be retained in the criminal history and classified as private data.

The Bureau of Criminal Apprehension shall provide to the public at the central office of the bureau the ability to inspect in person, at no charge, through a computer monitor the criminal conviction data classified as public under this subdivision.

(c) **Limitation.** Nothing in paragraph (a) or (b) shall limit public access to data made public by section 13.82.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 2. Minnesota Statutes 2006, section 243.167, subdivision 1, is amended to read:

Subdivision 1. **Definition.** As used in this section, "crime against the person" means a violation of any of the following or a similar law of another state or of the United States: section 609.165; 609.185; 609.19; 609.195; 609.20; 609.205; 609.221; 609.222; 609.223; 609.2231; 609.224, subdivision 2 or 4; 609.2242, subdivision 2 or 4; 609.2247; 609.235; 609.245, subdivision 1; 609.25; 609.255; 609.3451, subdivision 2; 609.498, subdivision 1; 609.582, subdivision 1; or 617.23, subdivision 2; or any felony-level violation of section 609.229; 609.377; 609.749; or 624.713.

EFFECTIVE DATE. This section is effective the day following final enactment, and applies retroactively to crimes committed on or after August 1, 2005.

Sec. 3. Minnesota Statutes 2006, section 244.05, is amended by adding a subdivision to read:

Subd. 2a. **Random searches.** (a) This subdivision applies to inmates who were convicted of and imprisoned for a violent crime, as defined in section 609.1095, involving the sale, use, or possession of a controlled substance or a dangerous weapon.

(b) When an inmate is released on supervised release or parole, the inmate, as a condition of release, consents to a search of the inmate's person and any motor vehicle driven by the inmate. The search may be conducted on demand by any parole or supervised release agent or peace officer.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 4. Minnesota Statutes 2006, section 299A.641, subdivision 2, is amended to read:

Subd. 2. **Membership.** The oversight council shall consist of the following individuals or their designees:

- (1) the director of the office of special investigations as the representative of the commissioner of corrections;
- (2) the superintendent of the Bureau of Criminal Apprehension as the representative of the commissioner of public safety;
- (3) the attorney general;
- (4) eight chiefs of police, selected by the Minnesota Chiefs of Police Association, two of which must be selected from cities with populations greater than 200,000;
- (5) eight sheriffs, selected by the Minnesota Sheriffs Association to represent each district, two of which must be selected from counties with populations greater than 500,000;
- (6) the United States attorney for the district of Minnesota;
- (7) two county attorneys, selected by the Minnesota County Attorneys Association;
- (8) a command-level representative of a gang strike force;
- (9) a representative from a drug task force, selected by the Minnesota State Association of Narcotics Investigators;
- (10) a representative from the United States Drug Enforcement Administration;

(11) a representative from the United States Bureau of Alcohol, Tobacco, and Firearms;

(12) a representative from the Federal Bureau of Investigation;

(13) a tribal peace officer, selected by the Minnesota Tribal Law Enforcement Association; ~~and~~

(14) two additional members who may be selected by the oversight council;

(15) a senator who serves on the committee having jurisdiction over criminal justice policy, chosen by the Subcommittee on Committees of the senate Committee on Rules and Administration; and

(16) a representative who serves on the committee having jurisdiction over criminal justice policy, chosen by the speaker of the house of representatives.

The oversight council may adopt procedures to govern its conduct as necessary and may select a chair from among its members. The legislative members of the council may not vote on matters before the council.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 5. Minnesota Statutes 2006, section 299C.65, subdivision 2, is amended to read:

Subd. 2. **Task force.** ~~(a) The policy group shall appoint~~ A task force ~~to shall~~ assist ~~them~~ the policy group in ~~their~~ its duties. The task force shall monitor, review, and report to the policy group on CriMNet-related projects and provide oversight to ongoing operations as directed by the policy group. The task force shall consist of the following members:

(1) ~~two sheriffs recommended~~ members appointed by the Minnesota Sheriffs Association, at least one of whom must be a sheriff;

(2) ~~two police chiefs recommended~~ members appointed by the Minnesota Chiefs of Police Association, at least one of whom must be a chief of police;

(3) ~~two county attorneys recommended~~ members appointed by the Minnesota County Attorneys Association, at least one of whom must be a county attorney;

(4) ~~two city attorneys recommended~~ members appointed by the Minnesota League of Cities representing the interests of city attorneys, at least one of whom must be a city attorney;

(5) ~~two public defenders~~ members appointed by the Board of Public Defense, at least one of whom must be a public defender;

(6) two district judges appointed by the Judicial Council, ~~one of whom is currently assigned to the juvenile court~~ at least one of whom has experience dealing with juvenile court matters;

(7) two ~~community~~ corrections administrators ~~recommended~~ appointed by the Minnesota Association of Counties, representing the interests of local corrections, at least one of whom represents a community corrections act county;

(8) two probation officers appointed by the commissioner of corrections in consultation with the president of the Minnesota Association of Community Corrections Act Counties and the president of the Minnesota Association of County Probation Officers;

(9) four public members appointed by the governor for a term of six years, one of whom ~~has been a victim of crime~~ represents the interests of victims, and two ~~who~~ of whom are representatives of the private business community who have expertise in integrated information systems and who for the purpose of meetings of the full task force may be compensated pursuant to section 15.059;

(10) two ~~court administrators~~ members appointed by the Minnesota Association for Court Management, at least one of whom must be a court administrator;

(11) one member of the house of representatives appointed by the speaker of the house;

(12) one member of the senate appointed by the majority leader;

(13) one member appointed by the attorney general or a designee;

(14) two ~~individuals recommended~~ elected officials appointed by the Minnesota League of Cities, one of whom works or resides in greater Minnesota and one of whom works or resides in the seven-county metropolitan area;

(15) two ~~individuals recommended~~ elected officials appointed by the Minnesota Association of Counties, one of whom works or resides in greater Minnesota and one of whom works or resides in the seven-county metropolitan area;

(16) the director of the Sentencing Guidelines Commission or a designee;

(17) one member appointed by the state chief information officer;

(18) one member appointed by the commissioner of public safety;

(19) one member appointed by the commissioner of corrections;

(20) one member appointed by the commissioner of administration; and

(21) one member appointed by the chief justice of the Supreme Court.

~~(b) In making these appointments, the appointing authority shall select members with expertise in integrated data systems or best practices.~~

~~(c) The commissioner of public safety may appoint additional, nonvoting members to the task force as necessary from time to time.~~

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 6. Minnesota Statutes 2006, section 299C.65, subdivision 5, is amended to read:

Subd. 5. **Review of funding and grant requests.** (a) The Criminal and Juvenile Justice Information Policy Group shall review the funding requests for criminal justice information systems from state, county, and municipal government agencies. The policy group shall review the requests for compatibility to statewide criminal justice information system standards. The review shall be forwarded to the chairs and ranking minority members of the house and senate committees and divisions with jurisdiction over criminal justice funding and policy.

(b) The CriMNet program office, in consultation with the Criminal and Juvenile Justice Information Task Force and with the approval of the policy group, shall create the requirements for any grant request and determine the integration priorities for the grant period. The CriMNet program office shall also review the requests submitted for compatibility to statewide criminal justice information systems standards.

(c) The task force shall review funding requests for criminal justice information systems grants and make recommendations to the policy group. The policy group shall review the recommendations of the task force and shall make a final recommendation for criminal justice information systems grants to be made by the commissioner of public safety. Within the limits of available state appropriations and federal grants, the commissioner of public safety shall make grants for projects that have been recommended by the policy group.

(d) The policy group may approve grants only if the applicant provides an appropriate share of matching funds as determined by the policy group to help pay up to one-half of the costs of the grant request. The matching requirement must be constant for all ~~counties~~ applicants within each grant offering. The policy group shall adopt policies concerning the use of in-kind resources to satisfy the match requirement and the sources from which matching funds may be obtained. Local operational or technology staffing costs may be considered as meeting this match requirement. Each grant recipient shall certify to the policy group that it has not reduced funds from local, county, federal, or other sources which, in the absence of the grant, would have been made available to the grant recipient to improve or integrate criminal justice technology.

(e) All grant recipients shall submit to the CriMNet program office all requested documentation including grant status, financial reports, and a final report evaluating how the grant funds improved the agency's criminal justice integration priorities. The CriMNet program office shall establish the recipient's reporting dates at the time funds are awarded.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 7. **[299F.850] CIGARETTE FIRE SAFETY DEFINITIONS.**

Subdivision 1. **Scope.** The terms used in sections 299F.850 to 299F.858 have the meanings given them in this section.

Subd. 2. **Agent.** "Agent" means any person licensed by the commissioner of revenue to purchase and affix adhesive or meter stamps on packages of cigarettes.

Subd. 3. **Cigarette.** "Cigarette" means any roll for smoking made wholly or in part of tobacco, the wrapper or cover of which is made of paper or any other substance or material except tobacco.

Subd. 4. **Manufacturer.** "Manufacturer" means:

(1) any entity that manufactures or otherwise produces cigarettes or causes cigarettes to be manufactured or produced anywhere that the manufacturer intends to be sold in the state, including cigarettes intended to be sold in the United States through an importer;

(2) the first purchaser anywhere that intends to resell in the United States cigarettes manufactured anywhere that the original manufacturer or maker does not intend to be sold in the United States; or

(3) any entity that becomes a successor of an entity described in clause (1) or (2).

Subd. 5. **Quality control and quality assurance program.** "Quality control and quality assurance program" means the laboratory procedures implemented to ensure that operator bias, systematic and nonsystematic methodological errors, and equipment-related problems do not affect the results of the testing. This program ensures that the testing repeatability remains within the required repeatability values stated in section 299F.851, subdivision 1, paragraph (g), for all test trials used to certify cigarettes in accordance with sections 299F.850 to 299F.858.

Subd. 6. **Repeatability.** "Repeatability" means the range of values within which the repeat results of cigarette test trials from a single laboratory will fall 95 percent of the time.

Subd. 7. **Retail dealer.** "Retail dealer" means any person, other than a wholesale dealer, engaged in selling cigarettes or tobacco products.

Subd. 8. **Sale.** "Sale" means any transfer of title or possession or both, exchange or barter, conditional or otherwise, in any manner or by any means whatever or any agreement therefore. In addition to cash and credit sales, the giving of cigarettes as samples, prizes, or gifts and the exchanging of cigarettes for any consideration other than money, are considered sales.

Subd. 9. **Sell.** "Sell" means to make a sale or to offer or agree to make a sale.

Subd. 10. **Wholesale dealer.** "Wholesale dealer" means any person (1) who sells cigarettes or tobacco products to retail dealers or other persons for purposes of resale or (2) who owns, operates, or maintains one or more cigarette or tobacco product vending machines in, at, or upon premises owned or occupied by any other person.

EFFECTIVE DATE. This section is effective the first day of the 19th month following the date of its final enactment.

Sec. 8. **[299F.851] TEST METHOD AND PERFORMANCE STANDARD.**

Subdivision 1. **Requirements.** (a) Except as provided in this subdivision, no cigarettes may be sold or offered for sale in this state or offered for sale or sold to persons located in this state unless (1) the cigarettes have been tested in accordance with the test method and have met the performance standard specified in this section, (2) a written certification has been filed by the manufacturer with the state fire marshal in accordance with section 299F.852, and (3) the cigarettes have been marked in accordance with section 299F.853.

(b) Testing of cigarettes must be conducted in accordance with the American Society of Testing and Materials (ASTM) standard E2187-04, "Standard Test Method for Measuring the Ignition Strength of Cigarettes."

(c) Testing must be conducted on ten layers of filter paper.

(d) No more than 25 percent of the cigarettes tested in a test trial in accordance with this section may exhibit full-length burns. Forty replicate tests comprise a complete test trial for each cigarette tested.

(e) The performance standard required by this subdivision must only be applied to a complete test trial.

(f) Written certifications must be based upon testing conducted by a laboratory that has been accredited pursuant to standard ISO/IEC 17025 of the International Organization for Standardization (ISO), or other comparable accreditation standard required by the state fire marshal.

(g) Laboratories conducting testing in accordance with this section shall implement a quality control and quality assurance program that includes a procedure that will determine the repeatability of the testing results. The repeatability value must be no greater than 0.19.

(h) This subdivision does not require additional testing if cigarettes are tested consistent with sections 299F.850 to 299F.858 for any other purpose.

(i) Testing performed or sponsored by the state fire marshal to determine a cigarette's compliance with the performance standard required must be conducted in accordance with this section.

Subd. 2. **Permeability bands.** Each cigarette listed in a certification submitted pursuant to section 299F.852 that uses lowered permeability bands in the cigarette paper to achieve compliance with the performance standard set forth in this section must have at least two nominally identical bands on the paper surrounding the tobacco column. At least one complete band must be located at least 15 millimeters from the lighting end of the cigarette. For cigarettes on which the bands are positioned by design, there must be at least two bands fully located at least 15 millimeters from the lighting end and ten millimeters from the filter end of the tobacco column, or ten millimeters from the labeled end of the tobacco column for nonfiltered cigarettes.

Subd. 3. **Equivalent test methods.** A manufacturer of a cigarette that the state fire marshal determines cannot be tested in accordance with the test method prescribed in subdivision 1, paragraph (b), shall propose a test method and performance standard for the cigarette to the state fire marshal. Upon approval of the proposed test method and a determination by the state fire marshal that the performance standard proposed by the manufacturer is equivalent to the performance standard prescribed in subdivision 1, paragraph (d), the manufacturer may employ such test method and performance standard to certify the cigarette pursuant to section 299F.852. If the state fire marshal determines that another state has enacted reduced cigarette ignition propensity standards that include a test method and performance standard that are the same as those contained in this subdivision, and the state fire marshal finds that the officials responsible for implementing those requirements have approved the proposed alternative test method and performance standard for a particular cigarette proposed by a manufacturer as meeting the fire safety standards of that state's law or regulation under a legal provision comparable to this subdivision, then the state fire marshal shall authorize that manufacturer to employ the alternative test method and performance standard to certify that cigarette for sale in this state, unless the state fire marshal demonstrates a reasonable basis why the alternative test should not be accepted under sections 299F.850 to 299F.858. All other applicable requirements of this section apply to the manufacturer.

Subd. 4. **Civil penalty.** Each manufacturer shall maintain copies of the reports of all tests conducted on all cigarettes offered for sale for a period of three years, and shall make copies of these reports available to the state fire marshal and the attorney general upon written request. Any manufacturer who fails to make copies of these reports available within 60 days of receiving a written request is subject to a civil penalty not to exceed \$10,000 for each day after the 60th day that the manufacturer does not make such copies available.

Subd. 5. **Future ASTM Standards.** The state fire marshal may adopt a subsequent ASTM Standard Test Method for Measuring the Ignition Strength of Cigarettes upon a finding that the subsequent method does not result in a change in the percentage of full-length burns exhibited by any tested cigarette when compared to the percentage of full-length burns the same cigarette would exhibit when tested in accordance with ASTM Standard E2187-04 and the performance standard in subdivision 1, paragraph (d).

Subd. 6. **Report to legislature.** The state fire marshal shall review the effectiveness of this section and report findings every three years to the legislature and, if appropriate, make recommendations for legislation to improve the effectiveness of this section. The report and legislative recommendations must be submitted no later than January 2 of each three-year period.

Subd. 7. **Inventory before state standards.** The requirements of subdivision 1 do not prohibit wholesale or retail dealers from selling their existing inventory of cigarettes on or after the effective date of this section if the wholesale or retail dealer can establish that state tax stamps were affixed to the cigarettes before the effective date of this section, and if the wholesale or retail dealer can establish that the inventory was purchased before the effective date of this section in comparable quantity to the inventory purchased during the same period of the previous year.

Subd. 8. **Implementation.** This section must be implemented in accordance with the implementation and substance of the New York "Fire Safety Standards for Cigarettes."

EFFECTIVE DATE. This section is effective the first day of the 19th month following the date of its final enactment.

Sec. 9. **[299F.852] CERTIFICATION AND PRODUCT CHANGE.**

Subdivision 1. Attestation. Each manufacturer shall submit to the state fire marshal a written certification attesting that:

(1) each cigarette listed in the certification has been tested in accordance with section 299F.851; and

(2) each cigarette listed in the certification meets the performance standard set forth in section 299F.851, subdivision 1, paragraph (d).

Subd. 2. Description. Each cigarette listed in the certification must be described with the following information:

(1) brand, or trade name on the package;

(2) style, such as light or ultra light;

(3) length in millimeters;

(4) circumference in millimeters;

(5) flavor, such as menthol or chocolate, if applicable;

(6) filter or nonfilter;

(7) package description, such as soft pack or box;

(8) marking approved in accordance with section 299F.853;

(9) the name, address, and telephone number of the laboratory, if different than the manufacturer that conducted the test; and

(10) the date that the testing occurred.

Subd. 3. Information availability. The certifications must be made available to the attorney general for purposes consistent with this section and the commissioner of revenue for the purposes of ensuring compliance with this subdivision.

Subd. 4. Recertification. Each cigarette certified under this subdivision must be recertified every three years.

Subd. 5. Fee. For each cigarette listed in a certification, a manufacturer shall pay to the state fire marshal a \$250 fee, to be deposited into a dedicated account in the fire marshal's budget.

Subd. 6. Retesting. If a manufacturer has certified a cigarette pursuant to this section, and thereafter makes any change to the cigarette that is likely to alter its compliance with the reduced cigarette ignition propensity standards required by sections 299F.850 to 299F.858, that cigarette must not be sold or offered for sale in this state until the manufacturer retests the cigarette in accordance with the testing standards set forth in section 299F.851 and maintains records of that retesting as required by section 299F.851. Any altered cigarette that does not meet the performance standard set forth in section 299F.851 may not be sold in this state.

EFFECTIVE DATE. This section is effective the first day of the 19th month following the date of its final enactment.

Sec. 10. **[299F.853] MARKING AND CIGARETTE PACKAGING.**

(a) Cigarettes that are certified by a manufacturer in accordance with section 299F.852 must be marked to indicate compliance with the requirements of section 299F.851. The marking must be in eight-point type or larger and consist of:

(1) modification of the product UPC code to include a visible mark printed at or around the area of the UPC code, which may consist of alphanumeric or symbolic characters permanently stamped, engraved, embossed, or printed in conjunction with the UPC;

(2) any visible combination of alphanumeric or symbolic characters permanently stamped, engraved, or embossed upon the cigarette package or cellophane wrap; or

(3) printed, stamped, engraved, or embossed text that indicates that the cigarettes meet the standards of sections 299F.850 to 299F.858.

(b) A manufacturer shall use only one marking and shall apply this marking uniformly for all brands marketed by that manufacturer and all packages, including but not limited to packs, cartons, and cases.

(c) The state fire marshal must be notified as to the marking that is selected.

(d) Prior to the certification of any cigarette, a manufacturer shall present its proposed marking to the state fire marshal for approval. Upon receipt of the request, the state fire marshal shall approve or disapprove the marking offered, except that the state fire marshal shall approve any marking in use and approved for sale in New York pursuant to the New York "Fire Safety Standards for Cigarettes." Proposed markings are deemed approved if the state fire marshal fails to act within ten business days of receiving a request for approval.

(e) No manufacturer shall modify its approved marking unless the modification has been approved by the state fire marshal in accordance with this section.

(f) Manufacturers certifying cigarettes in accordance with section 299F.852 shall provide a copy of the certifications to all wholesale dealers and agents to which they sell cigarettes, and shall also provide sufficient copies of an illustration of the package marking utilized by the manufacturer pursuant to this section for each retail dealer to which the wholesale dealers or agents sell cigarettes. Wholesale dealers and agents shall provide a copy of these package markings received from manufacturers to all retail dealers to whom they sell cigarettes. Wholesale dealers, agents, and retail dealers shall permit the state fire marshal, the commissioner of revenue, the attorney general, and their employees to inspect markings of cigarette packaging marked in accordance with this section.

EFFECTIVE DATE. This section is effective the first day of the 19th month following the date of its final enactment.

Sec. 11. **[299F.854] PENALTIES AND REMEDIES.**

Subdivision 1. **Wholesale.** (a) A manufacturer, wholesale dealer, agent, or any other person or entity who knowingly sells or offers to sell cigarettes, other than through retail sale, in violation of section 299F.851 is liable to a civil penalty:

(1) for a first offense, not to exceed \$10,000 per each sale of such cigarettes; and

(2) for a subsequent offense, not to exceed \$25,000 per each sale of such cigarettes.

(b) However, the penalty against any such person or entity for a violation under paragraph (a) must not exceed \$100,000 during any 30-day period.

Subd. 2. **Retail.** (a) A retail dealer who knowingly sells cigarettes in violation of section 299F.851 is liable to a civil penalty:

(1) for a first offense, not to exceed \$500, and for a subsequent offense, not to exceed \$2,000, per each sale or offer for sale of such cigarettes, if the total number sold or offered for sale does not exceed 1,000 cigarettes; or

(2) for a first offense, not to exceed \$1,000, and for a subsequent offense, not to exceed \$5,000, per each sale or offer for sale of such cigarettes, if the total number sold or offered for sale exceeds 1,000 cigarettes.

(b) However, the penalty against any retail dealer must not exceed \$25,000 during any 30-day period.

Subd. 3. **False certification.** In addition to any penalty prescribed by law, any corporation, partnership, sole proprietor, limited partnership, or association engaged in the manufacture of cigarettes that knowingly makes a false certification pursuant to subdivision 3 is, for a first offense, liable to a civil penalty of at least \$75,000, and for a subsequent offense a civil penalty not to exceed \$250,000 for each false certification.

Subd. 4. **Violation of other provision.** Any person violating any other provision in sections 299F.850 to 299F.858 is liable to a civil penalty for a first offense not to exceed \$1,000, and for a subsequent offense a civil penalty not to exceed \$5,000, for each violation.

Subd. 5. **Forfeiture.** Cigarettes that have been sold or offered for sale that do not comply with the performance standard required by section 299F.851 are subject to forfeiture under section 297F.21 and, upon judgment of forfeiture, must be destroyed; provided, however, that before destroying any cigarettes seized in accordance with section 297F.21, which seizure is hereby authorized, the true holder of the trademark rights in the cigarette brand must be permitted to inspect the cigarette.

Subd. 6. **Remedies.** In addition to any other remedy provided by law, the state fire marshal or attorney general may institute a civil action in district court for a violation of this section, including petitioning for injunctive relief or to recover any costs or damages suffered by the state because of a violation under this section, including enforcement costs relating to the specific violation and attorney fees. Each violation of sections 299F.850 to 299F.858 or of rules adopted under sections 299F.850 to 299F.858 constitutes a separate civil violation for which the state fire marshal or attorney general may obtain relief.

EFFECTIVE DATE. This section is effective the first day of the 19th month following the date of its final enactment.

Sec. 12. [299F.855] IMPLEMENTATION.

Subdivision 1. **Rules.** The commissioner of public safety, in consultation with the state fire marshal, may adopt rules, pursuant to chapter 14, necessary to effectuate the purposes of sections 299F.850 to 299F.858.

Subd. 2. **Commissioner of revenue.** The commissioner of revenue in the regular course of conducting inspections of wholesale dealers, agents, and retail dealers, as authorized under chapter 297F, may inspect cigarettes to determine if the cigarettes are marked as required by section 299F.853. If the cigarettes are not marked as required, the commissioner of revenue shall notify the state fire marshal.

EFFECTIVE DATE. This section is effective the first day of the 19th month following the date of its final enactment.

Sec. 13. **[299F.856] INSPECTION.**

To enforce sections 299F.850 to 299F.858, the attorney general and the state fire marshal may examine the books, papers, invoices, and other records of any person in possession, control, or occupancy of any premises where cigarettes are placed, stored, sold, or offered for sale, as well as the stock of cigarettes on the premises. Every person in the possession, control, or occupancy of any premises where cigarettes are placed, sold, or offered for sale is hereby directed and required to give the attorney general and the state fire marshal the means, facilities, and opportunity for the examinations authorized by this section.

EFFECTIVE DATE. This section is effective the first day of the 19th month following the date of its final enactment.

Sec. 14. **[299F.858] SALE OUTSIDE OF MINNESOTA.**

Sections 299F.850 to 299F.858 do not prohibit any person or entity from manufacturing or selling cigarettes that do not meet the requirements of section 299F.851 if the cigarettes are or will be stamped for sale in another state or are packaged for sale outside the United States and that person or entity has taken reasonable steps to ensure that such cigarettes will not be sold or offered for sale to persons located in Minnesota.

EFFECTIVE DATE. This section is effective the first day of the 19th month following the date of its final enactment.

Sec. 15. Minnesota Statutes 2006, section 325E.21, is amended to read:

325E.21 DEALERS IN ~~WIRE AND CABLE~~ SCRAP METAL; RECORDS AND, REPORTS, AND REGISTRATION.

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

(b) "Person" means an individual, partnership, limited partnership, limited liability company, corporation, or other entity.

(c) "Scrap metal" means:

(1) wire and cable commonly and customarily used by communication and electric utilities; and

(2) copper, aluminum, or any other metal purchased primarily for its reuse or recycling value as raw metal, including metal that is combined with other materials at the time of purchase.

(d) "Scrap metal dealer" or "dealer" means a person engaged in the business of buying and selling scrap metal, but does not include a person engaged exclusively in the business of buying or selling new or used motor vehicles or motor vehicle parts, paper or wood products, rugs or furniture, or secondhand machinery.

(e) "Municipality" means any town, home rule charter or statutory city, or county that has one or more scrap metal dealers within its jurisdiction.

(f) "Law enforcement agency" means a duly authorized municipal, county, state, or federal law enforcement agency.

~~Subdivision 1. Subd. 1a. **Purchase or acquisition record required.** (a) Every person, firm or corporation scrap metal dealer, including an agent, employee, or representative thereof of the dealer, engaging in the business of buying and selling wire and cable commonly and customarily used by communication and electric utilities shall keep a written record, in the English language, legibly written in ink or typewriting, at the time of each purchase or acquisition, of scrap metal. The record must include:~~

~~(1) an accurate account or description, including the weight if customarily purchased by weight, of such wire and cable commonly and customarily used by communication and electric utilities, the scrap metal purchased or acquired;~~

~~(2) the date, time, and place of the receipt of the same;~~

~~(3) the name and address of the person selling or delivering the same and;~~

~~(4) the number of the check used to purchase the scrap metal;~~

~~(5) the number of the person's driver's license of such person, Minnesota identification card number, or other identification document number of an identification document issued for identification purposes by any state, federal, or foreign government if the document includes the applicant's photograph, full name, birth date, and signature; and~~

~~(6) the license plate number and description of the vehicle used by the person when delivering the scrap metal, and any identifying marks on the vehicle, such as a business name, decals, or markings, if applicable.~~

~~Such (b) The record, as well as such wire and cable commonly and customarily used by communication and electric utilities the scrap metal purchased or received, shall at all reasonable times be open to the inspection of any sheriff or deputy sheriff of the county, or of any police officer in any incorporated city or statutory city, in which such business may be carried on law enforcement agency.~~

~~Such (c) The person shall not be required to furnish or keep such record of any property purchased from merchants, manufacturers or wholesale dealers, having an established place of business, or of any goods purchased at open sale from any bankrupt stock, but a bill of sale or other evidence of open or legitimate purchase of such the property shall be obtained and kept by such the person which must be shown upon demand to the sheriff or deputy sheriff of the county, or to any police officer in any incorporated city or statutory city, in which such business may be carried on. The provisions of this subdivision and of subdivision 2 shall not apply to or include any person, firm or corporation engaged exclusively in the business of buying or selling motor vehicles, new or used, paper or wood products, rugs or furniture, secondhand machinery any law enforcement agency.~~

~~(d) Except as otherwise provided in this section, a scrap metal dealer may not disclose personal information concerning a customer without the customer's consent unless the disclosure is made in response to a request from a law enforcement agency. For purposes of this paragraph, "personal information" is any individually identifiable information gathered in connection with a record under paragraph (a). Data collected by a law enforcement agency under this paragraph are private data on individuals to the extent that it would reveal the identity of persons who are customers of a scrap metal dealer, and public data to the extent that it describes property in a regulated transaction with a scrap metal dealer.~~

~~Subd. 2. **Sheriff's copy of record required.** It shall be the duty of every such person, firm or corporation defined in subdivision 1 hereof, to make out and to deliver or mail to the office of the sheriff of the county in which business is conducted, not later than the second business day of each week, a legible and correct copy of the record required in subdivision 1 of the entries during the preceding week. In the event such person, firm or corporation has not made any purchases or acquisitions required to be recorded under subdivision 1 hereof during the preceding week no report need be submitted to the sheriff under this subdivision.~~

~~Subd. 3.~~ **Retention required.** Records required to be maintained by subdivision ~~4 hereof~~ 1a shall be retained by the person making them for a period of three years.

Subd. 3. **Payment by check required.** A scrap metal dealer shall pay for all scrap metal purchases only by check for purchases greater than \$100. For purposes of this section, "check" means a check, draft, or other negotiable or nonnegotiable order of withdrawal which is drawn against funds held by a financial institution.

Subd. 4. **Video security cameras required.** (a) The scrap metal dealer shall install and maintain at each licensed location video surveillance cameras, still digital cameras, or similar devices positioned to record or photograph a frontal view showing the face of each seller or prospective seller of scrap metal who enters the licensed location. The scrap metal dealer shall also photograph the seller's or prospective seller's vehicle, including license plate, either by video camera or still digital camera, so that an accurate and complete description of it may be obtained from the recordings made by the cameras. The video camera or still digital camera must be kept in operating condition. The camera must record and display the accurate date and time. The video camera must be turned on at all times when the licensed location is open for business and at any other time when scrap metal is purchased.

(b) If the scrap metal dealer does not purchase some or any scrap metal at a specific business location, the dealer need not comply with this subdivision with respect to those purchases.

Subd. 5. **Registration required.** Every scrap metal dealer must register with, pay an annual fee of \$50 to, and actively participate in, the Minnesota Crime Alert Network under the Minnesota Bureau of Criminal Apprehension. The scrap metal dealer also must implement aggressive management practices to minimize the purchase of stolen materials. Scrap processors should develop a training program for scale operators and receiving personnel on how to identify suspicious materials.

Subd. 6. **Criminal penalty.** A scrap metal dealer, or the agent, employee, or representative of the dealer, who, without complying with this section, buys or receives any scrap metal that the dealer knows or reasonably should know is ordinarily used by or ordinarily belongs to a railroad or other transportation, telephone, telegraph, gas, water or electric company, utility, or county, city, or other political subdivision of this state engaged in furnishing public utility service, is guilty of a gross misdemeanor.

Subd. 7. **Exemption.** A scrap metal dealer may purchase aluminum cans without complying with subdivisions 1a to 5.

Subd. 8. **Property held by law enforcement.** (a) Whenever a law enforcement official from any agency has reason to believe that property in the possession of a dealer is stolen or is evidence of a crime and notifies a dealer not to sell an item, the item must not be sold or removed from the premises. The investigative hold must be made within 72 hours and remains in effect for not more than 90 days from the date of initial notification, or until the investigative order is canceled, or until an order to confiscate is issued, whichever comes first.

(b) If an item is identified as stolen or evidence in a criminal case, the law enforcement official may:

(1) physically confiscate and remove it from the dealer, pursuant to a written order from the law enforcement official; or

(2) place the item on hold or extend the hold as provided in this section and leave it in the shop.

(c) When an item is confiscated, the person doing so shall provide identification upon request of the dealer, and shall provide the dealer the name and telephone number of the confiscating agency and investigator, and the case number related to the confiscation.

(d) A dealer may request confiscated property be returned in accordance with section 626.04.

(e) When an order to hold or confiscate is no longer necessary, the law enforcement official shall so notify the dealer.

EFFECTIVE DATE. This section is effective August 1, 2007.

Sec. 16. Minnesota Statutes 2006, section 609.135, is amended by adding a subdivision to read:

Subd. 9. **Random searches.** (a) This subdivision applies to offenders who are convicted of a violent crime, as defined in section 609.1095, involving the sale, use, or possession of a controlled substance or a dangerous weapon.

(b) When an offender is placed on probation, the offender, as a condition of being released on probation, consents to a search of the offender's person and any motor vehicle driven by the offender. The search may be conducted on demand by any probation officer or peace officer.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 17. Minnesota Statutes 2006, section 641.05, is amended to read:

641.05 RECORD OF INMATES; RETURN TO COURT.

(a) Every sheriff shall, at the expense of the county, maintain a permanent record of all persons committed to any jail under the sheriff's charge. It shall contain the name of every person committed, by what authority, residence, date of commitment, and, if for a criminal offense, a description of the person, when and by what authority liberated, and, in case of escape, the time and manner thereof. At the opening of each term of district court the sheriff shall make a certified transcript therefrom to such court, showing all cases therein not previously disposed of.

(b) Upon intake into the jail facility, the name of the committed person shall be checked against the Bureau of Criminal Apprehension predatory offender registration database to determine whether the person is a registered offender. In the event that the person is registered, the sheriff or designee shall notify the bureau of the person's admission into the jail facility. At the time of discharge from the facility, the sheriff or designee will provide the person with a change of information form for the purposes of reporting the address where the person will be living upon release from the facility. Every sheriff who intentionally neglects or refuses to so report shall be guilty of a gross misdemeanor.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 18. **REPEAL BY PREEMPTION.**

Minnesota Statutes, sections 299F.850 to 299F.858, are repealed if a federal reduced cigarette ignition propensity standard that preempts this act is adopted and becomes effective.

EFFECTIVE DATE. This section is effective July 1, 2007.

ARTICLE 9

EMERGENCY COMMUNICATIONS

Section 1. Minnesota Statutes 2006, section 403.07, subdivision 4, is amended to read:

Subd. 4. **Use of furnished information.** (a) Names, addresses, and telephone numbers provided to a 911 system under subdivision 3 are private data and may be used only ~~for identifying:~~ (1) to identify the location or identity, or both, of a person calling a 911 public safety answering point; or (2) by a public safety answering point to notify the public of an emergency. The information furnished under subdivision 3 may not be used or disclosed by 911 system agencies, their agents, or their employees for any other purpose except under a court order.

(b) For purposes of paragraph (a), the term "emergency" means a situation in which property or human life is in jeopardy and the prompt notification of the public by the public safety answering point is essential.

(c) A telecommunications service provider that participates or cooperates with the public safety answering point in the notification of the public is exempt from liability pursuant to section 403.07, subdivision 5.

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

Sec. 2. Minnesota Statutes 2006, section 403.11, subdivision 1, is amended to read:

Subdivision 1. **Emergency telecommunications service fee; account.** (a) Each customer of a wireless or wire-line switched or packet-based telecommunications service provider connected to the public switched telephone network that furnishes service capable of originating a 911 emergency telephone call is assessed a fee based upon the number of wired or wireless telephone lines, or their equivalent, to cover the costs of ongoing maintenance and related improvements for trunking and central office switching equipment for 911 emergency telecommunications service, to offset administrative and staffing costs of the commissioner related to managing the 911 emergency telecommunications service program, to make distributions provided for in section 403.113, and to offset the costs, including administrative and staffing costs, incurred by the State Patrol Division of the Department of Public Safety in handling 911 emergency calls made from wireless phones.

(b) Money remaining in the 911 emergency telecommunications service account after all other obligations are paid must not cancel and is carried forward to subsequent years and may be appropriated from time to time to the commissioner to provide financial assistance to counties for the improvement of local emergency telecommunications services. The improvements may include providing access to 911 service for telecommunications service subscribers currently without access and upgrading existing 911 service to include automatic number identification, local location identification, automatic location identification, and other improvements specified in revised county 911 plans approved by the commissioner.

(c) The fee may not be less than eight cents nor more than 65 cents a month until June 30, 2008, not less than eight cents nor more than 75 cents a month until June 30, 2009, not less than eight cents nor more than 85 cents a month until June 30, 2010, and not less than eight cents nor more than 95 cents a month on or after July 1, 2010, for each customer access line or other basic access service, including trunk equivalents as designated by the Public Utilities Commission for access charge purposes and including wireless telecommunications services. With the approval of the commissioner of finance, the commissioner of public safety shall establish the amount of the fee within the limits specified and inform the companies and carriers of the amount to be collected. When the revenue bonds authorized under section 403.27, subdivision 1, have been fully paid or defeased, the commissioner shall reduce the fee to reflect that debt service on the bonds is no longer needed. The commissioner shall provide companies and carriers a minimum of 45 days' notice of each fee change. The fee must be the same for all customers.

(d) The fee must be collected by each wireless or wire-line telecommunications service provider subject to the fee. Fees are payable to and must be submitted to the commissioner monthly before the 25th of each month following the month of collection, except that fees may be submitted quarterly if less than \$250 a month is due, or annually if less than \$25 a month is due. Receipts must be deposited in the state treasury and credited to a 911 emergency telecommunications service account in the special revenue fund. The money in the account may only be used for 911 telecommunications services.

(e) This subdivision does not apply to customers of interexchange carriers.

(f) The installation and recurring charges for integrating wireless 911 calls into enhanced 911 systems are eligible for payment by the commissioner if the 911 service provider is included in the statewide design plan and the charges are made pursuant to contract.

(g) Competitive local exchanges carriers holding certificates of authority from the Public Utilities Commission are eligible to receive payment for recurring 911 services.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 3. Minnesota Statutes 2006, section 403.11, is amended by adding a subdivision to read:

Subd. 1a. **Fee collection declaration.** If the commissioner disputes the accuracy of a fee submission or if no fees are submitted by a wireless, wire-line, or packet-based telecommunications service provider, the wireless, wire-line, or packet-based telecommunications service provider shall submit a sworn declaration signed by an officer of the company certifying, under penalty of perjury, that the information provided with the fee submission is true and correct. The sworn declaration must specifically describe and affirm that the 911 fee computation is complete and accurate. When a wireless, wire-line, or packet-based telecommunications service provider fails to provide a sworn declaration within 90 days of notice by the commissioner that the fee submission is disputed, the commissioner may estimate the amount due from the wireless, wire-line, or packet-based telecommunications service provider and refer that amount for collection under section 16D.04.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 4. Minnesota Statutes 2006, section 403.11, is amended by adding a subdivision to read:

Subd. 1b. **Fee audit.** If the commissioner determines that an audit is necessary to document the fee submission and sworn declaration in subdivision 1a, the wireless, wire-line, or packet-based telecommunications service provider must contract with an independent certified public accountant to conduct an audit. The audit must be conducted in accordance with generally accepted auditing standards.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 5. Minnesota Statutes 2006, section 403.31, subdivision 1, is amended to read:

~~Subdivision 1. **Allocation of operating costs.** The current costs of the board in implementing the regionwide public safety radio communication plan system and the first and second phase systems shall be allocated among and paid by the following users, all in accordance with the regionwide public safety radio system communication plan adopted by the board:~~

~~(1) the state of Minnesota for its operations using the system in the metropolitan counties;~~

~~(2) all local government units using the system; and~~

~~(3) other eligible users of the system.~~ (a) The ongoing costs of the commissioner not otherwise appropriated in operating the statewide public safety radio communication system shall be allocated among and paid by the following users, all in accordance with the statewide public safety radio communication system plan under section 403.36:

(1) the state of Minnesota for its operations using the system;

(2) all local government units using the system; and

(3) other eligible users of the system.

(b) Each local government and other eligible users of the system shall pay to the commissioner all sums charged under this section, at the times and in the manner determined by the commissioner. The governing body of each local government shall take all action necessary to provide the money required for these payments and to make the payments when due.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 6. **REPEALER.**

Minnesota Statutes 2006, section 403.31, subdivision 6, is repealed.

EFFECTIVE DATE. This section is effective July 1, 2007."

Delete the title and insert:

"A bill for an act relating to relating to state government; appropriating money for public safety and corrections initiatives, courts, public defenders, tax court, Uniform Laws Commission and Board on Judicial Standards; providing certain general criminal and sentencing provisions; regulating DWI and driving provisions; modifying or establishing various provisions relating to public safety; regulating corrections, the courts, and emergency communications; regulating scrap metal dealers; modifying certain law enforcement, insurance, and public defense provisions; establishing reduced ignition propensity standards for cigarettes; providing conditional repeals of certain laws; providing penalties; amending Minnesota Statutes 2006, sections 2.722, subdivision 1; 3.732, subdivision 1; 3.736, subdivision 1; 13.87, subdivision 1; 15A.083, subdivision 4; 16A.72; 16B.181, subdivision 2; 16C.23, subdivision 2; 169A.275, by adding a subdivision; 169A.51, subdivision 7; 171.12, by adding a subdivision; 171.55; 241.016, subdivision 1; 241.018; 241.27, subdivisions 1, 2, 3, 4; 241.278; 241.69, subdivisions 3, 4; 243.167, subdivision 1; 244.05, by adding a subdivision; 260C.193, subdivision 6; 270A.03, subdivision 5; 299A.641, subdivision 2; 299C.65, subdivisions 2, 5; 302A.781, by adding a subdivision; 325E.21; 352D.02, subdivision 1; 363A.06, subdivision 1; 383A.08, subdivisions 6, 7; 401.15, subdivision 1; 403.07, subdivision 4; 403.11, subdivision 1, by adding subdivisions; 403.31, subdivision 1; 484.54, subdivision 2; 484.83; 504B.361, subdivision 1; 518.165, subdivisions 1, 2; 518A.35, subdivision 3; 518B.01, subdivisions 6a, 22; 549.09, subdivision 1; 563.01, by adding a subdivision; 590.05; 595.02, subdivision 1; 609.02, subdivision 16; 609.135, subdivision 8, by adding a subdivision; 609.21, subdivisions 1, 4a, 5, by adding subdivisions; 609.341, subdivision 11; 609.344, subdivision 1; 609.345, subdivision 1; 609.3451, subdivision 3; 609.3455, subdivision 4, by adding a subdivision; 609.352; 609.505, subdivision 2; 609.535, subdivision 2a; 609.581, by adding subdivisions; 609.582, subdivision 2; 609.595, subdivisions 1, 2; 609.748, subdivisions 1, 5; 611.14; 611.20, subdivision 6; 611.215, subdivisions 1, 1a; 611.23; 611.24; 611.25, subdivision 1; 611.26, subdivisions 2, 7; 611.27, subdivisions 3, 13, 15; 611.35; 611A.036, subdivisions 2, 7; 611A.675, subdivisions 1, 2, 3, 4, by adding a subdivision; 634.15, subdivisions 1, 2; 641.05; 641.15, by adding a subdivision; 641.265, subdivision 2; Laws 2001, First Special Session chapter 8, article 4, section 4; Laws 2003, First Special Session chapter 2, article 1, section 2; proposing coding for new law in Minnesota Statutes, chapters 72A; 171; 241; 299A; 299F; 357; 484; 504B; 540; 604; 609; 611A; repealing Minnesota Statutes 2006, sections 169.796, subdivision 3; 241.021, subdivision 5; 241.85, subdivision 2; 260B.173; 403.31, subdivision 6; 480.175, subdivision 3; 609.21, subdivisions 2, 2a, 2b, 3, 4; 609.805; 611.20, subdivision 5; Laws 2005, First Special Session chapter 6, article 3, section 91."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 1078, A bill for an act relating to health; modifying the hospital public interest review; modifying the alternative approval process; amending Minnesota Statutes 2006, sections 144.50, by adding subdivisions; 144.552; 144.553, subdivision 3; 144.699, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2006, section 144.50, is amended by adding a subdivision to read:

Subd. 1a. **Community benefit.** "Community benefit" means the costs of community care, underpayment for services provided under state health care programs, research costs, community health services costs, financial and in-kind contributions, costs of community building activities, costs of community benefit operations, education and the cost of operating subsidized services. The cost of bad debts and underpayment for Medicare services are not included in the calculation of community benefit.

Sec. 2. Minnesota Statutes 2006, section 144.50, is amended by adding a subdivision to read:

Subd. 1b. **Community care.** "Community care" means the costs for medical care for which a hospital has determined is charity care, as defined under Minnesota Rules, part 4650.0115 or for which the hospital determines after billing for the services that there is a demonstrated inability to pay. Any costs forgiven under a hospital's community care plan or under section 62J.83 may be counted in the hospital's calculation of community care. Bad debt expenses and discounted charges available to the uninsured shall not be included in the calculation of community care. The amount of community care is the value of costs incurred and not the charges made for services.

Sec. 3. Minnesota Statutes 2006, section 144.552, is amended to read:

144.552 PUBLIC INTEREST REVIEW.

(a) The following entities must submit a plan to the commissioner:

(1) a hospital seeking to increase its number of licensed beds; or

(2) an organization seeking to obtain a hospital license and notified by the commissioner under section 144.553, subdivision 1, paragraph (c), that it is subject to this section.

The plan must include information that includes an explanation of how the expansion will meet the public's interest. When submitting a plan to the commissioner, an applicant shall pay the commissioner for the commissioner's cost of reviewing and monitoring the plan, as determined by the commissioner and notwithstanding section 16A.1283. Money received by the commissioner under this section is appropriated to the commissioner for the purpose of administering this section.

(b) Plans submitted under this section shall include detailed information necessary for the commissioner to review the plan and reach a finding. The commissioner may request additional information from the hospital submitting a plan under this section and from others affected by the plan that the commissioner deems necessary to review the plan and make a finding.

(c) The commissioner shall review the plan and, within 90 days, but no more than six months if extenuating circumstances apply, issue a finding on whether the plan is in the public interest. In making the recommendation, the commissioner shall consider issues including but not limited to:

(1) whether the new hospital or hospital beds are needed to provide timely access to care or access to new or improved services;

(2) the financial impact of the new hospital or hospital beds on existing acute-care hospitals that have emergency departments in the region;

(3) how the new hospital or hospital beds will affect the ability of existing hospitals in the region to maintain existing staff;

(4) the extent to which the new hospital or hospital beds will provide services to nonpaying or low-income patients relative to the level of services provided to these groups by existing hospitals in the region; and

(5) the views of affected parties.

(d) If the plan is being submitted by an existing hospital seeking authority to construct a new hospital, the commissioner shall also consider:

(1) the ability of the applicant to maintain the applicant's current level of community benefit at the existing facility; and

(2) the impact on the workforce at the existing facility including the applicant's plan for:

(i) transitioning current workers to the new facility;

(ii) retraining and employment security for current workers; and

(iii) addressing the impact of layoffs at the existing facility on affected workers.

(e) Prior to making a recommendation, the commissioner shall conduct a public hearing in the affected hospital service area to take testimony from interested persons.

~~(f)~~ (f) Upon making a recommendation under paragraph (c), the commissioner shall provide a copy of the recommendation to the chairs of the house and senate committees having jurisdiction over health and human services policy and finance.

(g) If an exception to the moratorium is approved under section 144.551 after a review under this section, the commissioner shall monitor the implementation of the exception up to completion of the construction project. Thirty days after completion of the construction project, the hospital shall submit to the commissioner a report on how the construction has met the provisions of the plan originally submitted under the public interest review process or a plan submitted pursuant to section 144.551, subdivision 1, paragraph (b), clause (20).

Sec. 4. Minnesota Statutes 2006, section 144.553, subdivision 3, is amended to read:

Subd. 3. **Process when hospital need is determined.** (a) If the commissioner determines that a new hospital is needed in the proposed service area, the commissioner shall notify the applicants of that finding and shall select the applicant determined under the process established in this subdivision to be best able to provide services consistent with the review criteria established in this subdivision.

(b) The commissioner shall:

(1) determine market-specific criteria that shall be used to evaluate all proposals. The criteria must include standards regarding:

- (i) access to care;
- (ii) quality of care;
- (iii) cost of care; and
- (iv) overall project feasibility;

(2) establish additional criteria at the commissioner's discretion. In establishing the criteria, the commissioner shall consider the need for:

(i) mental health services in the service area, including both inpatient and outpatient services for adults, adolescents, and children;

(ii) a significant commitment to providing uncompensated care, including discounts for uninsured patients and coordination with other providers of care to low-income uninsured persons; and

(iii) coordination with other hospitals so that specialized services are not unnecessarily duplicated and are provided in sufficient volume to ensure the maintenance of high-quality care; and

(3) define a service area for the proposed hospital. The service area shall consist of:

(i) in the 11-county metropolitan area, in St. Cloud, and in Duluth, the zip codes located within a 20-mile radius of the proposed new hospital location; and

(ii) in the remainder of the state, the zip codes within a 30-mile radius of the proposed new hospital location.

(c) If the plan is being submitted by an existing hospital, the commissioner shall also consider:

(1) the ability of the applicant to maintain the applicant's current level of community benefit at the existing facility; and

(2) the impact on the workforce at the existing facility including the applicant's plan for:

(i) transitioning current workers to the new facility;

(ii) retraining and employment security for current workers; and

(iii) addressing the impact of layoffs at the existing facility on affected workers.

(d) The commissioner shall publish the criteria determined under ~~paragraph~~ paragraphs (b) and (c) in the State Register within 60 days of the determination under subdivision 2. Once published, the criteria shall not be modified with respect to the particular project and applicants to which they apply. The commissioner shall publish with the criteria guidelines for a proposal and submission review process.

~~(d)~~ (e) For 60 days after the publication under paragraph ~~(e)~~ (d), the commissioner shall accept proposals to construct a hospital from organizations that have submitted a letter of intent under subdivision 1, paragraph (a), or have notified the commissioner under subdivision 1, paragraph (b). The proposal must include a plan for the new hospital and evidence of compliance with the criteria specified under ~~paragraph paragraphs~~ (b) and (c). Once submitted, the proposal may not be revised except:

(1) to submit corrections of material facts; or

(2) in response to a request from the commissioner to provide clarification or further information.

~~(e)~~ (f) The commissioner shall determine within 90 days of the deadline for applications under paragraph ~~(d)~~ (e), which applicant has demonstrated that it is best able to provide services consistent with the published criteria. The commissioner shall make this determination by order following a hearing according to this paragraph. The hearing shall not constitute or be considered to be a contested case hearing under chapter 14 and shall be conducted solely under the procedures specified in this paragraph. The hearing shall commence upon at least 30 days' notice to the applicants by the commissioner. The hearing may be conducted by the commissioner or by a person designated by the commissioner. The designee may be an administrative law judge. The purpose of the hearing shall be to receive evidence to assist the commissioner in determining which applicant has demonstrated that it best meets the published criteria.

The parties to the hearing shall consist only of those applicants who have submitted a completed application. Each applicant shall have the right to be represented by counsel, to present evidence deemed relevant by the commissioner, and to examine and cross-examine witnesses. Persons who are not parties to the proceeding but who wish to present comments or submit information may do so in the manner determined by the commissioner or the commissioner's designee. Any person who is not a party shall have no right to examine or cross-examine witnesses. The commissioner may participate as an active finder of fact in the hearing and may ask questions to elicit information or clarify answers or responses.

~~(f)~~ (g) Prior to making a determination selecting an application, the commissioner shall hold a public hearing in the proposed hospital service area to accept comments from members of the public. The commissioner shall take this information into consideration in making the determination. The commissioner ~~may~~ shall appoint an advisory committee, including legislators and local elected officials who represent the service area and outside experts to assist in the recommendation process. The legislative appointees shall include, at a minimum, the chairs of the senate and house of representatives committees with jurisdiction over health care policy. The commissioner shall issue an order selecting an application following the closing of the record of the hearing as determined by the hearing officer. The commissioner's order shall include a statement of the reasons the selected application best meets the published criteria.

~~(g)~~ (h) Within 30 days following the determination under paragraph ~~(e)~~ (f), the commissioner shall recommend the selected proposal to the legislature.

(i) If an exception to the moratorium is approved under section 144.551 after a review under this section, the commissioner shall monitor the implementation of the exception up to completion of the construction project. Thirty days after completion of the construction project, the hospital shall submit to the commissioner a report on how the construction has met the provisions of the plan originally submitted under the public interest review process or a plan submitted pursuant to section 144.551, subdivision 1, paragraph (b), clause (20).

Sec. 5. Minnesota Statutes 2006, section 144.699, is amended by adding a subdivision to read:

Subd. 5. **Annual reports on community benefit, community care amounts, and state program underfunding.** For each hospital reporting health care cost information under section 144.698 or 144.702, the commissioner shall report annually on the hospital's community benefit, community care, and underpayment for

state public health care programs. For purposes of this subdivision, underpayment for services provided by state public health care programs is the difference between hospital costs and public program payments. The information shall be reported in terms of total dollars and as a percentage of total operating costs for each hospital."

Delete the title and insert:

"A bill for an act relating to health; modifying the hospital public interest review; modifying the alternative approval process; amending Minnesota Statutes 2006, sections 144.50, by adding subdivisions; 144.552; 144.553, subdivision 3; 144.699, by adding a subdivision."

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

H. F. No. 2227, A bill for an act relating to state government; appropriating money for agricultural, veterans, and military affairs purposes; establishing and modifying certain programs; modifying certain accounts and fees; amending Minnesota Statutes 2006, sections 17.03, subdivision 3; 17.101, subdivision 2; 17.102, subdivisions 1, 3, 4, by adding subdivisions; 17.117, subdivisions 5a, 5b; 18B.33, subdivision 1; 18B.34, subdivision 1; 18B.345; 18C.305, by adding a subdivision; 18E.03, subdivision 4; 28A.082, subdivision 1; 41B.043, subdivisions 2, 3, 4; 41B.047; 41B.055; 41B.06; 41C.05, subdivision 2; 168.1255, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 35; 41A; 192; repealing Minnesota Statutes 2006, sections 17.109; 18B.315; 18C.425, subdivision 5; 41B.043, subdivision 1a.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

AGRICULTURE AND VETERANS AFFAIRS APPROPRIATIONS

Section 1. **SUMMARY OF APPROPRIATIONS.**

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

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	<u>\$66,507,000</u>	<u>\$66,570,000</u>	<u>\$133,077,000</u>
<u>State Government Special Revenue</u>	<u>338,000</u>	<u>338,000</u>	<u>676,000</u>
<u>Remediation</u>	<u>388,000</u>	<u>388,000</u>	<u>776,000</u>
<u>Total</u>	<u>\$67,233,000</u>	<u>\$67,296,000</u>	<u>\$134,529,000</u>

Sec. 2. **AGRICULTURE AND VETERANS AFFAIRS APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for the fiscal year ending June 30, 2007, are effective the day following final enactment.

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Sec. 3. **DEPARTMENT OF AGRICULTURE**

Subdivision 1. **Total Appropriation** **\$45,274,000** **\$46,158,000**

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>44,886,000</u>	<u>45,770,000</u>
<u>Remediation</u>	<u>388,000</u>	<u>388,000</u>

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

Subd. 2. **Protection Services** **14,527,000** **13,995,000**

Appropriations by Fund

<u>General</u>	<u>14,139,000</u>	<u>13,607,000</u>
<u>Remediation</u>	<u>388,000</u>	<u>388,000</u>

\$388,000 the first year and \$388,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

\$600,000 the first year is for research, evaluation, and effectiveness monitoring of agricultural practices in restoring impaired waters. The funding must not be used to hire additional employees to perform these activities. This appropriation remains available until spent.

\$200,000 the first year and \$200,000 the second year are for clean water legacy technical assistance in the development of total maximum daily load (TMDL) plans.

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\$263,000 the first year and \$267,000 the second year are for additional invasive species control activities.

\$90,000 the first year and \$92,000 the second year are for additional meat inspection activities.

\$346,000 the first year and \$205,000 the second year are for electronic inspection system costs for dairy and food inspections.

\$120,000 the first year and \$123,000 the second year are for emergency planning activities.

\$141,000 the first year and \$143,000 the second year are for livestock premise identification activities that increase the state's ability to respond to animal health emergencies.

\$50,000 the first year is for export grain inspections at the Port of Duluth. This is a onetime appropriation.

Subd. 3. Agricultural Marketing and Development

7,712,000

5,086,000

\$186,000 the first year and \$186,000 the second year are for transfer to the Minnesota grown account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.102. Grants may be made for one year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2009, for Minnesota grown grants in this paragraph are available until June 30, 2011. \$50,000 of the appropriation in each year is for efforts that identify and promote Minnesota grown products in retail food establishments including but not limited to restaurants, grocery stores, and convenience stores. The balance in the Minnesota grown matching account in the agricultural fund is canceled to the Minnesota grown account in the agricultural fund and the Minnesota grown matching account is abolished.

\$160,000 the first year and \$160,000 the second year are for grants to farmers for demonstration projects involving sustainable agriculture as authorized in Minnesota Statutes, section 17.116. Of the amount for grants, up to \$20,000 may be used for dissemination of information about the demonstration projects. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2009, for sustainable agriculture grants in this paragraph are available until June 30, 2011.

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\$100,000 the first year and \$100,000 the second year are to provide training and technical assistance to county and town officials relating to livestock siting issues and local zoning and land use planning, including a checklist template that would clarify the federal, state, and local government requirements for consideration of an animal agriculture modernization or expansion project. In developing the training and technical assistance program, the commissioner may seek assistance from the local planning assistance center of the Department of Administration and shall seek guidance, advice, and support of livestock producer organizations, general agricultural organizations, local government associations, academic institutions, other government agencies, and others with expertise in land use and agriculture.

\$103,000 the first year and \$106,000 the second year are for additional integrated pest management activities.

\$2,700,000 the first year is for the agricultural best management practices loan program. At least \$2,160,000 is available for pass-through to local governments and lenders for low-interest loans.

\$100,000 the first year and \$100,000 the second year are for annual cost-share payments to resident farmers or persons who sell, process, or package agricultural products in this state for the costs of organic certification. Annual cost-share payments per farmer must be three-fourths of the cost of the certification or \$500, whichever is less. In any year that a resident farmer or person who sells, processes, or packages agricultural products in this state receives a federal organic certification cost-share payment, that resident farmer or person is not eligible for state cost-share payments. This appropriation is available until expended. The commissioner may allocate any excess appropriation in either fiscal year for organic producer education efforts, assistance for persons transitioning from conventional to organic agriculture, or sustainable agriculture demonstration grants authorized under Minnesota Statutes, section 17.116, and pertaining to organic research or demonstration.

Subd. 4. Bioenergy

16,368,000

19,568,000

\$15,168,000 the first year and \$15,168,000 the second year are for ethanol producer payments under Minnesota Statutes, section 41A.09. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make payments on a pro rata basis. If the appropriation exceeds the total amount for which all producers are

APPROPRIATIONS
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eligible in a fiscal year for scheduled payments and for deficiencies in payments during previous fiscal years, the balance in the appropriation is available to the commissioner for value-added agricultural programs, including the product processing and marketing grant program under Minnesota Statutes, section 17.101, subdivision 5. The appropriation remains available until spent.

\$4,400,000 the second year is for grants to bioenergy projects chosen by a majority vote of the NextGen Energy Board. The board shall award grants to owners of Minnesota facilities producing bioenergy or certain nongovernmental entities. For the purposes of this paragraph, "bioenergy" includes transportation fuels derived from cellulosic material as well as the generation of energy for commercial heat, industrial process heat, or electrical power from cellulosic material via gasification or other processes. The board must give priority to a bioenergy facility that is at least 60 percent owned and controlled by farmers, as defined in Minnesota Statutes, section 500.24, subdivision 2, paragraph (n), or natural persons residing in the county or counties contiguous to where the facility is located. Grants are limited to 50 percent of the cost of research, technical assistance, or equipment related to bioenergy production or \$500,000, whichever is less. Grants to nongovernmental entities for the development of business plans and structures related to community ownership of eligible bioenergy facilities together may not exceed \$150,000. The board shall make a good faith effort to select projects that have merit and when taken together represent a variety of bioenergy technologies, biomass feedstocks, and geographic regions of the state. Projects must have a qualified engineer certification on the technology and fuel source. Grantees shall provide reports at the request of the commissioner and must actively participate in the Agricultural Utilization Research Institute's bioenergy roundtable. No later than February 1, 2009, the commissioner shall report on the projects funded under this appropriation to the house and senate committees with jurisdiction over agriculture finance. The commissioner's costs in administering the program may be paid from the appropriation.

\$200,000 the first year is for a grant to the Minnesota Turf Seed Council for basic and applied agronomic research on native plants, including plant breeding, nutrient management, pest management, disease management, yield, and viability. The grant recipient may subcontract with a qualified third party for some or all of the basic or applied research. The grant recipient must actively participate in the Agricultural Utilization Research Institute's bioenergy roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

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\$200,000 the first year is for a grant to a joint venture combined heat and power energy facility located in Scott or LeSueur County for the creation of a centrally located biomass fuel supply depot with the capability of unloading, processing, testing, scaling, and storing renewable biomass fuels. The grant must be matched on at least a three-to-one basis with nonstate funds. The grant recipient must actively participate in the Agricultural Utilization Research Institute's bioenergy roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

\$200,000 the first year is for a grant to the Bois Forte Band of Chippewa for a feasibility study of a renewable energy biofuels demonstration facility on the Bois Forte Reservation in St. Louis and Koochiching Counties. The grant shall be used by the Bois Forte Band to conduct a detailed feasibility study of the economic and technical viability of developing a multistream renewable energy biofuels demonstration facility on Bois Forte Reservation land to utilize existing forest resources, woody biomass, and cellulosic material to produce biofuels or bioenergy. The grant recipient must actively participate in the Agricultural Utilization Research Institute's bioenergy roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

\$200,000 the first year is for a grant to the White Earth Band of Chippewa for a feasibility study of a renewable energy biofuels production, research, and production facility on the White Earth Reservation in Mahnomen County. The grant must be used by the White Earth Band and the University of Minnesota to conduct a detailed feasibility study of the economic and technical viability of (1) developing a multistream renewable energy biofuels demonstration facility on White Earth Reservation land to utilize existing forest resources, woody biomass, and cellulosic material to produce biofuels or bioenergy, and (2) developing, harvesting, and marketing native prairie plants and seeds for bioenergy production. The grant recipient must actively participate in the Agricultural Utilization Research Institute's bioenergy roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

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\$200,000 the first year is for a grant to the Elk River Economic Development Authority for upfront engineering and a feasibility study of the Elk River renewable fuels facility. The facility must use a plasma gasification process to convert primarily cellulosic material, but may also use plastics and other components from municipal solid waste, as feedstock for the production of methanol for use in biodiesel production facilities. Any unencumbered balance in fiscal year 2008 does not cancel but is available for fiscal year 2009. Notwithstanding Minnesota Statutes, section 16A.285, the agency must not transfer this appropriation. The grant recipient must actively participate in the Agricultural Utilization Research Institute's bioenergy roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

\$200,000 the first year is for a grant to Chisago County to conduct a detailed feasibility study of the economic and technical viability of developing a multistream renewable energy biofuels demonstration facility in Chisago, Isanti, or Pine County to utilize existing forest resources, woody biomass, and cellulosic material to produce biofuels or bioenergy. Chisago County may expend funds to Isanti and Pine Counties and the University of Minnesota for any costs incurred as part of the study. The feasibility study must consider the capacity of: (1) the seed bank at Wild River State Park to expand the existing prairie grass, woody biomass, and cellulosic material resources in Chisago, Isanti, and Pine Counties; (2) willing and interested landowners in Chisago, Isanti, and Pine Counties to grow cellulosic materials; and (3) the Minnesota Conservation Corps, the sentence to serve program, and other existing workforce programs in east central Minnesota to contribute labor to these efforts. The grant recipient must actively participate in the Agricultural Utilization Research Institute's bioenergy roundtable and no later than February 1, 2009, must report to the house and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation and is available until spent.

Subd. 5. Administration and Financial Assistance

6,667,000

7,509,000

\$1,005,000 the first year and \$1,005,000 the second year are for continuation of the dairy development and profitability enhancement and dairy business planning grant programs established under Laws 1997, chapter 216, section 7, subdivision 2, and Laws 2001, First Special Session chapter 2, section 9, subdivision 2. The commissioner may allocate the available sums

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among permissible activities, including efforts to improve the quality of milk produced in the state in the proportions that the commissioner deems most beneficial to Minnesota's dairy farmers. The commissioner must submit a work plan detailing plans for expenditures under this program to the chairs of the house and senate committees dealing with agricultural policy and budget on or before the start of each fiscal year. If significant changes are made to the plans in the course of the year, the commissioner must notify the chairs.

\$50,000 the first year and \$50,000 the second year are for grants to the Northern Crops Institute. No later than February 1, 2009, the grant recipient must report to the house and senate committees with jurisdiction over agriculture finance. The appropriation may be spent to purchase equipment.

\$19,000 the first year and \$19,000 the second year are for grants to the Minnesota Livestock Breeders Association. No later than February 1, 2009, the grant recipient must report to the house and senate committees with jurisdiction over agriculture finance.

\$250,000 the first year and \$250,000 the second year are for grants to the Minnesota Agricultural Education Leadership Council for programs of the council under Minnesota Statutes, chapter 41D. No later than February 1, 2009, the grant recipient must report to the house and senate committees with jurisdiction over agriculture finance.

\$800,000 the second year is for grants for fertilizer research as awarded by the Minnesota Agricultural Fertilizer Research and Education Council under Minnesota Statutes, section 18C.71. No later than February 1, 2009, the commissioner shall report to the house and senate committees with jurisdiction over agriculture finance. The report must include the progress and outcome of funded projects as well as the sentiment of the council concerning the need for additional research funded through an industry checkoff fee.

\$466,000 the first year and \$466,000 the second year are for aid payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1, and shall be disbursed not later than July 15. These payments are the amount of aid owed by the state for an annual fair held in the previous calendar year.

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\$65,000 the first year and \$65,000 the second year are for annual grants to the Northern Minnesota Forage-Turf Seed Advisory Committee for basic and applied research on the improved production of forage and turf seed related to new and improved varieties. The grant recipient may subcontract with a qualified third party for some or all of the basic and applied research. No later than February 1, 2009, the grant recipient must report to the house and senate committees with jurisdiction over agriculture finance.

\$500,000 the first year and \$500,000 the second year are for grants to Second Harvest Heartland on behalf of Minnesota's six Second Harvest food banks for the purchase of milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Second Harvest food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture commodities under the Emergency Food Assistance Program (TEFAP). Second Harvest Heartland must submit quarterly reports to the commissioner on forms prescribed by the commissioner. The reports must include, but are not limited to, information on the expenditure of funds, the amount of milk purchased, and the organizations to which the milk was distributed. No later than February 1, 2009, the commissioner must report to the house and senate committees with jurisdiction over agriculture finance. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank receiving money from this appropriation may use up to two percent of the grant for administrative expenses.

\$100,000 the first year and \$100,000 the second year are for transfer to the Board of Trustees of the Minnesota State Colleges and Universities for mental health counseling support to farm families and business operators through farm business management programs at Central Lakes College and Ridgewater College. No later than February 1, 2009, the Board of Trustees must report to the house and senate committees with jurisdiction over agriculture finance.

\$18,000 the first year and \$18,000 the second year are for grants to the Minnesota Horticultural Society. No later than February 1, 2009, the grant recipient must report to the house and senate committees with jurisdiction over agriculture finance.

<u>APPROPRIATIONS</u> <u>Available for the Year</u> <u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>
<u>\$3,512,000</u>	<u>\$3,456,000</u>

Sec. 4. **BOARD OF ANIMAL HEALTH**

\$408,000 the first year and \$408,000 the second year are for bovine tuberculosis eradication and surveillance in cattle herds. Of this amount, \$159,000 is permanent.

\$100,000 the first year is for reimbursements under Minnesota Statutes, section 35.085. This appropriation is available until spent.

Sec. 5. **AGRICULTURAL UTILIZATION RESEARCH INSTITUTE**

<u>\$4,000,000</u>	<u>\$4,000,000</u>
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From the appropriation in both years, the Agricultural Utilization Research Institute must continue to monitor and coordinate renewable energy efforts and opportunities in the state via the bioenergy roundtable, the Center for Producer-Owned Energy, and related initiatives. In addition, as part of the bioenergy roundtable, the institute shall convene a Bioenergy Advisory Committee consisting of, but not limited to, representatives of the state's agriculture, natural resources, forestry, and rural economic development communities and shall present this group's viewpoints as part of the institute's participation in the NextGen Energy Board created in Minnesota Statutes, section 41A.10.

Sec. 6. **VETERANS AFFAIRS**

<u>\$14,447,000</u>	<u>\$13,682,000</u>
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Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>14,109,000</u>	<u>13,344,000</u>
<u>Special Revenue</u>	<u>338,000</u>	<u>338,000</u>

(a) \$1,000,000 each year is added to the base for state soldier's assistance under Minnesota Statutes, section 197.05.

(b) \$1,450,000 the first year and \$950,000 the second year are added to the base for grants to counties under the terms of this section. The commissioner shall issue a request for proposals for grants to enhance the benefits, programs, and services provided to veterans. The request must specify that priority will be given to proposals that meet the programmatic goals established by the commissioner, including proposals that will:

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- (1) provide the most effective outreach to veterans;
- (2) reintegrate combat veterans into society;
- (3) collaborate with other social service agencies, educational institutions, and other relevant community resources;
- (4) reduce homelessness among veterans; and
- (5) provide measurable outcomes.

The commissioner may provide incentives to encourage, and may give priority to proposals that foster, regional collaboration for service delivery. The grants may be for a term of up to two years. The commissioner shall ensure that grants are made throughout all regions of the state and shall develop a description of best practices for the use of these grants. A county may not reduce its county veterans service officer budget by any amount received as a grant under this section. Grants made under this section are in addition to and not subject to the requirements for grants made under Minnesota Statutes, section 197.608. The Minnesota Association of County Veterans Service Officers may apply for grants under this section beginning July 1, 2007. Any balance remaining after the first year does not cancel and is available in the second year. This appropriation must be included in the appropriation base through fiscal year 2011.

(c) \$2,000,000 each year is for outreach to veterans. Of this amount, \$750,000 each year is for tribal veterans service offices; \$1,000,000 each year is for a grant to the Minnesota Assistance Council for Veterans; and \$250,000 each year is for veterans outreach programs.

(d) \$250,000 each year is added to the base for grants to Disabled American Veterans, Military Order of the Purple Heart, Veterans of Foreign Wars, Vietnam Veterans of America, and other congressionally chartered veterans service organizations designated by the commissioner.

(e) \$450,000 each year is for expansion of the higher education veterans assistance program established in Minnesota Statutes, section 197.585. This is a onetime appropriation.

(f) \$100,000 each year is for information technology.

APPROPRIATIONS
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(g) \$75,000 each year is added to the base for operations at the Minnesota State Veterans Cemetery in Little Falls.

(h) \$500,000 each year is added to the base for administration of veterans programming.

(i) \$63,000 the first year and \$128,000 the second year are for compensation adjustments for Department of Veterans Affairs agency personnel.

(j) \$100,000 each year is for compensation for honor guards at the funerals of veterans in accordance with the program established in Minnesota Statutes, section 197.231.

(k) \$26,000 each year is for spousal education benefits in accordance with Minnesota Statutes, section 197.75.

(l) \$500,000 each year is for providing health screening exams for depleted uranium in Minnesota veterans in accordance with Minnesota Statutes, section 197.08. This is a onetime appropriation.

(m) \$250,000 in the first year is for grants to assist World War II veterans in attending the dedication of the Minnesota World War II Memorial in St. Paul on June 9, 2007, and for other expenses of the dedication event. The commissioner may spend only that portion of this sum for which a matching amount, whether in cash or in kind, is donated by nongovernmental sources for this purpose. This appropriation is available immediately.

(n) \$80,000 the first year is for suicide prevention and psychological support for veterans. Of this amount, \$50,000 is for a study by the commissioner and the adjutant general of the psychological status and needs of returning Minnesota veterans, and \$30,000 is for a telephone hotline to refer veterans to available psychological counseling services. The commissioner may use this appropriation to supplement an existing informational hotline service within the department, or may collaborate with any other provider of compatible, existing hotline services for this purpose. The referral hotline must be available to veterans statewide at all practicable hours. The commissioner must broadly publicize the availability of the telephone hotline and any local, state, and federal counseling services for Minnesota veterans using all practicable means available, including but not limited to: the agency Web site; local media announcements; announcements in service and trade publications; and any other practical means of communication.

APPROPRIATIONS
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2008 **2009**

The commissioner may spend up to two percent of this appropriation for development of special informational materials, such as refrigerator magnets, wallet cards, and other devices on which hotline numbers may be kept for immediate use. The commissioner also may accept and spend other contributions from nongovernmental sources for this purpose. This is a onetime appropriation.

(o) \$338,000 each year is from the account in the special revenue fund established in Minnesota Statutes, section 190.19, for (1) grants to veterans service organizations; and (2) outreach to underserved veterans. Any balance in the first year does not cancel and is available in the second year.

ARTICLE 2

AGRICULTURE POLICY

Section 1. Minnesota Statutes 2006, section 3.737, subdivision 1, is amended to read:

Subdivision 1. **Compensation required.** (a) Notwithstanding section 3.736, subdivision 3, paragraph (e), or any other law, a livestock owner shall be compensated by the commissioner of agriculture for livestock that is destroyed by a gray wolf or is so crippled by a gray wolf that it must be destroyed. The Except as provided in this section, the owner is entitled to the fair market value of the destroyed livestock as determined by the commissioner, upon recommendation of a university extension agent or a conservation officer. In any fiscal year, a livestock owner may not be compensated for a destroyed animal claim that is less than \$100 in value and may be compensated up to \$20,000, as determined under this section. In any fiscal year, the commissioner may provide compensation for claims filed under this section and section 3.7371 up to a total of \$100,000 for both programs combined.

(b) Either the agent or the conservation officer must make a personal inspection of the site. The agent or the conservation officer must take into account factors in addition to a visual identification of a carcass when making a recommendation to the commissioner. The commissioner, upon recommendation of the agent or conservation officer, shall determine whether the livestock was destroyed by a gray wolf and any deficiencies in the owner's adoption of the best management practices developed in subdivision 5. The commissioner may authorize payment of claims only if the agent or the conservation officer has recommended payment. The owner shall file a claim on forms provided by the commissioner and available at the university extension agent's office.

Sec. 2. Minnesota Statutes 2006, section 3.7371, subdivision 3, is amended to read:

Subd. 3. **Compensation.** The crop owner is entitled to the target price or the market price, whichever is greater, of the damaged or destroyed crop plus adjustments for yield loss determined according to agricultural stabilization and conservation service programs for individual farms, adjusted annually, as determined by the commissioner, upon recommendation of the county extension agent for the owner's county. The commissioner, upon recommendation of the agent, shall determine whether the crop damage or destruction is caused by elk and, if so, the amount of the crop that is damaged or destroyed. In any ~~calendar~~ fiscal year, a crop owner may not be compensated for a damaged or destroyed crop that is less than \$100 in value and may be compensated up to \$20,000, as

determined under this section, if normal harvest procedures for the area are followed. In any fiscal year, the commissioner may provide compensation for claims filed under this section and section 3.737 up to a total of \$100,000 for both programs combined.

Sec. 3. Minnesota Statutes 2006, section 17.03, subdivision 3, is amended to read:

Subd. 3. **Cooperation with federal agencies.** (a) The commissioner shall cooperate with the government of the United States, with financial agencies created to assist in the development of the agricultural resources of this state, and so far as practicable may use the facilities provided by the existing state departments and the various state and local organizations. This subdivision is intended to relate to every function and duty which devolves upon the commissioner.

(b) The commissioner may apply for, receive, and disburse federal funds made available to the state by federal law or regulation for any purpose related to the powers and duties of the commissioner. All money received by the commissioner under this paragraph shall be deposited in the state treasury and is appropriated to the commissioner for the purposes for which it was received. Money received under this paragraph does not cancel and is available for expenditure according to federal law. The commissioner may contract with and enter into grant agreements with persons, organizations, educational institutions, firms, corporations, other state agencies, and any agency or instrumentality of the federal government to carry out agreements made with the federal government relating to the expenditure of money under this paragraph. Bid requirements under chapter 16C do not apply to contracts under this paragraph.

Sec. 4. Minnesota Statutes 2006, section 17.101, subdivision 2, is amended to read:

Subd. 2. **Agricultural development grants and contracts.** In order to carry out the duties in subdivision 1, the commissioner, in addition to whatever other resources the department may commit, shall make grants and enter into contracts to fulfill the obligations of subdivision 1. The commissioner may enter into partnerships or seek gifts to carry out subdivision 1. The commissioner may contract with, among others, agricultural commodity organizations, the University of Minnesota, and agriculture related businesses to fulfill the duties. The commissioner shall make permanent rules for the administration of these grants and contracts. The rules shall specify at a minimum:

- (a) eligibility criteria;
- (b) application procedures;
- (c) provisions for application review and project approval;
- (d) provisions for program monitoring and review for all approved grants and contracts; and
- (e) other provisions the commissioner finds necessary.

Contracts entered into by the commissioner pursuant to this subdivision shall not exceed 75 percent of the cost of the project supported by the commissioner's grant. In any ~~biennium~~ year, no organization shall receive more than \$70,000 in grants from the commissioner.

Sec. 5. Minnesota Statutes 2006, section 17.102, subdivision 1, is amended to read:

Subdivision 1. **Establishment and use of label.** (a) The commissioner shall establish a "Minnesota grown" logo or labeling statement for use in identifying agricultural products that are grown, raised, processed, or manufactured in this state. The commissioner may develop labeling statements that apply to specific marketing or promotional needs. One version of a labeling statement must identify food products certified as organically grown in this state. The Minnesota grown logo or labeling statement may be used on ~~raw agricultural~~ products only if 80 percent or more of the agricultural product is produced in this state.

(b) The Minnesota grown logo or labeling statement may not be used without a license from the commissioner except that wholesalers and retailers may use the Minnesota grown logo and labeling statement for displaying and advertising products that qualify for use of the Minnesota grown logo or labeling statement.

Sec. 6. Minnesota Statutes 2006, section 17.102, subdivision 3, is amended to read:

Subd. 3. **License.** A person may not use the Minnesota grown logo or labeling without an annual license from the commissioner. The commissioner shall issue licenses for a fee of ~~\$5~~ \$20.

Sec. 7. Minnesota Statutes 2006, section 17.102, subdivision 4, is amended to read:

Subd. 4. **Minnesota grown account.** The Minnesota grown account is established as an account in the agricultural fund. License fee receipts and penalties collected under this section must be deposited in the agricultural fund and credited to the Minnesota grown account. The money in the account is continuously appropriated to the commissioner ~~to implement and enforce this section and to promote the Minnesota grown logo and labeling~~ for the direct costs of implementing the Minnesota grown program.

Sec. 8. Minnesota Statutes 2006, section 17.102, is amended by adding a subdivision to read:

Subd. 4a. **Funding sources.** The Minnesota grown account shall consist of license fees, penalties, advertising revenue, revenue from the development and sale of promotional materials, gifts, and appropriations.

Sec. 9. Minnesota Statutes 2006, section 17.102, is amended by adding a subdivision to read:

Subd. 4b. **Appropriations must be matched by private funds.** Appropriations from the Minnesota grown account may be expended only to the extent that they are matched with contributions to the account from private sources on a basis of at least \$1 of private contributions to each \$4 of state money. For the purposes of this subdivision, "private contributions" includes, but is not limited to, license fees, penalties, advertising revenue, revenue from the development and sale of promotional materials, and gifts.

Sec. 10. Minnesota Statutes 2006, section 17.117, subdivision 1, is amended to read:

Subdivision 1. **Purpose.** The purpose of the agriculture best management practices loan program is to provide low or no interest financing to farmers, agriculture supply businesses, ~~and~~ rural landowners, ~~and~~ water-quality cooperatives for the implementation of agriculture and other best management practices that reduce environmental pollution.

Sec. 11. Minnesota Statutes 2006, section 17.117, subdivision 4, is amended to read:

Subd. 4. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Agricultural and environmental revolving accounts" means accounts in the agricultural fund, controlled by the commissioner, which hold funds available to the program.

(c) "Agriculture supply business" means a person, partnership, joint venture, corporation, limited liability company, association, firm, public service company, or cooperative that provides materials, equipment, or services to farmers or agriculture-related enterprises.

(d) "Allocation" means the funds awarded to an applicant for implementation of best management practices through a competitive or noncompetitive application process.

(e) "Applicant" means a local unit of government eligible to participate in this program that requests an allocation of funds as provided in subdivision 6b.

(f) "Best management practices" has the meaning given in sections 103F.711, subdivision 3, and 103H.151, subdivision 2, or other practices, techniques, and measures that have been demonstrated to the satisfaction of the commissioner to prevent or reduce adverse environmental impacts by using the most effective and practicable means of achieving environmental goals.

(g) "Borrower" means a farmer, an agriculture supply business, or a rural landowner applying for a low-interest loan.

(h) "Commissioner" means the commissioner of agriculture, including when the commissioner is acting in the capacity of chair of the Rural Finance Authority, or the designee of the commissioner.

(i) "Committed project" means an eligible project scheduled to be implemented at a future date:

(1) that has been approved and certified by the local government unit; and

(2) for which a local lender has obligated itself to offer a loan.

(j) "Comprehensive water management plan" means a state approved and locally adopted plan authorized under section 103B.231, 103B.255, 103B.311, 103C.331, 103D.401, or 103D.405.

(k) "Cost incurred" means expenses for implementation of a project accrued because the borrower has agreed to purchase equipment or is obligated to pay for services or materials already provided as a result of implementing a ~~prior~~ an approved eligible project.

(l) "Farmer" means a person, partnership, joint venture, corporation, limited liability company, association, firm, public service company, or cooperative that regularly participates in physical labor or operations management of farming and files a Schedule F as part of filing United States Internal Revenue Service Form 1040 or indicates farming as the primary business activity under Schedule C, K, or S, or any other applicable report to the United States Internal Revenue Service.

(m) "Lender agreement" means an agreement entered into between the commissioner and a local lender which contains terms and conditions of participation in the program.

(n) "Local government unit" means a county, soil and water conservation district, or an organization formed for the joint exercise of powers under section 471.59 with the authority to participate in the program.

(o) "Local lender" means a local government unit as defined in paragraph (n), a state or federally chartered bank, a savings association, a state or federal credit union, Agribank and its affiliated organizations, or a nonprofit economic development organization or other financial lending institution approved by the commissioner.

(p) "Local revolving loan account" means the account held by a local government unit and a local lender into which principal repayments from borrowers are deposited and new loans are issued in accordance with the requirements of the program and lender agreements.

(q) "Nonpoint source" has the meaning given in section 103F.711, subdivision 6.

(r) "Program" means the agriculture best management practices loan program in this section.

(s) "Project" means one or more components or activities located within Minnesota that are required by the local government unit to be implemented for satisfactory completion of an eligible best management practice.

(t) "Rural landowner" means the owner of record of Minnesota real estate located in an area determined by the local government unit to be rural after consideration of local land use patterns, zoning regulations, jurisdictional boundaries, local community definitions, historical uses, and other pertinent local factors.

(u) "Water-quality cooperative" has the meaning given in section 115.58, paragraph (d), except as expressly limited in this section.

Sec. 12. Minnesota Statutes 2006, section 17.117, subdivision 5a, is amended to read:

Subd. 5a. **Agricultural and environmental revolving accounts.** (a) There shall be established in the ~~agricultural~~ special revenue fund revolving accounts to receive appropriations, transfers of the balances from previous appropriations for the activities under this section, and money from other sources. All balances from previous appropriations for activities under this section and repayments of loans granted under this section, including principal and interest, must be deposited into the appropriate revolving account created in this subdivision or the account created in subdivision 13. Interest earned in an account accrues to that account.

(b) The money in the revolving accounts and the account created in subdivision 13 is appropriated to the commissioner for the purposes of this section.

Sec. 13. Minnesota Statutes 2006, section 17.117, subdivision 5b, is amended to read:

Subd. 5b. **Application fee.** The commissioner may impose a nonrefundable application fee of \$50 for each loan issued under the program. The fees must be credited to the agricultural best management practices administration account, which is hereby established in the ~~agricultural~~ special revenue fund. Interest earned in the account accrues to the account. Money in the account and interest earned in the accounts established in the agricultural fund under subdivision 5a are appropriated to the commissioner for administrative expenses of the program.

Sec. 14. Minnesota Statutes 2006, section 17.117, subdivision 11, is amended to read:

Subd. 11. **Loans issued to borrower.** (a) Local lenders may issue loans only for projects that are approved and certified by the local government unit as meeting priority needs identified in a comprehensive water management plan or other local planning documents, are in compliance with accepted practices, standards, specifications, or criteria, and are eligible for financing under Environmental Protection Agency or other applicable guidelines.

(b) The local lender may use any additional criteria considered necessary to determine the eligibility of borrowers for loans.

(c) Local lenders shall set the terms and conditions of loans to borrowers, except that:

(1) no loan to a borrower may exceed ~~\$50,000~~ \$100,000;

(2) no loan for a project may exceed ~~\$50,000~~ \$100,000; and

(3) no borrower shall, at any time, have multiple loans from this program with a total outstanding loan balance of more than ~~\$50,000~~ \$100,000.

(d) ~~The maximum term length for conservation tillage projects is five years.~~ The maximum term length for other projects in this paragraph is ten years.

~~(e) Notwithstanding paragraph (c), a local lender may issue a loan of up to \$100,000 for a community sewage treatment system serving two or more households.~~

~~(f)~~ (e) Fees charged at the time of closing must:

- (1) be in compliance with normal and customary practices of the local lender;
- (2) be in accordance with published fee schedules issued by the local lender;
- (3) not be based on participation program; and
- (4) be consistent with fees charged other similar types of loans offered by the local lender.

~~(g)~~ (f) The interest rate assessed to an outstanding loan balance by the local lender must not exceed three percent per year.

Sec. 15. Minnesota Statutes 2006, section 17.983, subdivision 1, is amended to read:

Subdivision 1. **Administrative penalties; citation.** If a person has violated a provision of chapter 25, 28A, 29, 31, 31A, 31B, 32, or 34, the commissioner may issue a written citation to the person by personal service or by certified mail. The citation must describe the nature of the violation and the statute or rule alleged to have been violated; state the time for correction, if applicable; and the amount of any proposed fine. The citation must advise the person to notify the commissioner in writing within 30 days if the person wishes to appeal the citation. If the person fails to appeal the citation, the citation is the final order and not subject to further review.

Sec. 16. Minnesota Statutes 2006, section 17B.03, is amended by adding a subdivision to read:

Subd. 4. **Port of Duluth.** The commissioner shall provide official services for grain for export from the Port of Duluth, including inspection, weighing, supervision of weights, and related services. The commissioner shall maintain and, when required, renew delegated authority from the United States Department of Agriculture as required by federal law to provide official export grain inspection services.

Sec. 17. Minnesota Statutes 2006, section 18B.065, subdivision 1, is amended to read:

Subdivision 1. **Collection and disposal.** The commissioner of agriculture shall establish and operate a program to collect waste pesticides. The program ~~shall~~ must be made available to agriculture and residential pesticide end users whose waste generating activity occurs in this state.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to all cooperative agreements entered into by the commissioner of agriculture and local units of government for waste pesticide collection and disposal after that date.

Sec. 18. Minnesota Statutes 2006, section 18B.065, subdivision 2a, is amended to read:

Subd. 2a. **Disposal site requirement.** The commissioner must designate a place in each county of the state that is available at least every other year ~~for the residents of each county in the state~~ persons to dispose of unused portions of pesticides in accordance with subdivision 1. The commissioner shall consult with the person responsible for solid waste management and disposal in each county to determine an appropriate location.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to all cooperative agreements entered into by the commissioner of agriculture and local units of government for waste pesticide collection and disposal after that date.

Sec. 19. Minnesota Statutes 2006, section 18B.26, subdivision 3, is amended to read:

Subd. 3. **Application fee.** (a) A registrant shall pay an annual application fee for each pesticide to be registered, and this fee is set at 0.4 percent of annual gross sales within the state and annual gross sales of pesticides used in the state, with a minimum nonrefundable fee of \$250. The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the application fee in this paragraph if the registrant properly documents the sale location and distributors. A registrant paying more than the minimum fee shall pay the balance due by March 1 based on the gross sales of the pesticide by the registrant for the preceding calendar year. The fee for disinfectants and sanitizers shall be the minimum. The minimum fee is due by December 31 preceding the year for which the application for registration is made. The commissioner shall spend at least ~~\$300,000~~ \$400,000, ~~not including the commissioner's administrative costs,~~ per fiscal year from the pesticide regulatory account for the purposes of the waste pesticide collection program.

(b) An additional fee of \$100 must be paid by the applicant for each pesticide to be registered if the application is a renewal application that is submitted after December 31.

(c) A registrant must annually report to the commissioner the amount and type of each registered pesticide sold, offered for sale, or otherwise distributed in the state. The report shall be filed by March 1 for the previous year's registration. The commissioner shall specify the form of the report and require additional information deemed necessary to determine the amount and type of pesticides annually distributed in the state. The information required shall include the brand name, amount, and formulation of each pesticide sold, offered for sale, or otherwise distributed in the state, but the information collected, if made public, shall be reported in a manner which does not identify a specific brand name in the report.

(d) A registrant who is required to pay more than the minimum fee for any pesticide under paragraph (a) must pay a late fee penalty of \$100 for each pesticide application fee paid after March 1 in the year for which the license is to be issued.

EFFECTIVE DATE. This section is effective August 1, 2007, and applies to all cooperative agreements entered into by the commissioner of agriculture and local units of government for waste pesticide collection and disposal after that date.

Sec. 20. Minnesota Statutes 2006, section 18B.33, subdivision 1, is amended to read:

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

~~(b) A person with a commercial applicator license may not apply pesticides on or into surface waters without an aquatic pest control license under section 18B.315, except an aquatic pest control license is not required for licensed commercial applicators applying pesticides for the purposes of:~~

~~(1) pest control on cultivated wild rice;~~

- ~~(2) mosquito and black fly control operations;~~
- ~~(3) pest control on rights of way;~~
- ~~(4) aerial pest control operations for emergent vegetation control;~~
- ~~(5) aerial application of piscicides; and~~
- ~~(6) pest control for silvicultural operations.~~

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

Sec. 21. Minnesota Statutes 2006, section 18B.34, subdivision 1, is amended to read:

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

~~(b) A licensed noncommercial applicator may not apply pesticides into or on surface waters without an aquatic pest control license, except an aquatic pest control license is not required for licensed noncommercial applicators applying pesticides for the purposes of:~~

- ~~(1) mosquito and black fly control operations;~~
- ~~(2) pest control on rights of way;~~
- ~~(3) pest control operations for purple loosestrife control;~~
- ~~(4) application of piscicides; and~~
- ~~(5) pest control for silvicultural operations.~~

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

Sec. 22. Minnesota Statutes 2006, section 18B.345, is amended to read:

18B.345 PESTICIDE APPLICATION ON GOLF COURSES.

(a) Application of a pesticide to the property of a golf course must be performed by:

- (1) a structural pest control applicator; or
- (2) a commercial or noncommercial pesticide applicator with appropriate use certification; ~~or~~
- ~~(3) an aquatic pest control applicator.~~

(b) Pesticides determined by the commissioner to be sanitizers and disinfectants are exempt from the requirements in paragraph (a).

Sec. 23. Minnesota Statutes 2006, section 18C.305, is amended by adding a subdivision to read:

Subd. 3. **Exemption.** A permit and safeguard is not required for agricultural commodity producers who store, on their own property, for their own use, no more than 6,000 gallons of liquid commercial fertilizer.

Sec. 24. **[18C.70] MINNESOTA AGRICULTURAL FERTILIZER RESEARCH AND EDUCATION COUNCIL.**

Subdivision 1. **Establishment; membership.** (a) The Minnesota Agricultural Fertilizer Research and Education Council is established. The council is composed of 12 voting members as follows:

(1) two members of the Minnesota Crop Production Retailers;

(2) one member of the Minnesota Corn Growers Association;

(3) one member of the Minnesota Soybean Growers Association;

(4) one member of the sugar beet growers industry;

(5) one member of the Minnesota Association of Wheat Growers;

(6) one member of the potato growers industry;

(7) one member of the Minnesota Farm Bureau;

(8) one member of the Minnesota Farmers Union;

(9) one member from the Minnesota Irrigators Association;

(10) one member of the Minnesota Grain and Feed Association; and

(11) one member of the Minnesota Independent Crop Consultant Association or the Minnesota certified crop advisor program.

(b) Council members shall serve three-year terms. After the initial council is appointed, subsequent appointments must be staggered so that one-third of council membership is replaced each year. Council members must be nominated by their organizations and appointed by the commissioner. The council may add ex-officio members at its discretion. The council must meet at least once per year, with all related expenses reimbursed by members' sponsoring organizations or by the members themselves.

Subd. 2. **Powers and duties.** The council must review applications and select projects to receive agricultural fertilizer research and education program grants, as authorized in section 18C.71. The council must establish a program to provide grants to research, education, and technology transfer projects related to agricultural fertilizer, soil amendments, and plant amendments. For the purpose of this section, "fertilizer" includes soil amendments and plant amendments, but does not include vegetable or animal manures that are not manipulated. The commissioner has authority over all deposits to and withdrawals from the program account authorized in subdivision 4, but after January 1, 2008, the council may select the commissioner or any other person it considers fit to perform all other administrative duties related to the program. The commissioner is responsible for all fiscal and administrative duties

in the first year and may use up to eight percent of program revenue to offset costs incurred. No later than October 1, 2007, the commissioner must provide the council with an estimate of the annual costs the commissioner would incur in administering the program.

Subd. 3. **Checkoff fees.** The legislature, if requested by a formal order from the council, may implement, administer, or discontinue a checkoff fee to provide funding for grants under section 18C.71. During any period that a checkoff fee is in effect, any person, whether in Minnesota or elsewhere, that sells fertilizer to producers must collect a checkoff fee of 40 cents per ton of fertilizer sold and forward the checkoff funds at least semiannually to the commissioner along with forms provided by the commissioner. For the purposes of this section, "producer" means a person who owns or operates an agricultural producing or growing facility for an agricultural commodity, shares in the profits and risk of loss from the operation, and grows, raises, feeds, or produces the agricultural commodity in Minnesota during the current or preceding calendar year.

Subd. 4. **Program account.** There is established in the state treasury an agricultural fertilizer research and education program account in the agricultural fund. The checkoff funds raised under this section must be deposited in the account.

Subd. 5. **Refunds.** A producer may, by use of forms provided by the commissioner and upon presentation of proof the commissioner requires, have the checkoff fee refunded if the checkoff fee was remitted on a timely basis. The producer must submit refund requests to the commissioner by February 28 each year for checkoff fees paid in the previous calendar year. For checkoff fees paid between January 1, 2008, and January 1, 2009, refunds must not be issued until January 15, 2009.

Subd. 6. **Rules.** The commissioner's duties under this section and section 18C.71 are not subject to the provisions of chapter 14.

Subd. 7. **Expiration.** This section expires January 8, 2017.

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

Sec. 25. **[18C.71] MINNESOTA AGRICULTURAL FERTILIZER RESEARCH AND EDUCATION PROGRAM.**

Subdivision 1. **Eligible projects.** Eligible project activities include research, education, and technology transfer related to the production and application of fertilizer, soil amendments, and other plant amendments. Chosen projects must contain a component of outreach that achieves a timely dissemination of findings and their applicability to the production agricultural community.

Subd. 2. **Awarding grants.** Applications for program grants must be submitted in the form prescribed by the Minnesota Agricultural Fertilizer Research and Education Council. Applications must be submitted on or before the deadline prescribed by the council. All applications are subject to a thorough in-state review by a peer committee established and approved by the council. Each project meeting the basic qualifications is subject to a yes or no vote by each council member. Projects chosen to receive funding must achieve an affirmative vote from at least eight of the 12 council members or two-thirds of voting members present. Projects awarded program funds must submit an annual progress report in the form prescribed by the council.

Subd. 3. **Annual audit.** The program must have an annual audit of financial activities, which the council must file with the commissioner on or before June 1 for the immediately preceding year ending December 31.

Subd. 4. **Expiration.** This section expires January 8, 2017.

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

Sec. 26. Minnesota Statutes 2006, section 18E.02, subdivision 5, is amended to read:

Subd. 5. **Eligible person.** "Eligible person" means:

(1) a responsible party or an owner of real property, but does not include the state, a state agency, or a political subdivision of the state, except as provided in clause (2); common carriers, as defined by section 218.011, subdivision 10; motor carriers as defined by section 221.011, subdivision 15, while transporting agricultural chemicals except as provided in clause (3); or the federal government; or an agency of the federal government;

(2) the owners of municipal airports in Minnesota where a licensed aerial pesticide applicator has caused an incident through storage, handling, or distribution operations for agricultural chemicals if (i) the commissioner has determined that corrective action is necessary and (ii) the commissioner determines, and the Agricultural Chemical Response Compensation Board concurs, that based on an affirmative showing made by the owner, a responsible party cannot be identified or the identified responsible party is unable to comply with an order for corrective action; or

(3) a person involved in a transaction relating to real property who is not a responsible party or owner of the real property and who voluntarily takes corrective action on the property in response to a request or order for corrective action from the commissioner.

Sec. 27. Minnesota Statutes 2006, section 18E.02, is amended by adding a subdivision to read:

Subd. 7. **Incident.** "Incident" means a flood, fire, tornado, transportation accident, storage container rupture, leak, spill, emission discharge, escape, disposal, or other event that releases an agricultural chemical accidentally or otherwise into the environment and may cause unreasonable adverse effects on the environment. Incident does not include a release from the normal use of a product or practice in accordance with law.

Sec. 28. Minnesota Statutes 2006, section 18E.03, subdivision 4, is amended to read:

Subd. 4. **Fee.** (a) The response and reimbursement fee consists of the surcharges and any adjustments made by the commissioner in this subdivision and shall be collected by the commissioner. The amount of the response and reimbursement fee shall be determined and imposed annually by the commissioner as required to satisfy the requirements in subdivision 3. The commissioner shall adjust the amount of the surcharges imposed in proportion to the amount of the surcharges listed in this subdivision. License application categories under paragraph (d) must be charged in proportion to the amount of surcharges imposed up to a maximum of 50 percent of the license fees set under chapters 18B and 18C.

(b) The commissioner shall impose a surcharge on pesticides registered under chapter 18B to be collected as a surcharge on the registration application fee under section 18B.26, subdivision 3, that is equal to 0.1 percent of sales of the pesticide in the state and sales of pesticides for use in the state during the previous calendar year, except the surcharge may not be imposed on pesticides that are sanitizers or disinfectants as determined by the commissioner. No surcharge is required if the surcharge amount based on percent of annual gross sales is less than \$10. The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under section 18B.26, subdivision 3, paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the surcharge in this paragraph if the registrant properly documents the sale location and the distributors.

(c) The commissioner shall impose a ten cents per ton surcharge on the inspection fee under section 18C.425, subdivision 6, for fertilizers, soil amendments, and plant amendments.

(d) The commissioner shall impose a surcharge on the license application of persons licensed under chapters 18B and 18C consisting of:

(1) a \$75 surcharge for each site where pesticides are stored or distributed, to be imposed as a surcharge on pesticide dealer application fees under section 18B.31, subdivision 5;

(2) a \$75 surcharge for each site where a fertilizer, plant amendment, or soil amendment is distributed, to be imposed on persons licensed under sections 18C.415 and 18C.425;

(3) a \$50 surcharge to be imposed on a structural pest control applicator license application under section 18B.32, subdivision 6, for business license applications only;

(4) a \$20 surcharge to be imposed on commercial applicator license application fees under section 18B.33, subdivision 7; and

(5) a \$20 surcharge to be imposed on noncommercial applicator license application fees under section 18B.34, subdivision 5, except a surcharge may not be imposed on a noncommercial applicator that is a state agency, political subdivision of the state, the federal government, or an agency of the federal government; ~~and~~

~~(6) a \$20 surcharge to be imposed on aquatic pest control licenses under section 18B.315.~~

(e) A \$1,000 fee shall be imposed on each site where pesticides are stored and sold for use outside of the state unless:

(1) the distributor properly documents that it has less than \$2,000,000 per year in wholesale value of pesticides stored and transferred through the site; or

(2) the registrant pays the surcharge under paragraph (b) and the registration fee under section 18B.26, subdivision 3, for all of the pesticides stored at the site and sold for use outside of the state.

(f) Paragraphs (c) to (e) apply to sales, licenses issued, applications received for licenses, and inspection fees imposed on or after July 1, 1990.

Sec. 29. Minnesota Statutes 2006, section 25.341, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** Before a person may: (1) manufacture a commercial feed in the state; (2) distribute a commercial feed in or into the state; or (3) have the person's name appear on the label of a commercial feed as guarantor, the person must have a commercial feed license for each manufacturing or distributing facility. A person who makes only retail sales of commercial feed ~~bearing labeling or another approved indication that the commercial feed is from a licensed manufacturer, guarantor, or distributor who has assumed full responsibility for the tonnage inspection fee due under sections 25.31 to 25.43, guaranteed by another,~~ is not required to obtain a license.

Sec. 30. Minnesota Statutes 2006, section 28A.04, subdivision 1, is amended to read:

Subdivision 1. **Application; date of issuance.** (a) No person shall engage in the business of manufacturing, processing, selling, handling, or storing food without having first obtained from the commissioner a license for doing such business. Applications for such license shall be made to the commissioner in such manner and time as

required and upon such forms as provided by the commissioner and shall contain the name and address of the applicant, address or description of each place of business, and the nature of the business to be conducted at each place, and such other pertinent information as the commissioner may require.

(b) A retail or wholesale food handler license shall be issued for the period July 1 to June 30 following and shall be renewed thereafter by the licensee on or before July 1 each year, except that:

(1) licenses for all mobile food concession units and retail mobile units ~~shall~~ must be issued for the period April 1 to March 31, and ~~shall~~ must be renewed thereafter by the licensee on or before April 1 each year; and

(2) a license issued for a temporary food concession stand must have a license issuance and renewal date consistent with appropriate statutory provisions.

A license for a food broker or for a food processor or manufacturer shall be issued for the period January 1 to December 31 following and shall be renewed thereafter by the licensee on or before January 1 of each year, except that a license for a wholesale food processor or manufacturer operating only at the state fair shall be issued for the period July 1 to June 30 following and shall be renewed thereafter by the licensee on or before July 1 of each year. A penalty for a late renewal shall be assessed in accordance with section 28A.08.

(c) A person applying for a new license up to 14 calendar days before the effective date of the new license period under paragraph (b) must be issued a license for the 14 days and the next license year as a single license and pay a single license fee as if the 14 days were part of the upcoming license period.

Sec. 31. Minnesota Statutes 2006, section 28A.06, is amended to read:

28A.06 EXTENT OF LICENSE.

No person, except as described in sections 27.03 and 27.04, shall be required to hold more than one license in order to engage in any aspect of food handling described in section 28A.05 provided, that each issued license shall be valid for no more than one place of business, except that a license for a mobile unit or a retail food vehicle, portable structure, or cart is valid statewide and is required to be issued only once each year unless the licensee fails to display the license as required by section 28A.07 or it is a seasonal permanent food stand, seasonal temporary food stand, food cart, or special event food stand as defined in section 157.15, in which case the duration of the license is restricted by the limitations found in the definitions in section 157.15.

Sec. 32. Minnesota Statutes 2006, section 28A.082, subdivision 1, is amended to read:

Subdivision 1. **Fees; application.** The fees for review of food handler facility floor plans under the Minnesota Food Code are based upon the square footage of the structure being newly constructed, remodeled, or converted. The fees for the review shall be:

square footage	review fee
0 - 4,999.....	\$ 156.25 <u>200.00</u>
5,000 - 24,999....	\$ 218.75 <u>275.00</u>
25,000 plus	\$ 343.75 <u>425.00</u>

The applicant must submit the required fee, review application, plans, equipment specifications, materials lists, and other required information on forms supplied by the department at least 30 days prior to commencement of construction, remodeling, or conversion.

Sec. 33. **[28A.21] FOOD SAFETY AND DEFENSE TASK FORCE.**

Subdivision 1. **Establishment.** The Food Safety and Defense Task Force is established to advise the commissioner and the legislature on food issues and food safety.

Subd. 2. **Membership.** (a) The Food Safety and Defense Task Force consists of:

(1) the commissioner of agriculture or the commissioner's designee;

(2) the commissioner of health or the commissioner's designee;

(3) a representative of the United States Food and Drug Administration;

(4) a representative of the United States Department of Agriculture;

(5) a representative of the Agricultural Utilization Research Institute;

(6) one member of the Minnesota Grocers Association;

(7) one member from the University of Minnesota knowledgeable in food and food safety issues; and

(8) nine members appointed by the governor who are interested in food and food safety, of whom:

(i) two persons are health or food professionals;

(ii) one person represents a statewide general farm organization;

(iii) one person represents a local food inspection agency; and

(iv) one person represents a food-oriented consumer group.

(b) Members shall serve without compensation. Members appointed by the governor shall serve four-year terms.

Subd. 3. **Organization.** (a) The task force shall meet monthly or as determined by the chair.

(b) The members of the task force shall annually elect a chair and other officers as the members deem necessary.

Subd. 4. **Staff.** The commissioner shall provide support staff, office space, and administrative services for the task force.

Subd. 5. **Duties.** The task force shall:

(1) coordinate educational efforts regarding food safety;

(2) provide advice and coordination to state agencies as requested by the agencies;

(3) serve as a source of information and referral for the public, news media, and others concerned with food safety; and

(4) make recommendations to Congress, the legislature, and others about appropriate action to improve food safety in the state.

Sec. 34. Minnesota Statutes 2006, section 32.21, subdivision 4, is amended to read:

Subd. 4. **Penalties.** (a) A person, other than a milk producer, who violates this section is guilty of a misdemeanor or subject to a civil penalty up to \$1,000.

(b) A milk producer may not change milk plants within 30 days, without permission of the commissioner, after receiving notification from the commissioner under paragraph (c) or (d) that the milk producer has violated this section.

(c) A milk producer who violates subdivision 3, clause (1), (2), (3), (4), or (5), is subject to clauses (1) to (3) of this paragraph.

(1) Upon notification of the first violation in a 12-month period, the producer must meet with the qualified dairy sanitarian to initiate corrective action within 30 days.

(2) Upon the second violation within a 12-month period, the producer is subject to a civil penalty of \$300. The commissioner shall notify the producer by certified mail stating the penalty is payable in 30 days, the consequences of failure to pay the penalty, and the consequences of future violations.

(3) Upon the third violation within a 12-month period, the producer is subject to an additional civil penalty of \$300 and possible revocation of the producer's permit or certification. The commissioner shall notify the producer by certified mail that all civil penalties owed must be paid within 30 days and that the commissioner is initiating administrative procedures to revoke the producer's permit or certification to sell milk for at least 30 days.

(d) The producer's shipment of milk must be immediately suspended if the producer is identified as an individual source of milk containing residues causing a bulk load of milk to test positive in violation of subdivision 3, clause (6) or (7). The Grade A or manufacturing grade permit must be converted to temporary status for not more than 30 days and shipment may resume only after subsequent milk has been sampled by the commissioner or the commissioner's agent and found to contain no residues above established tolerances or safe levels.

The Grade A or manufacturing grade permit may be restored if the producer completes the "Milk and Dairy Beef Residue Prevention Protocol" with a licensed veterinarian, displays the signed certificate in the milkhouse, and sends verification to the commissioner within the 30-day temporary permit status period. If the producer does not comply within the temporary permit status period, the Grade A or manufacturing grade permit must be suspended. A milk producer whose milk supply is in violation of subdivision 3, clause (6) or (7), and has caused a bulk load to test positive is subject to clauses (1) to (3) of this paragraph.

(1) For the first violation in a 12-month period, the penalty is the value of all milk on the contaminated load plus any costs associated with the disposition of the contaminated load. Future pickups are prohibited until subsequent testing reveals the milk is free of drug residue. A farm inspection must be completed by a qualified dairy sanitarian and the producer to determine the cause of the residue and actions required to prevent future violations.

(2) For the second violation in a 12-month period, the penalty is the value of all milk on the contaminated load plus any costs associated with the disposition of the contaminated load. Future pickups are prohibited until subsequent testing reveals the milk is free of drug residue. A farm inspection must be completed by ~~the regulatory agency or its agent~~ a qualified dairy sanitarian to determine the cause of the residue and actions required to prevent future violations.

(3) For the third or subsequent violation in a 12-month period, the penalty is the value of all milk on the contaminated load plus any costs associated with the disposition of the contaminated load. Future pickups are prohibited until subsequent testing reveals the milk is free of drug residue. The commissioner or the commissioner's agent shall also notify the producer by certified mail that the commissioner is initiating administrative procedures to revoke the producer's ~~right~~ permit or certification to sell milk for a minimum of 30 days.

(4) If a bulk load of milk tests negative for residues and there is a positive producer sample on the load, no civil penalties may be assessed to the producer. The plant must report the positive result within 24 hours and reject further milk shipments from that producer until the producer's milk tests negative. A farm inspection must be completed by ~~the plant representative and the producer~~ a qualified dairy sanitarian to determine the cause of the residue and actions required to prevent future violations. The department shall suspend the producer's permit and count the violation on the producer's record. The Grade A or manufacturing grade permit must be converted to temporary status for not more than 30 days during which time the producer must review the "Milk and Dairy Beef Residue Prevention Protocol" with a licensed veterinarian, display the signed certificate in the milkhouse, and send verification to the commissioner. If these conditions are met, the Grade A or manufacturing grade permit must be reinstated. If the producer does not comply within the temporary permit status period, the Grade A or manufacturing grade permit must be suspended.

(e) A milk producer that has been certified as completing the "Milk and Dairy Beef Residue Prevention Protocol" within 12 months of the first violation of subdivision 3, clause (7), need only review the cause of the violation with a field service representative within three days to maintain Grade A or manufacturing grade permit and shipping status if all other requirements of this section are met.

(f) Civil penalties collected under this section must be deposited in the milk inspection services account established in this chapter.

Sec. 35. Minnesota Statutes 2006, section 32.212, is amended to read:

32.212 MILK HOUSES FOR BULK TANKS.

Any producer using a bulk tank for cooling and storage of milk to be used for manufacturing purposes shall have an enclosed milk room which shall conform to the standards provided by this section ~~and section 32.213~~. The floor shall be constructed of concrete or other impervious material, maintained in good repair, and graded to provide proper drainage. The walls and ceilings of the room shall be sealed and constructed of smooth easily cleaned material. All windows shall be screened and doors shall be self-closing. It shall be well ventilated and must meet the following requirements:

- (1) The bulk tank shall not be located over a drain or under a ventilator.
- (2) The hose port shall be located in an exterior wall and fitted with a tight self-closing door.
- (3) Each milk room shall have an adequate supply of water readily accessible with facilities for heating the water, to insure the cleaning and sanitizing of the bulk tank, utensils and equipment and the keeping of the milk room clean.
- (4) No lights shall be placed directly over the bulk tank.
- (5) The bulk tank shall be properly located in the milk room for easy access to all areas for cleaning and servicing.
- (6) The milkhouse shall be used only for storage of milk, milk utensils, and supplies incidental to the production of milk.
- (7) This section ~~and section 32.213~~ are is effective for all bulk tanks for milk produced for manufacturing purposes.

(8) No milk processor shall buy milk from any producer of milk using a bulk tank to be used for manufacturing purposes unless such producer has complied with the provisions of this section.

(9) After July 1, 1965, no person shall install a bulk tank except in a milk room or milkhouse which complies with the provisions of this section ~~and section 32.213~~.

(10) The enforcement of this section ~~and section 32.213~~ shall be administered by the Minnesota Department of Agriculture.

(11) Any person violating any provisions of this section ~~and section 32.213~~ shall be punished by a fine of not more than \$50.

Sec. 36. Minnesota Statutes 2006, section 32.394, subdivision 4, is amended to read:

Subd. 4. **Rules.** The commissioner shall by rule ~~promulgate~~ adopt identity, production, and processing standards for milk, milk products, and goat milk which are intended to bear the Grade A label.

In the exercise of the authority to establish requirements for Grade A milk, milk products, and goat milk, the commissioner adopts definitions, standards of identity, and requirements for production and processing contained in the "2001 Grade A Pasteurized Milk Ordinance" ~~and the "1995 Grade A Condensed and Dry Milk Ordinance"~~ of the United States Department of Health and Human Services, in a manner provided for and not in conflict with law.

Sec. 37. Minnesota Statutes 2006, section 32.415, is amended to read:

32.415 MILK FOR MANUFACTURING; QUALITY STANDARDS.

(a) The commissioner may adopt rules to provide uniform quality standards, and producers of milk used for manufacturing purposes shall conform to the standards contained in Subparts B, C, D, E, and F of the United States Department of Agriculture Consumer and Marketing Service Recommended Requirements for Milk for Manufacturing Purposes and its Production and Processing, ~~as revised through June 17, 2002~~, except that the commissioner shall develop methods by which producers can comply with the standards without violation of religious beliefs.

(b) The commissioner shall perform or contract for the performance of the inspections necessary to implement this section or shall certify dairy industry personnel to perform the inspections.

(c) The commissioner and other employees of the department shall make every reasonable effort to assist producers in achieving the milk quality standards at minimum cost and to use the experience and expertise of the University of Minnesota and the Agricultural Extension Service to assist producers in achieving the milk quality standards in the most cost-effective manner.

(d) The commissioner shall consult with producers, processors, and others involved in the dairy industry in order to prepare for the implementation of this section including development of informational and educational materials, meetings, and other methods of informing producers about the implementation of standards under this section.

Sec. 38. [35.085] INDEMNITY FOR DESTROYED CATTLE.

(a) The board may pay indemnity to cattle owners who choose to euthanize cattle that test suspect for bovine tuberculosis, if funds are available from appropriations for the purpose and if the United States Department of Agriculture refuses to pay indemnity for the animal. The board shall pay fair market value less salvage value as

appraised by a disinterested appraiser appointed by the board. The board's decision as to the amount of indemnity is final. If the owner refuses the board's offer, the owner need not dispose of the animal unless and until it later shows positive to any recognized test for bovine tuberculosis.

(b) Indemnity payments made by the board are subject to the requirements of chapter 336A.

Sec. 39. **[35.244] RULES FOR CONTROL OF BOVINE TUBERCULOSIS.**

The board may adopt rules to provide for the control of tuberculosis in cattle. The rules may include provisions for quarantine, tests, and such other measures as the board deems appropriate. Federal regulations, as provided by Code of Federal Regulations, title 9, part 77, and the Bovine Tuberculosis Eradication Uniform Methods and Rules, are incorporated as part of the rules in this state.

Sec. 40. **[38.171] CAMPGROUND DURING FAIRS.**

Notwithstanding sections 327.14 to 327.28 or any rule adopted by the commissioner of health, during a county fair or other fair requiring camping accommodations, a camping area maintained by a county agricultural society must have a minimum area of 300 square feet per site and the total number of sites must not exceed one site for every 300 square feet of usable land area.

Sec. 41. Minnesota Statutes 2006, section 41B.03, subdivision 1, is amended to read:

Subdivision 1. **Eligibility generally.** To be eligible for a program in sections 41B.01 to 41B.23:

(1) a borrower must be a resident of Minnesota or ~~a domestic family farm corporation or family farm partnership, as defined in~~ an entity eligible to own farm land under section 500.24, subdivision 2; and

(2) the borrower or one of the borrowers must be the principal operator of the farm or, for a prospective homestead redemption borrower, must have at one time been the principal operator of a farm.

Sec. 42. Minnesota Statutes 2006, section 41B.043, subdivision 2, is amended to read:

Subd. 2. **Specifications.** ~~No direct loan may exceed \$35,000 or \$125,000 for a loan participation. Each direct loan and participation must be secured by a mortgage on real property and such other security as the authority may require.~~

Sec. 43. Minnesota Statutes 2006, section 41B.043, subdivision 3, is amended to read:

Subd. 3. **Application and origination fee.** The authority may impose a reasonable nonrefundable application fee for each application submitted for a ~~direct loan or participation and an origination fee for each direct loan~~ issued under the agricultural improvement loan program. ~~The origination fee initially shall be set at 1.5 percent and~~ The application fee ~~at~~ is initially \$50. The authority may review the fees annually and make adjustments as necessary. The fees must be deposited in the state treasury and credited to an account in the special revenue fund. Money in this account is appropriated to the commissioner for administrative expenses of the agricultural improvement loan program.

Sec. 44. Minnesota Statutes 2006, section 41B.043, subdivision 4, is amended to read:

Subd. 4. **Interest rate.** The interest rate per annum on the agricultural improvement ~~direct loan or participation~~ must be the rate of interest determined by the authority to be necessary to provide for the timely payment of principal and interest when due on bonds or other obligations of the authority issued under chapter 41B to provide

financing for ~~direct loans and~~ participations made under the agricultural improvement loan program, and to provide for reasonable and necessary costs of issuing, carrying, administering, and securing the bonds or notes and to pay the costs incurred and to be incurred by the authority in the implementation of the agricultural improvement loan program.

Sec. 45. Minnesota Statutes 2006, section 41B.046, subdivision 4, is amended to read:

Subd. 4. **Eligibility.** To be eligible for this program a borrower must:

(1) ~~be a resident of Minnesota or a domestic family farm corporation as defined in section 500.24, subdivision 2~~ meet the requirements of section 41B.03, subdivision 1;

(2) be a grower of the agricultural product which is to be processed by an agricultural product processing facility;

(3) demonstrate an ability to repay the loan; and

(4) meet any other requirements which the authority may impose by rule.

Sec. 46. Minnesota Statutes 2006, section 41B.047, is amended to read:

41B.047 DISASTER RECOVERY LOAN PROGRAM.

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

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

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

Subd. 3. **Eligibility.** To be eligible for this program, a borrower must:

(1) ~~be a resident of this state or a domestic family farm corporation or family farm partnership as defined in section 500.24, subdivision 2~~ meet the requirements of section 41B.03, subdivision 1;

(2) certify that the damage or loss was sustained within a county that was the subject of a state or federal disaster declaration;

(3) demonstrate an ability to repay the loan;

(4) have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than ~~\$400,000~~ \$660,000 in 2004 and an amount in subsequent years which is adjusted for inflation by multiplying that amount by the cumulative inflation rate as determined by the Consumer Price Index; and

(5) have received at least 50 percent of average annual gross income from farming for the past three years.

Subd. 4. **Loans.** (a) The authority may participate in a disaster recovery loan with an eligible lender to a farmer who is eligible under subdivision 3. Participation is limited to 45 percent of the principal amount of the loan or \$50,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may differ from the interest rates and repayment terms of the lender's retained portion of the loan, but the authority's interest rate must not exceed four percent.

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

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

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

(e) Disaster recovery loans under this program will be made using money in the disaster recovery revolving fund established under subdivision 2 revolving loan account established under section 41B.06.

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

Sec. 47. Minnesota Statutes 2006, section 41B.055, is amended to read:

41B.055 LIVESTOCK EQUIPMENT PILOT LOAN PROGRAM.

Subdivision 1. **Establishment.** The authority must establish and implement a livestock equipment pilot loan program to help finance the ~~first~~ purchase of livestock-related equipment and make livestock facilities improvements.

Subd. 2. **Eligibility.** Notwithstanding section 41B.03, to be eligible for this program a borrower must:

(1) be a resident of Minnesota or general partnership or a family farm corporation, authorized farm corporation, family farm partnership, or authorized farm partnership as defined in section 500.24, subdivision 2;

(2) be the principal operator of a livestock farm;

(3) have a total net worth, including assets and liabilities of the borrower's spouse and dependents, no greater than the amount stipulated in section 41B.03, subdivision 3;

(4) demonstrate an ability to repay the loan; and

(5) hold an appropriate feedlot registration or be using the loan under this program to meet registration requirements. ~~In addition to the requirements in clauses (1) to (5), preference must be given to applicants who have farmed less than ten years as evidenced by their filing of schedule F in their federal tax returns.~~

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

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

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

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

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

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

Subd. 4. **Eligible expenditures.** Money may be used for loans for the acquisition of equipment for animal housing, confinement, animal feeding, milk production, and waste management, including the following, if related to animal husbandry:

- (1) fences;
- (2) watering facilities;
- (3) feed storage and handling equipment;
- (4) milking parlors;
- (5) milking equipment;
- (6) scales;
- (7) milk storage and cooling facilities;
- (8) manure pumping and storage facilities; ~~and~~
- (9) capital investment in pasture;
- (10) hoop barns;
- (11) portable structures;
- (12) hay and forage equipment; and
- (13) related structural work for the installation of equipment.

Sec. 48. Minnesota Statutes 2006, section 41B.06, is amended to read:

41B.06 RURAL FINANCE AUTHORITY REVOLVING LOAN ACCOUNT.

There is established in the rural finance administration fund a Rural Finance Authority revolving loan account that is eligible to receive appropriations and the transfer of loan funds from other programs. All repayments of financial assistance granted from this account, including principal and interest, must be deposited into this account. Interest earned on money in the account accrues to the account, and the money in the account is appropriated to the

commissioner of agriculture for purposes of the Rural Finance Authority livestock equipment, methane digester, disaster recovery, and value-added agricultural product loan programs, including costs incurred by the authority to establish and administer the programs.

Sec. 49. Minnesota Statutes 2006, section 41C.05, subdivision 2, is amended to read:

Subd. 2. **Eligibility; beginning farmers.** The authority shall provide in the agricultural development bond beginning farmer and agricultural business enterprise loan program that a mortgage or a contract on behalf of a beginning farmer may be provided if the borrower qualifies under authority rules and under federal tax law governing qualified small issue bonds and must:

- (1) be a resident of Minnesota;
- (2) have sufficient education, training, or experience in the type of farming for which the loan is desired;
- (3) have a low or moderate net worth, as defined in section 41C.02, subdivision 12;
- (4) certify that the agricultural land to be purchased will be used by the borrower for agricultural purposes;
- (5) certify that farming will be the principal occupation of an individual borrower;
- (6) agree to participate in a farm management program approved by the commissioner of agriculture for at least the first ~~five~~ three years of the loan, if an approved program is available within 45 miles from the borrower's residence. The commissioner may waive this requirement for any of the programs administered by the authority if the participant requests a waiver and provides justification; and
- (7) agree to file an approved soil and water conservation plan with the Soil Conservation Service office in the county where the land is located.

Sec. 50. Minnesota Statutes 2006, section 116.0714, is amended to read:

116.0714 NEW OPEN AIR SWINE BASINS.

~~After May 18, 2002,~~ The commissioner of the Pollution Control Agency or a county board shall not approve any permits for the construction of new open air swine basins, except that existing facilities may use one basin of less than 1,000,000 gallons as part of a permitted waste treatment program for resolving pollution problems or to allow conversion of an existing basin of less than 1,000,000 gallons to a different animal type, provided all standards are met. This section expires June 30, ~~2007~~ 2012.

Sec. 51. Minnesota Statutes 2006, section 156.001, is amended by adding a subdivision to read:

Subd. 3a. **Animal chiropractic.** "Animal chiropractic" means a system of treating diseases by manipulation of the vertebral column.

Sec. 52. Minnesota Statutes 2006, section 156.001, is amended by adding a subdivision to read:

Subd. 3b. **Artificial insemination.** "Artificial insemination" means the implanting of live spermatozoa into a female animal.

Sec. 53. Minnesota Statutes 2006, section 156.001, is amended by adding a subdivision to read:

Subd. 6b. **Farriery.** "Farriery" means techniques used by a farrier or blacksmith including trimming hooves and making, fitting, and remodeling horseshoes.

Sec. 54. Minnesota Statutes 2006, section 156.001, is amended by adding a subdivision to read:

Subd. 8a. **Massage.** "Massage" means systematic therapeutic stroking or kneading of the body or a specific body part of an animal to improve circulation and muscle function, release scar tissue, or produce relaxation.

Sec. 55. Minnesota Statutes 2006, section 156.001, is amended by adding a subdivision to read:

Subd. 10a. **Teeth floating.** "Teeth floating" for horses and other equine animals means:

(1) removal of enamel points from teeth with hand-held, nonmotorized, non-air-powered files or rasps;

(2) reestablishing normal molar table angles and freeing up lateral excursion and other normal movements of the mandible;

(3) shaping the lingual aspect of the lower arcades and the buccal aspect of the upper arcades to a rounded smooth surface; and

(4) removing points from the buccal aspect of the upper arcade and the lingual aspect of the lower arcade.

Sec. 56. Minnesota Statutes 2006, section 156.12, subdivision 1, is amended to read:

Subdivision 1. **Practice.** (a) The practice of veterinary medicine, as used in this chapter, shall mean the diagnosis, treatment, correction, relief, or prevention of animal disease, deformity, defect, injury, or other physical or mental conditions; the performance of obstetrical procedures for animals, including determination of pregnancy and correction of sterility or infertility; and the rendering of advice or recommendations with regard to any of the above. The practice of veterinary medicine shall include but not be limited to the prescription or administration of any drug, medicine, biologic, apparatus, application, anesthetic, or other therapeutic or diagnostic substance or technique.

(b) The practice of veterinary medicine shall not be construed to include the dehorning of cattle and goats ~~or~~, the castration of cattle, swine, goats, and sheep, ~~or~~ the docking of sheep, artificial insemination, teeth floating, farriery, animal chiropractic, massage, or other treatments of similar or less risk or requiring similar or less formal veterinary education employed to maintain domestic animals in good health.

Sec. 57. Minnesota Statutes 2006, section 343.10, is amended to read:

343.10 COUNTY AND DISTRICT SOCIETIES.

A county society for the prevention of cruelty to animals may be formed in any county and a district society for the prevention of cruelty to animals may be formed in any group of two or more contiguous or noncontiguous counties or parts of counties by not less than seven incorporators. County and district societies shall be created as corporations under chapter 317A and as provided in the bylaws of the state federation. No county or district society may conduct investigations or assist in prosecutions outside the boundaries of the county or counties included in the county or district society.

Sec. 58. Minnesota Statutes 2006, section 469.310, is amended by adding a subdivision to read:

Subd. 11a. **Qualified farm.** "Qualified farm" means a person actively engaged in farming, that invests in an agricultural processing facility on the farm, and that:

(1) increases employment on the farm by a minimum of 25 percent of full-time employment in the first full year of operation. The employment may include family members;

(2) makes an investment equal to at least ten percent of the previous years' gross revenue in the agricultural processing facility; and

(3) enters into a binding written agreement with the commissioner that:

(i) pledges the agricultural processing facility will meet the requirements of clauses (1) and (2); and

(ii) provides the repayment of all tax benefits enumerated under section 469.315 to the business under the procedures in section 469.319, if the requirements of clauses (1) and (2) are not met for the taxable year or for taxes payable during the year in which the requirements are not met; and

(iii) contains any other terms the commissioner deems appropriate.

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

Sec. 59. **[469.314] DESIGNATION OF FAMILY AGRICULTURAL REVITALIZATION ZONES.**

Subdivision 1. **Authority to designate.** In addition to the designations authorized under section 469.314, the commissioner, in consultation with the commissioner of revenue, may designate one or more family agricultural revitalization zones for on-farm agricultural processing facility projects. In designating a zone, the commissioner shall consider the need for tax incentives to make the project feasible and the likelihood of success of the project. The commissioner may designate a zone at any time upon application for a qualifying project.

Subd. 2. **Qualifying projects.** A qualifying project is limited to the portion of a qualified farm that consists of the agricultural processing facility. The tax incentives under section 469.315 do not extend to the rest of the farm.

Subd. 3. **Application of JOBZ rules.** Except as otherwise specifically provided in this section, sections 469.310 to 469.320 apply to family agricultural revitalization zones designated under this section.

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

Sec. 60. **COMMISSIONER TO EVALUATE AND REPORT.**

By March 1, 2008, the commissioner of agriculture in consultation with the commissioner of health and the University of Minnesota shall evaluate the potential hazards posed by plants to retail consumers and livestock, and report the findings to the standing committees of the senate and the house of representatives with jurisdiction over agriculture policy.

Sec. 61. **WASTE PESTICIDE TASK FORCE, REPORT.**

The commissioner of agriculture shall convene a waste pesticide task force to review all aspects of the waste pesticide collection issue and develop a comprehensive approach to equitably and efficiently collect waste pesticides statewide. The task force shall include a representative of each of the following organizations: the house of

representatives, as appointed by the chair of the house committee with jurisdiction over agriculture finance; the senate, as appointed by the chair of the senate committee with jurisdiction over agriculture finance; the departments of agriculture; the department of pollution control; the Minnesota Solid Waste Administrators Association; the metropolitan Solid Waste Management Coordinating Board; the Association of Minnesota Counties; the Minnesota Farm Bureau; and the Minnesota Farmers Union. The task force must have three additional members representing Minnesota pesticide registrants, distributors, and retailers, respectively, as appointed by the commissioner. Public members of the task force must serve without compensation or reimbursement of personal expenses. No later than January 5, 2008, the commissioner of agriculture shall present the task force's findings and specific recommendations to the house and senate committees with jurisdiction over agriculture finance.

Sec. 62. **WASTE PESTICIDE COLLECTION, DISPOSAL.**

Notwithstanding section 18B.26, subdivision 2, the commissioner of agriculture shall spend at least \$600,000 in fiscal year 2008 from the pesticide regulatory account for the purposes of the waste pesticide collection program. During fiscal year 2008, the commissioner shall provide an opportunity for residents to dispose of waste residential and agricultural pesticides in each county where the commissioner has not provided an opportunity for persons to dispose of waste pesticides within county boundaries during the previous two fiscal years.

Sec. 63. **RESIDENTIAL ANTIMICROBIAL PESTICIDE APPLICATOR LICENSE STUDY.**

(a) The commissioners of agriculture and health must study the development and implementation of a new category of license for commercial pesticide applicators who apply antimicrobial pesticides for hire to mitigate or remediate mold in homes, apartments, or other residences. The commissioners must seek and obtain consultation with representatives of the University of Minnesota qualified in mold and other fungal microbe pest control. They shall prepare a report which must include:

(1) a discussion of existing federal and state laws and rules, if any, that govern commercial residential antimicrobial pesticide mold control applicators;

(2) a literature review on the need for, and efficacy of, antimicrobial pesticides used in residential settings for mold control and any potential dangers posed by the residential application of these products, particularly to young children and other sensitive persons;

(3) a survey of the law and process, if any, for licensing commercial residential antimicrobial pesticide mold control applicators in the rest of the United States; and

(4) recommended procedures for licensing prospective residential antimicrobial pesticide mold control applicators in Minnesota, highlighting provisions that test the applicant's understanding of the efficacy of antimicrobial pesticides and methods for mitigating any potential dangers discovered in the review required in clause (2).

(b) No later than December 1, 2007, the commissioners shall report the results of the study described in paragraph (a) and an implementation plan to the house and senate committees with jurisdiction over agricultural policy and finance and environmental health.

Sec. 64. **REPEALER.**

(a) Minnesota Statutes 2006, sections 17.109; 18B.315; 18C.425, subdivision 5; 32.213; 35.08; 35.09; 35.10; 35.11; 35.12; 41B.043, subdivision 1a; and 156.075, are repealed.

(b) Minnesota Rules, parts 1705.0840; 1705.0850; 1705.0860; 1705.0870; 1705.0880; 1705.0890; 1705.0900; 1705.0910; 1705.0920; 1705.0930; 1705.0940; 1705.0950; 1705.0960; 1705.0970; 1705.0980; 1705.0990; 1705.1000; 1705.1010; 1705.1020; 1705.1030; 1705.1040; 1705.1050; 1705.1060; 1705.1070; 1705.1080; 1705.1086; 1705.1087; and 1705.1088, are repealed.

ARTICLE 3

BIOENERGY POLICY

Section 1. **[41A.10] NEXTGEN ENERGY.**

Subdivision 1. **Purpose.** It is the goal of the state through the Department of Agriculture to research and develop energy sources to displace fossil fuels with renewable technology.

Subd. 2. **NextGen Energy Board.** There is created a NextGen Energy Board consisting of the commissioners of agriculture, commerce, natural resources, the Pollution Control Agency, and employment and economic development; the chairs of the house and senate committees with jurisdiction over energy finance; the chairs of the house and senate committees with jurisdiction over agriculture finance; one member of the second largest political party in the house, as appointed by the chairs of the house committees with jurisdiction over agriculture finance and energy finance; one member of the second largest political party in the senate, as appointed by the chairs of the senate committees with jurisdiction over agriculture finance and energy finance; and the executive director of the Agricultural Utilization Research Institute. In addition, the governor shall appoint six members: two representing statewide agriculture organizations; two representing statewide environment and natural resource conservation organizations; one representing the University of Minnesota; and one representing the Minnesota State Colleges and Universities system.

Subd. 3. **Duties.** The board shall research and report to the commissioner of agriculture and to the legislature recommendations as to how the state can invest its resources to most efficiently achieve energy independence, agricultural and natural resources sustainability, and rural economic vitality. The board shall:

(1) examine the future of fuels, such as synthetic gases, biobutanol, hydrogen, methanol, diesel, and ethanol within Minnesota;

(2) develop equity grant programs to assist locally owned facilities;

(3) study the proper role of the state in creating financing and investing and providing incentives;

(4) evaluate how state and federal programs, including the Farm Bill, can best work together and leverage resources; and

(5) report to the legislature before February 1 each year with recommendations as to appropriations and results of past actions and projects.

Subd. 4. **Commissioner's duties.** The commissioner of agriculture shall administer this section.

Subd. 5. **Expiration.** This section expires June 30, 2011.

Sec. 2. **[41A.11] TWENTY-FIVE BY TWENTY-FIVE GOAL.**

It is the goal of the state that no later than January 1, 2025, the state's agricultural, forestry, and working land should provide from renewable resources not less than 25 percent of the total energy consumed in this state while continuing to produce safe, abundant, and affordable food, feed, and fiber.

Sec. 3. Minnesota Statutes 2006, section 239.7911, subdivision 1, is amended to read:

Subdivision 1. **Petroleum replacement goal.** The tiered petroleum replacement goal of the state of Minnesota is that:

(1) at least 20 percent of the liquid fuel sold in the state is derived from renewable sources by December 31, 2015; and

(2) at least 25 percent of the liquid fuel sold in the state is derived from renewable sources by December 31, 2025.

ARTICLE 4

VETERANS AFFAIRS POLICY

Section 1. **[192.382] HONOR GUARDS.**

Upon the death of any person who has honorably served six or more years or is in active service in the Minnesota National Guard, the adjutant general may activate members to serve as an honor guard at the funeral. Members activated for service as honor guards must be paid at the rate provided in section 192.49, subdivision 1 or 2.

Sec. 2. **[197.08] HEALTH SCREENING TEST FOR EXPOSURE TO DEPLETED URANIUM.**

Subdivision 1. **Definitions.** (a) For purposes of this section, the following definitions apply.

(b) "Commissioner" means the commissioner of veterans affairs.

(c) "Depleted uranium" means uranium containing less Uranium 235 than the naturally occurring distribution of uranium isotopes.

(d) "Eligible person" means a veteran or current member of the United States armed forces, including the Minnesota National Guard and other reserves, who has served in active military service as defined in section 190.05, subdivision 5, at any time since August 2, 1990, and who is a Minnesota resident.

(e) "Veteran" has the meaning given in section 197.447.

Subd. 2. **Health screening test.** (a) The following eligible persons have a right to a best practice health screening test for exposure to depleted uranium:

(1) those who have been assigned a risk level I or II for depleted uranium exposure by the person's branch of service;

(2) those who can provide to the satisfaction of the commissioner evidence of exposure equivalent to an assigned risk of level I or II; and

(3) those who provide evidence to the satisfaction of the commissioner of a medical diagnosis of serious debilitating symptoms of nonspecific origin following service in an area where depleted uranium ammunition was expended.

(b) The commissioner, in consultation with the commissioner of health, must select a test that utilizes a bioassay procedure involving sensitive methods capable of detecting depleted uranium at low levels and the use of equipment with the capacity to discriminate between different radioisotopes in naturally occurring levels of uranium and the characteristic ratio and marker for depleted uranium.

Subd. 3. **Commissioner to provide for test.** The commissioner shall establish a method for administering the health screening test described in subdivision 2.

Subd. 4. **Notification of availability to those eligible.** The commissioner must make reasonable efforts to inform all eligible persons of their potential right to the health screening test described in subdivision 2.

Subd. 5. **Random sample study.** (a) In addition to the testing required under subdivision 2, the commissioner shall select a random sample containing ten percent of the eligible members who as Minnesota residents have served for a period of 30 days or more within Iraq or Afghanistan in support of contingency operations for Operation Iraqi Freedom or Operation Enduring Freedom. Each eligible member who is selected into the sample by the commissioner has the right to the same health screening test as provided under subdivision 2. The commissioner must make a reasonable effort to inform each selected person of that right, and must provide the person with a reasonable opportunity to take the health screening test. The commissioner, acting in accordance with the requirements of chapter 13, the Government Data Practices Act, must statistically tabulate the results of the screening tests for the selected sample and upon request must report those results to the chairs and ranking minority members of the senate and house of representatives committees responsible for military and veterans affairs.

(b) The adjutant general of the Minnesota National Guard, and the senior officer of each military reserve organization located within Minnesota shall assist the commissioner with the sampling task by providing to the commissioner in a timely manner a complete listing of the names, unit designations, and most recent mailing addresses of their current and previous members who as Minnesota residents have served for a period of 30 days or more in active military service within Iraq or Afghanistan in support of contingency operations for Operation Iraqi Freedom or Operation Enduring Freedom.

EFFECTIVE DATE. This section is effective July 1, 2007.

Sec. 3. [197.231] HONOR GUARDS.

The commissioner of veterans affairs shall pay, within available funds and upon request by a local unit of a congressionally chartered veterans organization or its auxiliary, up to \$50 to the local unit for each time that local unit provides an honor guard detail at the funeral of a deceased veteran. The commissioner may give priority to local units that do not have charitable gambling operations. If the local unit provides a student to play "Taps," the local unit may pay some or all of the \$50 to the student.

Sec. 4. Minnesota Statutes 2006, section 197.75, is amended to read:

197.75 EDUCATIONAL ASSISTANCE, WAR ORPHANS SURVIVORS AND VETERANS.

Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this section.

(b) "Commissioner" means the commissioner of veterans affairs.

(c) "Deceased veteran" means a veteran who was a Minnesota resident within six months of the time of the person's entry into the United States armed forces and who has died as a result of that service, as determined by the United States Veterans Administration.

(d) "Eligible child" means a person who:

(1) is the natural or adopted son or daughter of a deceased veteran; and

(2) is a student making satisfactory academic progress at an eligible institution of higher education.

(e) "Eligible institution" means a postsecondary educational institution located in this state that either (1) is operated by this state, or (2) is operated publicly or privately and, as determined by the office, maintains academic standards substantially equivalent to those of comparable institutions operated in this state.

(f) "Eligible spouse" means the surviving spouse of a deceased veteran.

(g) "Eligible veteran" means a veteran who:

(1) is a student making satisfactory academic progress at an eligible institution of higher education;

(2) had Minnesota as the person's state of residence at the time of the person's enlistment or any reenlistment into the United States armed forces, as shown by the person's federal form DD-214 or other official documentation to the satisfaction of the commissioner;

(3) except for benefits under this section, has no remaining military or veteran-related educational assistance benefits for which the person may have been entitled; and

(4) while using the educational assistance authorized in this section, remains a resident student as defined in section 136A.101, subdivision 8.

(h) "Satisfactory academic progress" has the meaning given in section 136A.101, subdivision 10.

(i) "Student" has the meaning given in section 136A.101, subdivision 7.

(j) "Veteran" has the meaning given in section 197.447.

Subd. 2. Benefits; eligibility. (a) The commissioner of veterans affairs shall spend a biennial appropriation for tuition of veterans, and for tuition, fees, board, room, books, and supplies of the children of veterans who have died as a result of their service in the armed forces of the United States as determined by the United States Veterans Administration or other instrumentality of the United States, in the University of Minnesota, a state university, a community college, a technical college, or any other university of higher learning within the state accredited by the North Central Association of Colleges and Secondary Schools, a law college approved by the Supreme Court, a nursing school approved by the state Board of Nursing, or in a trade, business, or vocational school in the state approved by the state Department of Education, or in a theological seminary, for any course which such veteran or child may elect. Not more than \$750 shall be expended for the benefit of any individual veteran, and not more than \$750 in any fiscal year shall be expended for the benefit of any child under this section. No child of any veteran shall make application for the benefits provided in this section unless the child resided in Minnesota for at least two years immediately prior to the date of the application, to provide an educational assistance stipend of \$750 each year for each eligible child and each eligible spouse, and a single payment of \$750 for each eligible veteran. This stipend is not available for any person who has attained a bachelor's or equivalent degree.

~~Children of veterans eligible for benefits according to this section~~ (b) Each eligible child and each eligible spouse shall be admitted to ~~state institutions of university grade~~ any Minnesota public eligible institution free of tuition until ~~they receive~~ the person has attained a bachelors bachelor's or equivalent degree.

(c) Payments of benefits authorized under this section shall be made directly to the ~~institution in which the course of instruction is given~~ participating eligible institutions or to ~~the individual on forms prescribed~~ eligible individuals, as determined by the commissioner.

Subd. 2. **Limitations.** ~~The benefits in subdivision 1 are not available to a veteran who is entitled to the same or similar benefits under a law or regulation of the United States, except that a veteran who has been eligible for and has used up the benefits the veteran is entitled to under the laws of the United States is entitled to the benefits provided for by subdivision 1.~~

Subd. 3. **Proof of eligibility.** Approval for benefits under this section shall require submission of the following evidence: application, proof of military service, and where applicable, proof of residency and ~~where applicable,~~ a statement from the United States Veterans Administration that the veteran has exhausted entitlement to federal educational benefits through use thereof or that the veteran died of service connected disabilities. Upon submission of satisfactory proof of eligibility, benefits shall be provided from the date of application and notification of approval shall be sent to the educational institution and applicant.

Subd. 4. **Reimbursement form.** ~~Reimbursement to such institution or eligible individual authorized under subdivision 1 shall be on forms prescribed by~~ The commissioner shall establish policies and procedures for determining eligibility and payment under this section.

Subd. 5. **Definition of veteran Participation by eligible institutions.** ~~The word "veteran" as used in this section shall have the same meaning as defined in section 197.447 except that it shall include service persons that died while on active duty.~~ (a) Each Minnesota public postsecondary institution must continue to participate in the educational assistance program authorized in this section during both peacetime and times of war.

(b) Any participating eligible institution not described in paragraph (a) may suspend or terminate its participation in the program at the end of any academic semester or other academic term.

~~Subd. 6. **Residence required.** Veterans under this section shall have been a resident of the state of Minnesota at the time of induction into the armed forces and six months immediately preceding the induction.~~

EFFECTIVE DATE. This section is effective July 1, 2007, and applies to applications for coursework taken on or after that date.

Sec. 5. Minnesota Statutes 2006, section 198.002, subdivision 2, is amended to read:

Subd. 2. **Membership.** The board consists of nine voting members appointed by the governor with the advice and consent of the senate. The members of the board shall fairly represent the geographic areas of the state. The members are:

(1) a chair, designated by the governor;

(2) three public members experienced in policy formulation with professional experience in health care delivery; and

(3) at least five members experienced in policy formulation with professional experience in health care delivery who are members of congressionally chartered veterans organizations or their auxiliaries that have a statewide organizational structure and state level officers in Minnesota.

The commissioner of veterans affairs shall serve as an ex officio, nonvoting member of the board. From each house of the legislature, the chair of the committee that deals with veterans affairs or the chair's designee shall serve as an ex officio, nonvoting member if that person is a veteran of the board.

Sec. 6. Minnesota Statutes 2006, section 198.004, subdivision 1, is amended to read:

Subdivision 1. **Appointment.** (a) The board shall appoint an executive director. The executive director shall serve in the unclassified service at the pleasure of the board. The executive director must be a resident of the state of Minnesota, a citizen of the United States; and, except as provided in paragraph (b), a veteran as that term is defined in section 197.447. The executive director shall serve as secretary of the board.

(b) When selecting an executive director, the board shall give preference to qualified applicants who are veterans by initially placing only the names of qualified applicants who are veterans on the selection list for final consideration, and only if the list contains fewer than three qualified applicants who are veterans shall the names of qualified applicants who are not veterans be added to the list. The board shall then select the most qualified applicant from the list. If at any point in the selection process the board concludes that no applicant is sufficiently qualified for the director position, the board may reopen the application process.

Sec. 7. **PSYCHOLOGICAL COUNSELING SERVICES REPORT.**

By November 1, 2007, the commissioner of veterans affairs and the adjutant general of the National Guard, in consultation with relevant policy personnel and professional staff of the Minnesota Veterans Homes Board and the United States Department of Veterans Affairs, shall jointly report to the chair and ranking minority member of each committee in the senate and house of representatives with jurisdiction over the policy or finance of veterans affairs and military affairs regarding the psychological status and needs of soldiers and veterans returning to Minnesota after having served in support of contingency operations for Operation Enduring Freedom and Operation Iraqi Freedom.

The report must provide the best relevant insights into and advice concerning how to most effectively provide the psychological support services determined to be needed by those soldiers and veterans. The report shall also provide an overview and discussion of the types of federal, state, and local mental health resources available to soldiers and veterans throughout the state, with particular emphasis on the role and capabilities of the mental health facility under planning by the Minnesota Veterans Homes Board in Kandiyohi County.

ARTICLE 5

MILITARY AFFAIRS

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009.

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

Sec. 2. **MILITARY AFFAIRS**

Subdivision 1. **Total Appropriation** **\$21,814,000** **\$20,123,000**

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>21,476,000</u>	<u>19,785,000</u>
<u>Special Revenue</u>	<u>338,000</u>	<u>338,000</u>

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

Subd. 2. **Maintenance of Training Facilities** 7,504,000 7,448,000

\$185,000 the first year is to pay special assessments levied against state property. This is a onetime appropriation.

Subd. 3. **General Support** 4,101,000 2,464,000

Appropriations by Fund

<u>General</u>	<u>3,763,000</u>	<u>2,126,000</u>
<u>Special Revenue</u>	<u>338,000</u>	<u>338,000</u>

(a) \$1,500,000 the first year is for the Minnesota National Guard reintegration program. This appropriation is available until spent.

(b) \$275,000 the first year and \$285,000 the second year are for additional staffing.

(c) \$338,000 each year is from the account in the special revenue fund established in Minnesota Statutes, section 190.19, for grants under that section.

(d) \$150,000 the first year is for predesign and design of a new facility for the Starbase Minnesota program. This appropriation is available until spent.

(e) \$25,000 the first year is for a longitudinal study measuring improvement in academic achievement as a result of participation in the Starbase program.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2008</u>	<u>2009</u>
Subd. 4. <u>Enlistment Incentives</u>	<u>10,209,000</u>	<u>10,211,000</u>

If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

Sec. 3. **[192.382] HONOR GUARDS.**

Upon the death of any person who has honorably served six or more years or is in active service in the Minnesota National Guard, the adjutant general may activate members to serve as an honor guard at the funeral. Members activated for service as honor guards must be paid at the rate provided in section 192.49, subdivision 1 or 2.

Sec. 4. **[192.515] NATIONAL GUARD NONAPPROPRIATED FUND INSTRUMENTALITY.**

Subdivision 1. **Establishment.** The adjutant general may:

(a) establish a Minnesota National Guard nonappropriated fund instrumentality to create, operate, and maintain morale, welfare, and recreation facilities and activities at Camp Ripley and other property owned, leased, or otherwise controlled by the Minnesota National Guard; and

(b) create a board to manage the fund established under paragraph (a) and delegate to the board the adjutant general's authority under this section.

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

(b) "MNG NAFI" means the Minnesota National Guard nonappropriated fund instrumentality.

(c) "Morale, welfare, and recreation" refers to a facility or activity intended to provide recreational opportunities, promote unit and individual morale, and generally improve the welfare of Minnesota National Guard personnel at Camp Ripley or other properties owned, leased, or otherwise controlled by the Minnesota National Guard. It does not include facilities or services provided by the Army and Air Force Exchange Service. It also does not include facilities or services provided by other instrumentalities through the use of appropriated funds.

Subd. 3. **Use.** The adjutant general may authorize Minnesota National Guard lands and facilities to be used in support of morale, welfare, and recreation activities under this section. That use must not interfere with military operations or training.

Subd. 4. **Funds.** (a) Except as otherwise specifically authorized in this section, no general fund money or other state funds may be used for the purposes authorized under this section.

(b) The MNG NAFI is authorized to accept donations or gifts from public or private sources for purposes authorized under this section, including, but not limited to, federal funds made available to the National Guard for related activities and money received from recycling activities to the extent authorized by federal regulation.

(c) Money received from operation of activities under this section, including, but not limited to, user fees and rental charges must be deposited and managed consistent with this subdivision.

(d) The adjutant general may transfer funds from any existing morale, welfare, or recreation fund to the MNG NAFI.

(e) Money received by the MNG NAFI must be deposited in the Minnesota National Guard morale, welfare, and recreation fund.

(f) Accounts or funds created under this section must be audited annually by officers of the military forces detailed by the adjutant general as military auditors.

Subd. 5. **Rules.** The adjutant general must adopt rules for the establishment, management, and operation of the MNG NAFI consistent with this section.

Sec. 5. **BOND SALE AUTHORIZATION REDUCED.**

The bond sale authorization in Laws 2006, chapter 258, section 25, subdivision 1, is reduced by \$150,000.

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

Sec. 6. **REPEALER.**

Laws 2006, chapter 258, section 14, subdivision 6, is repealed."

Delete the title and insert:

"A bill for an act relating to appropriations; appropriating money for agriculture and veterans affairs; modifying disposition of certain revenue and funds; modifying certain grant and loan requirements; modifying use of Minnesota grown label; modifying and creating certain funds and accounts; eliminating the aquatic pest control license; modifying permit and safeguard requirements; modifying and establishing certain fees and surcharges; creating a food safety and defense task force; requiring certain studies and reports; providing for NextGen energy; changing certain provisions related to veterans; amending Minnesota Statutes 2006, sections 3.737, subdivision 1; 3.7371, subdivision 3; 17.03, subdivision 3; 17.101, subdivision 2; 17.102, subdivisions 1, 3, 4, by adding subdivisions; 17.117, subdivisions 1, 4, 5a, 5b, 11; 17.983, subdivision 1; 17B.03, by adding a subdivision; 18B.065, subdivisions 1, 2a; 18B.26, subdivision 3; 18B.33, subdivision 1; 18B.34, subdivision 1; 18B.345; 18C.305, by adding a subdivision; 18E.02, subdivision 5, by adding a subdivision; 18E.03, subdivision 4; 25.341, subdivision 1; 28A.04, subdivision 1; 28A.06; 28A.082, subdivision 1; 32.21, subdivision 4; 32.212; 32.394, subdivision 4; 32.415; 41B.03, subdivision 1; 41B.043, subdivisions 2, 3, 4; 41B.046, subdivision 4; 41B.047; 41B.055; 41B.06; 41C.05, subdivision 2; 116.0714; 156.001, by adding subdivisions; 156.12, subdivision 1; 197.75; 198.002, subdivision 2; 198.004, subdivision 1; 239.7911, subdivision 1; 343.10; 469.310, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 18C; 28A; 35; 38; 41A; 192; 197; 469; repealing Minnesota Statutes 2006, sections 17.109; 18B.315; 18C.425, subdivision 5; 32.213; 35.08; 35.09; 35.10; 35.11; 35.12; 41B.043, subdivision 1a; 156.075; Laws 2006, chapter 258, section 14, subdivision 6; Minnesota Rules, parts 1705.0840; 1705.0850; 1705.0860; 1705.0870; 1705.0880; 1705.0890; 1705.0900; 1705.0910; 1705.0920; 1705.0930; 1705.0940; 1705.0950; 1705.0960; 1705.0970; 1705.0980; 1705.0990; 1705.1000; 1705.1010; 1705.1020; 1705.1030; 1705.1040; 1705.1050; 1705.1060; 1705.1070; 1705.1080; 1705.1086; 1705.1087; 1705.1088."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Rukavina from the Higher Education and Work Force Development Policy and Finance Division to which was referred:

H. F. No. 2385, A bill for an act relating to economic development; requiring a closed wood products manufacturing plant to be maintained for a period of time; proposing coding for new law in Minnesota Statutes, chapter 116J.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Carlson from the Committee on Finance to which was referred:

S. F. No. 2096, A bill for an act relating to state government; appropriating money for environmental, natural resources, and energy purposes; establishing and modifying certain programs; modifying rulemaking authority; providing for accounts, assessments, and fees; amending Minnesota Statutes 2006, sections 84.025, subdivision 9; 84.026, subdivision 1; 84.027, by adding a subdivision; 84.0855, subdivisions 1, 2; 84.780; 84.922, subdivisions 1a, 5; 84.927, subdivision 2; 84D.03, subdivision 1; 84D.12, subdivisions 1, 3; 84D.13, subdivision 7; 85.32, subdivision 1; 86B.415, subdivisions 1, 2, 3, 4, 5, 7; 86B.706, subdivision 2; 89A.11; 93.0015, subdivision 3; 97A.045, by adding a subdivision; 97A.055, subdivision 4; 97A.065, by adding a subdivision; 97A.405, subdivision 2; 97A.411, subdivision 1; 97A.451, subdivision 3a; 97A.465, by adding subdivisions; 97A.473, subdivisions 3, 5; 97A.475, subdivisions 3, 7, 11, 12, by adding a subdivision; 97B.601, subdivision 3; 97B.715, subdivision 1; 97B.801; 97C.081, subdivision 3; 97C.355, subdivision 2; 116C.779, subdivision 1; 216B.812, subdivisions 1, 2; 216C.051, subdivision 9; Laws 2003, chapter 128, article 1, section 169; proposing coding for new law in Minnesota Statutes, chapters 84; 84D; 89; 103F; 144; 216B; 216C; 325E; repealing Minnesota Statutes 2006, section 93.2236.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS

Section 1. SUMMARY OF APPROPRIATIONS.

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

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	<u>\$134,588,000</u>	<u>\$137,139,000</u>	<u>\$271,727,000</u>
<u>State Government Special Revenue</u>	<u>48,000</u>	<u>48,000</u>	<u>96,000</u>
<u>Environmental</u>	<u>61,425,000</u>	<u>61,622,000</u>	<u>123,047,000</u>
<u>Natural Resources</u>	<u>79,811,000</u>	<u>80,820,000</u>	<u>160,631,000</u>

<u>Game and Fish</u>	<u>90,073,000</u>	<u>92,032,000</u>	<u>182,105,000</u>
<u>Remediation</u>	<u>11,666,000</u>	<u>11,186,000</u>	<u>22,852,000</u>
<u>Permanent School</u>	<u>200,000</u>	<u>200,000</u>	<u>400,000</u>
<u>Total</u>	<u>\$377,811,000</u>	<u>\$383,047,000</u>	<u>\$760,858,000</u>

Sec. 2. **ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for the fiscal year ending June 30, 2007, are effective the day following final enactment.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 2009

Sec. 3. **POLLUTION CONTROL AGENCY**

Subdivision 1. **Total Appropriation** **\$100,271,000** **\$99,989,000**

Appropriations by Fund

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

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

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

Appropriations by Fund

<u>General</u>	<u>23,326,000</u>	<u>23,266,000</u>
<u>State Government</u>		
<u>Special Revenue</u>	<u>48,000</u>	<u>48,000</u>

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

Remediation	550,000	-0-
Environmental	19,004,000	18,934,000

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

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

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

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

\$480,000 the first year and \$480,000 the second year are from the environmental fund to address the need for continued increased activity in the areas of new technology review, technical assistance for local governments, and enforcement under Minnesota Statutes, sections 115.55 to 115.58, and to complete the requirements of Laws 2003, chapter 128, article 1, section 165. Of this amount, \$48,000 each year is for administration of individual septic tank fees.

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

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

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

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

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

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

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

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

	<u>APPROPRIATIONS</u> <u>Available for the Year</u> <u>Ending June 30</u>	
	<u>2008</u>	<u>2009</u>
<u>Subd. 3. Air</u>	<u>10,623,000</u>	<u>10,890,000</u>

Appropriations by Fund

<u>Environmental</u>	<u>10,623,000</u>	<u>10,890,000</u>
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Up to \$150,000 the first year and \$150,000 the second year may be transferred from the environmental fund to the small business environmental improvement loan account established in Minnesota Statutes, section 116.993.

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

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

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

<u>Subd. 4. Land</u>	<u>18,081,000</u>	<u>18,151,000</u>
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Appropriations by Fund

<u>Environmental</u>	<u>7,065,000</u>	<u>7,065,000</u>
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<u>Remediation</u>	<u>11,016,000</u>	<u>11,086,000</u>
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All money for environmental response, compensation, and compliance in the remediation fund not otherwise appropriated is appropriated to the commissioners of the Pollution Control Agency and agriculture for purposes of Minnesota Statutes, section 115B.20, subdivision 2, clauses (1), (2), (3), (6), and (7). At the beginning of each fiscal year, the two commissioners shall jointly submit an annual spending plan to the commissioner of finance and the house and senate chairs of environment and natural resources finance that maximizes the utilization of resources and appropriately allocates the money between the two departments. This appropriation is available until June 30, 2009.

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

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

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

Subd. 5. **Multimedia**

4,879,000

4,911,000

Appropriations by Fund

<u>General</u>	<u>2,288,000</u>	<u>2,320,000</u>
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<u>Environmental</u>	<u>2,591,000</u>	<u>2,591,000</u>
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\$550,000 the first year and \$550,000 the second year are from the environmental fund to provide regulatory services to the ethanol, mining, and other developing economic sectors. This is a onetime appropriation.

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

Subd. 6. **Environmental Assistance**

22,142,000

22,142,000

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

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

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

\$119,000 the first year and \$119,000 the second year are from the environmental fund for environmental assistance grants or loans under Minnesota Statutes, section 115A.0716.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 2009

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

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2009, for environmental assistance grants awarded under Minnesota Statutes, section 115A.0716, and for technical and research assistance under Minnesota Statutes, section 115A.152, technical assistance under Minnesota Statutes, section 115A.52, and pollution prevention assistance under Minnesota Statutes, section 115D.04, are available until June 30, 2011.

Subd. 7. **Administrative Support**

1,618,000

1,647,000

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

Sec. 4. **NATURAL RESOURCES**

Subdivision 1. **Total Appropriation**

\$245,711,000

\$250,870,000

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>80,587,000</u>	<u>82,778,000</u>
<u>Natural Resources</u>	<u>74,751,000</u>	<u>75,760,000</u>
<u>Game and Fish</u>	<u>90,073,000</u>	<u>92,032,000</u>
<u>Remediation</u>	<u>100,000</u>	<u>100,000</u>
<u>Permanent School</u>	<u>200,000</u>	<u>200,000</u>

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

Subd. 2. **Land and Mineral Resources Management**

11,461,000

11,448,000

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

Appropriations by Fund

<u>General</u>	<u>6,347,000</u>	<u>6,406,000</u>
<u>Natural Resources</u>	<u>3,551,000</u>	<u>3,447,000</u>
<u>Game and Fish</u>	<u>1,363,000</u>	<u>1,395,000</u>
<u>Permanent School</u>	<u>200,000</u>	<u>200,000</u>

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

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

\$2,800,000 the first year and \$2,696,000 the second year are from the minerals management account in the natural resources fund for use as provided in Minnesota Statutes, section 93.2236, paragraph (c).

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

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

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

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

Subd. 3. Water Resources Management

12,931,000

13,116,000

Appropriations by Fund

<u>General</u>	<u>12,651,000</u>	<u>12,836,000</u>
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<u>Natural Resources</u>	<u>280,000</u>	<u>280,000</u>
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\$310,000 the first year and \$310,000 the second year are for grants for up to 50 percent of the cost of implementing the Red River mediation agreement.

\$65,000 the first year and \$65,000 the second year are for a grant to the Mississippi Headwaters Board for up to 50 percent of the cost of implementing the comprehensive plan for the upper Mississippi within areas under the board's jurisdiction.

\$5,000 the first year and \$5,000 the second year are for payment to the Leech Lake Band of Chippewa Indians to implement the band's portion of the comprehensive plan for the upper Mississippi.

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

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

Subd. 4. Forest Management

41,148,000

41,930,000

Appropriations by Fund

<u>General</u>	<u>22,858,000</u>	<u>23,273,000</u>
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APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Natural Resources 18,033,000 18,393,000

Game and Fish 257,000 264,000

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

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

\$17,983,000 the first year and \$18,293,000 the second year are from the forest management investment account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 89.039, subdivision 2.

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

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

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

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

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

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

\$50,000 the first year and \$100,000 the second year are from the natural resources fund for forest road maintenance in support of all-terrain vehicle trails.

Subd. 5. Parks and Recreation Management

35,141,000

35,959,000

Appropriations by Fund

<u>General</u>	<u>20,560,000</u>	<u>20,923,000</u>
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<u>Natural Resources</u>	<u>14,581,000</u>	<u>15,036,000</u>
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\$640,000 the first year and \$640,000 the second year are from the water recreation account in the natural resources fund for state park water access projects.

\$3,996,000 the first year and \$3,996,000 the second year are from the natural resources fund for state park and recreation area operations. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (2).

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

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

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

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

Subd. 6. Trails and Waterways Management

29,942,000

30,147,000

Appropriations by Fund

<u>General</u>	<u>2,528,000</u>	<u>2,548,000</u>
<u>Natural Resources</u>	<u>25,295,000</u>	<u>25,405,000</u>
<u>Game and Fish</u>	<u>2,119,000</u>	<u>2,194,000</u>

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

\$1,140,000 the first year and \$1,132,000 the second year are from the natural resources fund for off-highway vehicle grants-in-aid. Of this amount, \$790,000 the first year and \$882,000 the second year are from the all-terrain vehicle account; \$150,000 each year is from the off-highway motorcycle account; and \$200,000 the first year and \$100,000 the second year are from the off-road vehicle account. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

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

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

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

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

Subd. 7. Fish and Wildlife Management

67,072,000

68,394,000

Appropriations by Fund

<u>General</u>	<u>3,255,000</u>	<u>3,255,000</u>
<u>Natural Resources</u>	<u>1,876,000</u>	<u>1,876,000</u>
<u>Game and Fish</u>	<u>61,941,000</u>	<u>63,263,000</u>

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

\$8,061,000 the first year and \$8,167,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1). Of this amount, \$1,175,000 the first year and \$1,175,000 the second year are for preserving, restoring, and enhancing grassland/wetland complexes on public lands.

Notwithstanding Minnesota Statutes, section 84.943, \$13,000 the first year and \$13,000 the second year from the critical habitat private sector matching account may be used to publicize the critical habitat license plate match program.

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

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

\$182,000 the first year and \$132,000 the second year are to accelerate wildlife health programs and to prevent the spread of disease from livestock and poultry to the wildlife population. \$50,000 in the first year is for fencing cattle-feeding areas in

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

bovine tuberculosis control zones, under the emergency deterrent materials assistance program in Minnesota Statutes, section 97A.028, subdivision 3. This appropriation is available until June 30, 2009. \$66,000 of this amount is permanent.

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

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

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

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

Subd. 8. Ecological Services

14,201,000

15,404,000

Appropriations by Fund

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

\$1,192,000 the first year and \$1,223,000 the second year are from the nongame wildlife management account in the natural resources fund for the purpose of nongame wildlife management. Notwithstanding Minnesota Statutes, section 290.431, \$100,000 the first year and \$100,000 the second year may be used for nongame information, education, and promotion.

\$1,612,000 the first year and \$1,636,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1), on public lands.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

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

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

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

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

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

Subd. 9. Enforcement

30,021,000

30,697,000

Appropriations by Fund

<u>General</u>	<u>3,336,000</u>	<u>3,392,000</u>
<u>Natural Resources</u>	<u>7,163,000</u>	<u>7,320,000</u>
<u>Game and Fish</u>	<u>19,422,000</u>	<u>19,885,000</u>
<u>Remediation</u>	<u>100,000</u>	<u>100,000</u>

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

\$1,082,000 the first year and \$1,082,000 the second year are from the water recreation account in the natural resources fund for grants to counties for boat and water safety.

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

\$315,000 the first year and \$315,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for grants to local law enforcement agencies for snowmobile enforcement activities.

APPROPRIATIONS
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Ending June 30
2008 **2009**

\$1,164,000 the first year and \$1,164,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

\$225,000 the first year and \$225,000 the second year are from the natural resources fund for grants to county law enforcement agencies for off-highway vehicle enforcement and public education activities based on off-highway vehicle use in the county. Of this amount, \$213,000 each year is from the all-terrain vehicle account, \$11,000 each year is from the off-highway motorcycle account, and \$1,000 each year is from the off-road vehicle account. The county enforcement agencies may use money received under this appropriation to make grants to other local enforcement agencies within the county that have a high concentration of off-highway vehicle use. Of this appropriation, \$25,000 each year is for administration of these grants.

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

\$50,000 the first year and \$225,000 the second year are from the natural resources fund for grants to qualifying off-highway vehicle organizations to assist in safety and environmental education and monitoring trails on public lands. Of this appropriation, \$25,000 each year is for administration of these grants.

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

Subd. 10. Operations Support

3,794,000

3,775,000

Appropriations by Fund

<u>General</u>	<u>2,221,000</u>	<u>2,211,000</u>
<u>Natural Resources</u>	<u>484,000</u>	<u>484,000</u>
<u>Game and Fish</u>	<u>1,089,000</u>	<u>1,080,000</u>

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

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

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

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

Sec. 5. **BOARD OF WATER AND SOIL RESOURCES**

\$22,369,000

\$22,728,000

\$4,102,000 the first year and \$4,102,000 the second year are for natural resources block grants to local governments. The board may reduce the amount of the natural resources block grant to a county by an amount equal to any reduction in the county's general services allocation to a soil and water conservation district from the county's previous year allocation when the board determines that the reduction was disproportionate. Grants must be matched with a combination of local cash or in-kind contributions. The base grant portion related to water planning must be matched by an amount that would be raised by a levy under Minnesota Statutes, section 103B.3369.

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

\$3,250,000 the first year and \$3,250,000 the second year are for grants to soil and water conservation districts for cost-sharing contracts for erosion control and water quality management. Of this amount, at least \$1,200,000 the first year and \$1,200,000 the second year are for grants for cost-sharing contracts to establish and maintain vegetation buffers of restored native prairie and

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

restored prairie using seeds of a local ecotype region. \$300,000 the first year and \$300,000 the second year are available to begin county cooperative weed management programs on natural lands and private lands enrolled in state and federal conservation programs and to restore native plants in selected invasive species management sites by providing local native seeds and plants to landowners for implementation. This appropriation is available until expended. If the appropriation in either year is insufficient, the appropriation in the other year is available for it. Notwithstanding Minnesota Statutes, section 103C.501, any balance in the board's cost-share program that remains from the fiscal year 2007 appropriation is available in an amount up to \$2,000 for a grant to the Faribault Soil and Water Conservation District to pay for erosion repair on the Blue Earth River, and up to \$40,000 is available for grants to soil and water conservation districts for Web site development and reporting; and \$100,000 in fiscal years 2008 and 2009 is for evaluating and reporting on performance, financial, and activity information of local water management entities as provided for in article 2, section 38.

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

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

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

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

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

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

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

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

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

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

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

If the appropriations in clauses (1) to (6) in either year are insufficient, the appropriation in the other year is available for it. All of the money appropriated in clauses (1) to (6) as grants to local governments shall be administered through the Board of Water and Soil Resources' local water resources protection and management program under Minnesota Statutes, section 103B.3369.

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

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

\$450,000 the first year and \$800,000 the second year are to implement recommendations of the Drainage Work Group to enhance public drainage and modernization as follows: \$150,000 the first year is to develop guidelines for drainage records preservation and modernization; \$500,000 the second year is for cost-share grants to local governments for public drainage records modernization; and \$300,000 each year is to provide assistance to local drainage management officials, to facilitate the work of the Drainage Work Group, to staff a drainage assistance team, and to update the Minnesota Public Drainage Manual. All of the money appropriated in this paragraph as grants to local governments shall be administered through the Board of Water and Soil Resources' local water resources protection and management program under Minnesota Statutes, section 103B.3369.

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

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

Sec. 6. **METROPOLITAN COUNCIL**

\$8,620,000

\$8,620,000

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>4,050,000</u>	<u>4,050,000</u>
<u>Natural Resources</u>	<u>4,570,000</u>	<u>4,570,000</u>

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

\$4,570,000 the first year and \$4,570,000 the second year are from the natural resources fund for metropolitan area regional parks and trails maintenance and operations. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (3).

Sec. 7. **MINNESOTA CONSERVATION CORPS**

\$840,000

\$840,000

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>350,000</u>	<u>350,000</u>
<u>Natural Resources</u>	<u>490,000</u>	<u>490,000</u>

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

ARTICLE 2

ENVIRONMENT AND NATURAL RESOURCES POLICY

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

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

(1) member of the legislature;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (1) all revenue from the motor vehicle transfer fee imposed under section 115A.908;
- (2) all fees collected under section 116.07, subdivision 4d;
- (3) all money collected by the Pollution Control Agency in enforcement matters as provided in section 115.073;
- (4) all revenues from license fees for individual sewage treatment systems under section 115.56;
- (5) all loan repayments deposited under section 115A.0716;
- (6) all revenue from pollution prevention fees imposed under section 115D.12;
- (7) all loan repayments deposited under section 116.994;
- (8) all fees collected under section 116C.834;
- (9) revenue collected from the solid waste management tax pursuant to chapter 297H;
- (10) fees collected under section 473.844; ~~and~~
- (11) interest accrued on the fund; and

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

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

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

Subd. 2. **Distribution.** (a) The commissioner of agriculture shall ensure the equitable statewide distribution of processed deer by requiring the charitable organization to allocate and distribute processed deer according to the allocation formula used in the distribution of United States Department of Agriculture commodities under the federal emergency food assistance program. The charitable organization must submit quarterly reports to the commissioner on forms prescribed by the commissioner. The reports must include, but are not limited to, information on the amount of processed deer received and the organizations to which the meat was distributed.

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

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

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

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

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

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

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

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

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

Ecotype Region

Counties or portions thereof:

Rochester Plateau, Blufflands, and Oak Savanna

Houston, Winona, Fillmore, Wabasha, Goodhue,
Mower, Freeborn, Steele, Olmsted, Rice, Waseca,
Dakota, Dodge

Anoka Sand Plain, Big Woods, and St. Paul
Baldwin Plains and Moraines

Anoka, Hennepin, Ramsey, Washington, Chisago,
Scott, Carver, McLeod, Wright, Benton, Isanti,
Le Sueur, Sherburne

Inner Coteau and Coteau Moraines

Lincoln, Lyon, Pipestone, Rock, Murray, Nobles,
Jackson, Cottonwood

Red River Prairie (South)

Traverse, Wilkin, Clay, Becker

Red River Prairie (North) and Aspen Parklands

Kittson, Roseau, Red Lake, Pennington, Marshall,
Clearwater, Mahnomen, Polk, Norman

Minnesota River Prairie (North)

Big Stone, Pope, Stevens, Grant, Swift, Chippewa,
Meeker, Kandiyohi, Renville, Lac qui Parle,
Yellow Medicine

Minnesota River Prairie (South)

Nicollet, Redwood, Brown, Watonwan, Martin,
Faribault, Blue Earth, Sibley

Hardwood Hills

Douglas, Morrison, Otter Tail, Stearns, Todd

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

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

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

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

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

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

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

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

- (1) specify in the easement all provisions that are perpetual in nature;
- (2) file the easement with the county recorder or registrar of titles in the county in which the land is located; and
- (3) submit an electronic copy of the easement to the commissioner.

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

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

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

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

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

84.780 OFF-HIGHWAY VEHICLE DAMAGE ACCOUNT.

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

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

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

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

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

(1) upon approval by the legislature; or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

84.963 PRAIRIE PLANT SEED PRODUCTION AREAS.

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

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

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

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

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

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

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

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

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

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

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

Subdivision 1. **Advisory council created.** The Cuyuna Country State Recreation Area Citizens Advisory Council is established. Membership on the advisory council shall include:

- (1) a representative of the Cuyuna Range Mineland Recreation Area Joint Powers Board;
- (2) a representative of the Croft Mine Historical Park Joint Powers Board;
- (3) a designee of the Cuyuna Range Mineland Reclamation Committee who has worked as a miner in the local area;
- (4) a representative of the Crow Wing County Board;
- (5) an elected state official;
- (6) a representative of the Grand Rapids regional office of the Department of Natural Resources;
- (7) a designee of the Iron Range Resources and Rehabilitation Board;
- (8) a designee of the local business community selected by the area chambers of commerce;
- (9) a designee of the local environmental community selected by the Crow Wing County District 5 commissioner;
- (10) a designee of a local education organization selected by the Crosby-Ironton School Board;
- (11) a designee of one of the recreation area user groups selected by the Cuyuna Range Chamber of Commerce; and
- (12) a member of the Cuyuna Country Heritage Preservation Society.

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

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

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

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

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

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

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

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

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

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

- (1) fees ~~and surcharges~~ from titling and licensing of watercraft under this chapter;
- (2) fines, installment payments, and forfeited bail according to section 86B.705, subdivision 2;
- (3) ~~civil penalties according to section 84D.13;~~
- (4) mooring fees and receipts from the sale of marine gas at state-operated or state-assisted small craft harbors and mooring facilities according to section 86A.21;
- (5) ~~(4)~~ the unrefunded gasoline tax attributable to watercraft use under section 296A.18; and
- (6) ~~(5)~~ fees for permits issued to control or harvest aquatic plants other than wild rice under section 103G.615, subdivision 2.

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

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

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

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

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

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

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

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

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

- (1) defines tree ownership and who is responsible for the costs associated with control measures;
- (2) defines the zone of infestation within which the control measures are to be applied;
- (3) includes a tree inspector certified under section 89.63 and having the authority to enter and inspect private lands;
- (4) has the means to enforce measures needed to limit the spread of shade tree pests; and
- (5) provides that grant money received will be deposited in a separate fund to be spent only for the purposes authorized by this section.

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

- (1) a home rule charter or statutory city or a town that exercises municipal powers under section 368.01 or any general or special law;
- (2) a special park district organized under chapter 398;
- (3) a special-purpose park and recreation board;
- (4) a soil and water conservation district;
- (5) a county; or
- (6) any other organization with the legal authority to enter into contractual agreements.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subd. 3a. **Deer license surcharge.** Fees for annual resident and nonresident licenses to take deer by firearms or archery established under subdivisions 2, clauses (4), (5), (9), and (11), and 3, clauses (2), (3), and (7), must be increased by a surcharge of \$1, except as provided under section 97A.065, subdivision 6. An additional commission

may not be assessed on the surcharge and the following statement must be included in the annual deer hunting regulations: "The \$1 deer license surcharge is being paid by hunters for deer management, including assisting with the costs of processing deer donated for charitable purposes."

Sec. 32. Minnesota Statutes 2006, section 97A.475, subdivision 7, is amended to read:

Subd. 7. **Nonresident fishing.** (a) Fees for the following licenses, to be issued to nonresidents, are:

- (1) to take fish by angling, \$34;
- (2) to take fish by angling limited to seven consecutive days selected by the licensee, \$24;
- (3) to take fish by angling for a 72-hour period selected by the licensee, \$20;
- (4) to take fish by angling for a combined license for a family for one or both parents and dependent children under the age of 16, \$46;
- (5) to take fish by angling for a 24-hour period selected by the licensee, \$8.50; and
- (6) to take fish by angling for a combined license for a married couple, limited to 14 consecutive days selected by one of the licensees, \$35.

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

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

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

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

- (1) the small game surcharge; ~~and~~
- (2) the deer license surcharge; and
- (3) \$2.50 of the license fee for the licenses in section 97A.475, subdivisions 6, clauses (1), (2), and (4), 7, 8, 12, and 13.

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

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

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

Subd. 3. **Contests requiring a permit.** (a) A person must have a permit from the commissioner to conduct a fishing contest that does not meet the criteria in subdivision 2. Permits shall be issued without a fee. The commissioner shall charge a fee for the permit that recovers the costs of issuing the permit and of monitoring the

activities allowed by the permit. Receipts collected from this fee shall be credited to the game and fish fund. Notwithstanding section 16A.1283, the commissioner may, by written order published in the State Register, establish contest permit fees. The fees are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply.

(b) If entry fees are over \$25 per person, or total prizes are valued at more than \$25,000, and if the applicant has either:

(1) not previously conducted a fishing contest requiring a permit under this subdivision; or

(2) ever failed to make required prize awards in a fishing contest conducted by the applicant, the commissioner may require the applicant to furnish the commissioner evidence of financial responsibility in the form of a surety bond or bank letter of credit in the amount of \$25,000.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (1) the number and types of actions for which viewers were appointed;
- (2) the number of miles of buffer strips established according to section 103E.021;
- (3) the number of drainage system inspections conducted; and
- (4) the number of violations of section 103E.021 identified and enforcement actions taken.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) The notice must state:

(1) the date the ditch was inspected;

(2) the persons making the inspection;

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

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

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

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

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

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

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

Subd. 3. **Drainage inspection report.** For each drainage system that the board designates and requires the drainage inspector to examine, the drainage inspector shall make a drainage inspection report in writing to the board after examining a drainage system, designating portions that need repair or maintenance of ~~grass the permanent strips of perennial vegetation~~ and the location and nature of the repair or maintenance. The board shall consider the drainage inspection report at its next meeting and may repair all or any part of the drainage system as provided under this chapter. The ~~grass permanent strips of perennial vegetation~~ must be maintained in compliance with section 103E.021.

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

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

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

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

Sec. 52. Minnesota Statutes 2006, section 103G.222, subdivision 1, is amended to read:

Subdivision 1. **Requirements.** (a) Wetlands must not be drained or filled, wholly or partially, unless replaced by restoring or creating wetland areas of at least equal public value under a replacement plan approved as provided in section 103G.2242, a replacement plan under a local governmental unit's comprehensive wetland protection and management plan approved by the board under section 103G.2243, or, if a permit to mine is required under section 93.481, under a mining reclamation plan approved by the commissioner under the permit to mine. Mining reclamation plans shall apply the same principles and standards for replacing wetlands by restoration or creation of wetland areas that are applicable to mitigation plans approved as provided in section 103G.2242. Public value must be determined in accordance with section 103B.3355 or a comprehensive wetland protection and management plan established under section 103G.2243. Sections 103G.221 to 103G.2372 also apply to excavation in permanently and semipermanently flooded areas of types 3, 4, and 5 wetlands.

(b) Replacement must be guided by the following principles in descending order of priority:

- (1) avoiding the direct or indirect impact of the activity that may destroy or diminish the wetland;
- (2) minimizing the impact by limiting the degree or magnitude of the wetland activity and its implementation;
- (3) rectifying the impact by repairing, rehabilitating, or restoring the affected wetland environment;
- (4) reducing or eliminating the impact over time by preservation and maintenance operations during the life of the activity;
- (5) compensating for the impact by restoring a wetland; and
- (6) compensating for the impact by replacing or providing substitute wetland resources or environments.

For a project involving the draining or filling of wetlands in an amount not exceeding 10,000 square feet more than the applicable amount in section 103G.2241, subdivision 9, paragraph (a), the local government unit may make an on-site sequencing determination without a written alternatives analysis from the applicant.

(c) If a wetland is located in a cultivated field, then replacement must be accomplished through restoration only without regard to the priority order in paragraph (b), provided that a deed restriction is placed on the altered wetland prohibiting nonagricultural use for at least ten years.

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

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

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

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

~~(g)~~ (h) Wetlands that are restored or created as a result of an approved replacement plan are subject to the provisions of this section for any subsequent drainage or filling.

~~(h)~~ (i) Except in a greater than 80 percent area, only wetlands that have been restored from previously drained or filled wetlands, wetlands created by excavation in nonwetlands, wetlands created by dikes or dams along public or private drainage ditches, or wetlands created by dikes or dams associated with the restoration of previously drained or filled wetlands may be used in a statewide banking program established in rules adopted under section 103G.2242, subdivision 1. Modification or conversion of nondegraded naturally occurring wetlands from one type to another are not eligible for enrollment in a statewide wetlands bank.

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

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

~~(k)~~ (l) For projects involving draining or filling of wetlands associated with a new public transportation project, and for projects expanded solely for additional traffic capacity, public transportation authorities may purchase credits from the board at the cost to the board to establish credits. Proceeds from the sale of credits provided under this paragraph are appropriated to the board for the purposes of this paragraph.

~~(4)~~ (m) A replacement plan for wetlands is not required for individual projects that result in the filling or draining of wetlands for the repair, rehabilitation, reconstruction, or replacement of a currently serviceable existing state, city, county, or town public road necessary, as determined by the public transportation authority, to meet state or federal design or safety standards or requirements, excluding new roads or roads expanded solely for additional traffic capacity lanes. This paragraph only applies to authorities for public transportation projects that:

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

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

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

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

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

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

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

~~(n)~~ (o) A local government unit may request the board to reclassify a county or watershed on the basis of its percentage of presettlement wetlands remaining. After receipt of satisfactory documentation from the local government, the board shall change the classification of a county or watershed. If requested by the local government unit, the board must assist in developing the documentation. Within 30 days of its action to approve a change of wetland classifications, the board shall publish a notice of the change in the Environmental Quality Board Monitor.

~~(p)~~ (p) One hundred citizens who reside within the jurisdiction of the local government unit may request the local government unit to reclassify a county or watershed on the basis of its percentage of presettlement wetlands remaining. In support of their petition, the citizens shall provide satisfactory documentation to the local government unit. The local government unit shall consider the petition and forward the request to the board under paragraph ~~(a)~~ (o) or provide a reason why the petition is denied.

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

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

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

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

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

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

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

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

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

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

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

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

~~(e)~~ (e) When reasonable, practicable, and environmentally beneficial replacement opportunities are not available in siting priorities listed in paragraph (a), the applicant may seek opportunities at the next level.

~~(d)~~ (f) For the purposes of this section, "reasonable, practicable, and environmentally beneficial replacement opportunities" are defined as opportunities that:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) platted lots;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) 400 square feet.

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 60. Minnesota Statutes 2006, section 103G.2242, subdivision 2, is amended to read:

Subd. 2. **Evaluation.** (a) Questions concerning the public value, location, size, or type of a wetland shall be submitted to and determined by a Technical Evaluation Panel after an on-site inspection. The Technical Evaluation Panel shall be composed of a technical professional employee of the board, a technical professional employee of the local soil and water conservation district or districts, a technical professional with expertise in water resources management appointed by the local government unit, and a technical professional employee of the Department of Natural Resources for projects affecting public waters or wetlands adjacent to public waters. The panel shall use the "United States Army Corps of Engineers Wetland Delineation Manual" (January 1987), including updates, supplementary guidance, and replacements, if any, "Wetlands of the United States" (United States Fish and Wildlife Service Circular 39, 1971 edition), and "Classification of Wetlands and Deepwater Habitats of the United States" (1979 edition). The panel shall provide the wetland determination and recommendations on other technical matters to the local government unit that must approve a replacement plan, wetland banking plan, exemption determination, no-loss determination, or wetland boundary or type determination and may recommend approval or denial of the plan. The authority must consider and include the decision of the Technical Evaluation Panel in their approval or denial of a plan or determination.

(b) Persons conducting wetland or public waters boundary delineations or type determinations are exempt from the requirements of chapter 326. ~~By January 15, 2001, the board, in consultation with the Minnesota Association of Professional Soil Scientists, the University of Minnesota, and the Wetland Delineators' Association, shall submit a plan for a professional wetland delineator certification program to the legislature. The board may develop a professional wetland delineator certification program.~~

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

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

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

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

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

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

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

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

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

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

- (1) the wetland owner;
- (2) any of those to whom notice is required to be mailed under subdivision 7; or
- (3) 100 residents of the county in which a majority of the wetland is located.

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

- (1) the appeal is meritless, trivial, or brought solely for the purposes of delay;
- (2) the petitioner has not exhausted all local administrative remedies;

(3) expanded technical review is needed;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iii) the resulting public values;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) "Applicable requirements" means:

- (1) local ordinances that comply with the individual sewage treatment system rules, as required in subdivision 2; or
- (2) in areas not subject to the ordinances described in clause (1), the individual sewage treatment system rules.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) designs individual sewage treatment systems.

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

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

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

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

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

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

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

- (1) how the agency will ensure compliance under subdivision 2;
- (2) how local units of government shall enforce ordinances under subdivision 2, including requirements for permits and inspection programs;
- (3) how the advisory committee will participate in review and implementation of the rules;
- (4) provisions for ~~alternative nonstandard~~ systems and performance-based systems;
- (5) provisions for handling and disposal of effluent;
- (6) provisions for system abandonment; and
- (7) procedures for variances, including the consideration of variances based on cost and variances that take into account proximity of a system to other systems.

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

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

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

- (1) a definition of redoximorphic features and other criteria that can be used by system designers and inspectors;
- (2) direction on the interpretation of observed soil features that may be redoximorphic and their relation to zones of seasonal saturation; and
- (3) procedures on how to resolve professional disagreements on seasonally saturated soils.

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

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

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

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

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

116C.92 COORDINATION OF ACTIVITIES.

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

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

(1) the state's wild rice industry;

(2) the legislature;

(3) federally recognized tribes within Minnesota; and

(4) individuals who request to be notified.

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

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

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

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

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

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

(c) A person proposing a release for which a federal authorization is required may apply to the board for an exemption from the board's permit or to a state agency with a significant environmental permit for the proposed release for an exemption from the agency's permit. The proposer must file with the board or state agency a written request for exemption with a copy of the federal application and the information necessary to determine if there is a potential for significant environmental effects under chapter 116D and rules adopted under it. The board or state

agency shall give public notice of the request in the first available issue of the EQB Monitor and shall provide an opportunity for public comment on the environmental review process consistent with chapter 116D and rules adopted under it. The board or state agency may grant the exemption if the board or state agency finds that the federal authorization issued is adequate to meet the requirements of chapter 116D and rules adopted under it and any other requirement of the board's or state agency's authority regarding the release of genetically engineered organisms. The board or state agency must grant or deny the exemption within 45 days after the receipt of the written request and the information required by the board or state agency.

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

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

Subdivision 1. **Timber sales; land leases and uses.** (a) The county auditor may sell timber upon any tract that may be approved by the natural resources commissioner. The sale of timber shall be made for cash at not less than the appraised value determined by the county board to the highest bidder after not less than one week's published notice in an official paper within the county. Any timber offered at the public sale and not sold may thereafter be sold at private sale by the county auditor at not less than the appraised value thereof, until the time as the county board may withdraw the timber from sale. The appraised value of the timber and the forestry practices to be followed in the cutting of said timber shall be approved by the commissioner of natural resources.

(b) Payment of the full sale price of all timber sold on tax-forfeited lands shall be made in cash at the time of the timber sale, except in the case of oral or sealed bid auction sales, the down payment shall be no less than 15 percent of the appraised value, and the balance shall be paid prior to entry. In the case of auction sales that are partitioned and sold as a single sale with predetermined cutting blocks, the down payment shall be no less than 15 percent of the appraised price of the entire timber sale which may be held until the satisfactory completion of the sale or applied in whole or in part to the final cutting block. The value of each separate block must be paid in full before any cutting may begin in that block. With the permission of the county contract administrator the purchaser may enter unpaid blocks and cut necessary timber incidental to developing logging roads as may be needed to log other blocks provided that no timber may be removed from an unpaid block until separately scaled and paid for. If payment is provided as specified in this paragraph as security under paragraph (a) and no cutting has taken place on the contract, the county auditor may credit the security provided, less any down payment required for an auction sale under this paragraph, to any other contract issued to the contract holder by the county under this chapter to which the contract holder requests in writing that it be credited, provided the request and transfer is made within the same calendar year as the security was received.

(c) The county board may ~~require final settlement on the basis of a scale of cut products~~ sell any timber, including biomass, as appraised or scaled. Any parcels of land from which timber is to be sold by scale of cut products shall be so designated in the published notice of sale under paragraph (a), in which case the notice shall contain a description of the parcels, a statement of the estimated quantity of each species of timber, and the appraised price of each species of timber for 1,000 feet, per cord or per piece, as the case may be. In those cases any bids offered over and above the appraised prices shall be by percentage, the percent bid to be added to the appraised price of each of the different species of timber advertised on the land. The purchaser of timber from the parcels shall pay in cash at the time of sale at the rate bid for all of the timber shown in the notice of sale as estimated to be standing on the land, and in addition shall pay at the same rate for any additional amounts which the final scale shows to have been cut or was available for cutting on the land at the time of sale under the terms of the sale. Where the final scale of cut products shows that less timber was cut or was available for cutting under terms of the sale than was originally paid for, the excess payment shall be refunded from the forfeited tax sale fund upon the claim of the purchaser, to be audited and allowed by the county board as in case of other claims against the county. No timber, except hardwood pulpwood, may be removed from the parcels of land or other designated landings until scaled by a person or persons designated by the county board and approved by the commissioner of natural resources. Landings

other than the parcel of land from which timber is cut may be designated for scaling by the county board by written agreement with the purchaser of the timber. The county board may, by written agreement with the purchaser and with a consumer designated by the purchaser when the timber is sold by the county auditor, and with the approval of the commissioner of natural resources, accept the consumer's scale of cut products delivered at the consumer's landing. No timber shall be removed until fully paid for in cash. Small amounts of timber not exceeding \$3,000 in appraised valuation may be sold for not less than the full appraised value at private sale to individual persons without first publishing notice of sale or calling for bids, provided that in case of a sale involving a total appraised value of more than \$200 the sale shall be made subject to final settlement on the basis of a scale of cut products in the manner above provided and not more than two of the sales, directly or indirectly to any individual shall be in effect at one time.

(d) As directed by the county board, the county auditor may lease tax-forfeited land to individuals, corporations or organized subdivisions of the state at public or private sale, and at the prices and under the terms as the county board may prescribe, for use as cottage and camp sites and for agricultural purposes and for the purpose of taking and removing of hay, stumpage, sand, gravel, clay, rock, marl, and black dirt from the land, and for garden sites and other temporary uses provided that no leases shall be for a period to exceed ten years; provided, further that any leases involving a consideration of more than \$12,000 per year, except to an organized subdivision of the state shall first be offered at public sale in the manner provided herein for sale of timber. Upon the sale of any leased land, it shall remain subject to the lease for not to exceed one year from the beginning of the term of the lease. Any rent paid by the lessee for the portion of the term cut off by the cancellation shall be refunded from the forfeited tax sale fund upon the claim of the lessee, to be audited and allowed by the county board as in case of other claims against the county.

(e) As directed by the county board, the county auditor may lease tax-forfeited land to individuals, corporations, or organized subdivisions of the state at public or private sale, at the prices and under the terms as the county board may prescribe, for the purpose of taking and removing for use for road construction and other purposes tax-forfeited stockpiled iron-bearing material. The county auditor must determine that the material is needed and suitable for use in the construction or maintenance of a road, tailings basin, settling basin, dike, dam, bank fill, or other works on public or private property, and that the use would be in the best interests of the public. No lease shall exceed ten years. The use of a stockpile for these purposes must first be approved by the commissioner of natural resources. The request shall be deemed approved unless the requesting county is notified to the contrary by the commissioner of natural resources within six months after receipt of a request for approval for use of a stockpile. Once use of a stockpile has been approved, the county may continue to lease it for these purposes until approval is withdrawn by the commissioner of natural resources.

(f) The county auditor, with the approval of the county board is authorized to grant permits, licenses, and leases to tax-forfeited lands for the depositing of stripping, lean ores, tailings, or waste products from mines or ore milling plants, upon the conditions and for the consideration and for the period of time, not exceeding 15 years, as the county board may determine. The permits, licenses, or leases are subject to approval by the commissioner of natural resources.

(g) Any person who removes any timber from tax-forfeited land before said timber has been scaled and fully paid for as provided in this subdivision is guilty of a misdemeanor.

(h) The county auditor may, with the approval of the county board, and without first offering at public sale, grant leases, for a term not exceeding 25 years, for the removal of peat and for the production or removal of farm-grown closed-loop biomass as defined in section 216B.2424, subdivision 1, or short-rotation woody crops from tax-forfeited lands upon the terms and conditions as the county board may prescribe. Any lease for the removal of peat, farm-grown closed-loop biomass, or short-rotation woody crops from tax-forfeited lands must first be reviewed and approved by the commissioner of natural resources if the lease covers 320 or more acres. No lease for the removal

of peat, farm-grown closed-loop biomass, or short-rotation woody crops shall be made by the county auditor pursuant to this section without first holding a public hearing on the auditor's intention to lease. One printed notice in a legal newspaper in the county at least ten days before the hearing, and posted notice in the courthouse at least 20 days before the hearing shall be given of the hearing.

(i) Notwithstanding any provision of paragraph (c) to the contrary, the St. Louis County auditor may, at the discretion of the county board, sell timber to the party who bids the highest price for all the several kinds of timber, as provided for sales by the commissioner of natural resources under section 90.14. Bids offered over and above the appraised price need not be applied proportionately to the appraised price of each of the different species of timber.

(j) In lieu of any payment or deposit required in paragraph (b), as directed by the county board and under terms set by the county board, the county auditor may accept an irrevocable bank letter of credit in the amount equal to the amount otherwise determined in paragraph (b). If an irrevocable bank letter of credit is provided under this paragraph, at the written request of the purchaser, the county may periodically allow the bank letter of credit to be reduced by an amount proportionate to the value of timber that has been harvested and for which the county has received payment. The remaining amount of the bank letter of credit after a reduction under this paragraph must not be less than 20 percent of the value of the timber purchased. If an irrevocable bank letter of credit or cash deposit is provided for the down payment required in paragraph (b), and no cutting of timber has taken place on the contract for which a letter of credit has been provided, the county may allow the transfer of the letter of credit to any other contract issued to the contract holder by the county under this chapter to which the contract holder requests in writing that it be credited.

Sec. 76. Minnesota Statutes 2006, section 296A.18, subdivision 4, is amended to read:

Subd. 4. **All-terrain vehicle.** Approximately ~~0.15~~ 0.27 of one percent of all gasoline received in or produced or brought into this state, except gasoline used for aviation purposes, is being used for the operation of all-terrain vehicles in this state, and of the total revenue derived from the imposition of the gasoline fuel tax, ~~0.15~~ 0.27 of one percent is the amount of tax on fuel used in all-terrain vehicles operated in this state.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 79. ENDOCRINE DISRUPTOR REPORT.

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

Sec. 80. EASEMENT REPORT REQUIRED.

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

Sec. 81. **TAX-FORFEITED LANDS LEASE; ITASCA COUNTY.**

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

Sec. 82. **WILD RICE STUDY.**

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

- (1) the current location and estimated acreage and area of natural stands;
- (2) identified threats to natural stands, including, but not limited to, development pressure, water levels, pollution, invasive species, and genetic strains; and
- (3) recommendations to the house and senate committees with jurisdiction over natural resources on protecting and increasing natural wild rice stands in the state.

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

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

Sec. 83. **CONSTRUCTION.**

Nothing in sections 73, 74, 75, and 83 affects, alters, or modifies the authorities, responsibilities, obligations, or powers of the state or any political subdivision thereof or any federally recognized tribe.

Sec. 84. **SEPTIC BEST PRACTICES ASSISTANCE.**

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

Sec. 85. **RULEMAKING.**

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

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

Sec. 86. **VERMILLION HIGHLANDS WILDLIFE MANAGEMENT AREA.**

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

The approximately 2,840 acres owned by the University of Minnesota lying within the area legally described as approximately the southerly 3/4 of the Southwest 1/4 of Section 1, the Southeast 1/4 of Section 2, the East 1/2 of Section 10, Section 11, the West 1/2 of Section 12, Section 13, and Section 14, all in Township 114 North, Range 19 West, Dakota County.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 87. **STRAND'S STATE ISLAND.**

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

Sec. 88. **REPEALER.**

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

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

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

ARTICLE 3

SCIENCE MUSEUM AND STATE ZOO

Section 1. **SUMMARY OF APPROPRIATIONS.**

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

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	<u>\$8,313,000</u>	<u>\$8,440,000</u>	<u>\$16,753,000</u>
<u>Natural Resources</u>	<u>137,000</u>	<u>138,000</u>	<u>275,000</u>
<u>Total</u>	<u>\$8,450,000</u>	<u>\$8,578,000</u>	<u>\$17,028,000</u>

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

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

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

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>7,063,000</u>	<u>7,190,000</u>
<u>Natural Resources</u>	<u>137,000</u>	<u>138,000</u>

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

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

ARTICLE 4

ENERGY APPROPRIATIONS

Section 1. SUMMARY OF APPROPRIATIONS.

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

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

Sec. 2. ENERGY FINANCE APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for the fiscal year ending June 30, 2007, are effective the day following final enactment.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

Sec. 3. DEPARTMENT OF COMMERCE.

Subdivision 1. <u>Total Appropriation</u>	<u>\$51,721,000</u>	<u>\$33,695,000</u>
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Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>44,202,000</u>	<u>27,176,000</u>

			<u>APPROPRIATIONS</u>	
			<u>Available for the Year</u>	
			<u>Ending June 30</u>	
			<u>2008</u>	<u>2009</u>
<u>Petroleum Cleanup</u>	<u>1,084,000</u>	<u>1,084,000</u>		
<u>Workers' Compensation</u>	<u>835,000</u>	<u>835,000</u>		
<u>Special Revenue</u>	<u>5,600,000</u>	<u>4,600,000</u>		
<u>The amounts that may be spent for each purpose are specified in the following subdivisions.</u>				
<u>Subd. 2. Financial Examinations</u>			<u>6,432,000</u>	<u>6,519,000</u>
<u>Subd. 3. Petroleum Tank Release Cleanup Board</u>			<u>1,084,000</u>	<u>1,084,000</u>
<u>This appropriation is from the petroleum tank release cleanup fund.</u>				
<u>Subd. 4. Administrative Services</u>			<u>4,477,000</u>	<u>4,540,000</u>
<u>Subd. 5. Market Assurance</u>			<u>6,902,000</u>	<u>6,999,000</u>
<u>Appropriations by Fund</u>				
<u>General</u>	<u>6,067,000</u>	<u>6,164,000</u>		
<u>Workers' Compensation</u>	<u>835,000</u>	<u>835,000</u>		
<u>Subd. 6. Energy and Telecommunications</u>			<u>32,726,000</u>	<u>14,453,000</u>
<u>Appropriations by Fund</u>				
<u>General</u>	<u>27,226,000</u>	<u>9,953,000</u>		
<u>Special Revenue</u>	<u>5,500,000</u>	<u>4,500,000</u>		

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

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

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

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

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

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

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

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

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

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

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

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

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

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

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

(1) estimate the extent of geothermal heat pump systems currently installed in this state in residential, commercial, and institutional buildings;

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

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

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

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

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

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

(7) make recommendations for legislative action.

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

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

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

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

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

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

(i) total project cost estimates;

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

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

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

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

Subd. 7. Telecommunications Access Minnesota

100,000

100,000

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

Sec. 4. PUBLIC UTILITIES COMMISSION

\$5,315,000

\$5,366,000

Sec. 5. DEPARTMENT OF NATURAL RESOURCES

\$535,000

\$0

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2008</u>	<u>2009</u>

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

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

Sec. 6. POLLUTION CONTROL AGENCY

\$700,000

\$0

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

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

Sec. 7. DEPARTMENT OF HEALTH

\$1,000,000

\$1,000,000

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

ARTICLE 5

COMMERCE

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Subdivision 1. **General.** The commissioner of commerce, referred to in chapters 46 to 59A, and ~~sections 332.12 to 332.29~~ chapter 332A, as the commissioner, is vested with all the powers, authority, and privileges which, prior to the enactment of Laws 1909, chapter 201, were conferred by law upon the public examiner, and shall take over all duties in relation to state banks, savings banks, trust companies, savings associations, and other financial institutions within the state which, prior to the enactment of chapter 201, were imposed upon the public examiner. The

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

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

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

46.05 SUPERVISION OVER FINANCIAL INSTITUTIONS.

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

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

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

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

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

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

47.19 CORPORATION MAY BE MEMBER OR STOCKHOLDER OF FEDERAL AGENCY.

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

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

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

- (1) official fees and taxes;
- (2) charges for insurance as described in paragraph (b);
- (3) with respect to a loan or credit sale contract secured by real estate, the following "closing costs," if they are bona fide, reasonable in amount, and not for the purpose of circumvention or evasion of this section:
 - (i) fees or premiums for title examination, abstract of title, title insurance, surveys, or similar purposes;
 - (ii) fees for preparation of a deed, mortgage, settlement statement, or other documents, if not paid to the financial institution;
 - (iii) escrows for future payments of taxes, including assessments for improvements, insurance, and water, sewer, and land rents;

(iv) fees for notarizing deeds and other documents;

(v) appraisal and credit report fees; and

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

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

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

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

(b) An additional charge may be made for insurance written in connection with the loan or credit sale contract, which may be included in the principal amount of the loan or credit sale unpaid balances:

(1) with respect to insurance against loss of or damage to property, or against liability arising out of the ownership or use of property, if the financial institution furnishes a clear, conspicuous, and specific statement in writing to the borrower setting forth the cost of the insurance if obtained from or through the financial institution and stating that the borrower may choose the person through whom the insurance is to be obtained;

(2) with respect to credit insurance or mortgage insurance providing life, accident, health, or unemployment coverage, if the insurance coverage is not required by the financial institution, and this fact is clearly and conspicuously disclosed in writing to the borrower, and the borrower gives specific, dated, and separately signed affirmative written indication of the borrower's desire to do so after written disclosure to the borrower of the cost of the insurance; and

(3) with respect to the vendor's single interest insurance, but only (i) to the extent that the insurer has no right of subrogation against the borrower; and (ii) to the extent that the insurance does not duplicate the coverage of other insurance under which loss is payable to the financial institution as its interest may appear, against loss of or damage to property for which a separate charge is made to the borrower according to clause (1); and (iii) if a clear, conspicuous, and specific statement in writing is furnished by the financial institution to the borrower setting forth the cost of the insurance if obtained from or through the financial institution and stating that the borrower may choose the person through whom the insurance is to be obtained.

(c) In addition to the finance charges and other additional charges permitted by this section, a financial institution may contract for and receive the following additional charges in connection with open-end credit, which may be included in the principal amount of the loan or balance upon which the finance charge is computed:

(1) annual charges, not to exceed \$50 per annum, payable in advance, for the privilege of opening and maintaining open-end credit;

(2) charges for the use of an automated teller machine;

(3) charges for any monthly or other periodic payment period in which the borrower has exceeded or, except for the financial institution's dishonor would have exceeded, the maximum approved credit limit, in an amount not in excess of the service charge permitted in section 604.113;

(4) charges for obtaining a cash advance in an amount not to exceed the service charge permitted in section 604.113; and

(5) charges for check and draft copies and for the replacement of lost or stolen credit cards.

(d) In addition to the finance charges and other additional charges permitted by this section, a financial institution may contract for and receive a onetime loan administrative fee not exceeding \$25 in connection with closed-end credit, which may be included in the principal balance upon which the finance charge is computed. This paragraph applies only to closed-end credit in an original principal amount of \$4,320 or less. The determination of an original principal amount must exclude the administrative fee contracted for and received according to this paragraph.

Sec. 9. Minnesota Statutes 2006, section 47.60, subdivision 2, is amended to read:

Subd. 2. **Authorization, terms, conditions, and prohibitions.** (a) In lieu of the interest, finance charges, or fees in any other law, a consumer small loan lender may charge the following:

(1) on any amount up to and including \$50, a charge of \$5.50 may be added;

(2) on amounts in excess of \$50, but not more than \$100, a charge may be added equal to ten percent of the loan proceeds plus a \$5 administrative fee;

(3) on amounts in excess of \$100, but not more than \$250, a charge may be added equal to seven percent of the loan proceeds with a minimum of \$10 plus a \$5 administrative fee;

(4) for amounts in excess of \$250 and not greater than the maximum in subdivision 1, paragraph (a), a charge may be added equal to six percent of the loan proceeds with a minimum of \$17.50 plus a \$5 administrative fee.

(b) The term of a loan made under this section shall be for no more than 30 calendar days.

(c) After maturity, the contract rate must not exceed 2.75 percent per month of the remaining loan proceeds after the maturity date calculated at a rate of 1/30 of the monthly rate in the contract for each calendar day the balance is outstanding.

(d) No insurance charges or other charges must be permitted to be charged, collected, or imposed on a consumer small loan except as authorized in this section.

(e) On a loan transaction in which cash is advanced in exchange for a personal check, a return check charge may be charged as authorized by section 604.113, subdivision 2, paragraph (a). The civil penalty provisions of section 604.113, subdivision 2, paragraph (b), may not be demanded or assessed against the borrower.

(f) A loan made under this section must not be repaid by the proceeds of another loan made under this section by the same lender or related interest. The proceeds from a loan made under this section must not be applied to another loan from the same lender or related interest. No loan to a single borrower made pursuant to this section shall be split or divided and no single borrower shall have outstanding more than one loan with the result of collecting a higher charge than permitted by this section or in an aggregate amount of principal exceed at any one time the maximum of \$350.

Sec. 10. Minnesota Statutes 2006, section 47.62, subdivision 1, is amended to read:

Subdivision 1. **General authority.** Any person may establish and maintain one or more electronic financial terminals. Any financial institution may provide for its customers the use of an electronic financial terminal by entering into an agreement with any person who has established and maintains one or more electronic financial terminals if that person authorizes use of the electronic financial terminal to all financial institutions on a nondiscriminatory basis pursuant to section 47.64. ~~Electronic financial terminals to be established and maintained in this state by financial institutions located in states other than Minnesota must file a notification to the commissioner as required in this section. The notification may be in the form lawfully required by the state regulator responsible for the examination and supervision of that financial institution. If there is no such requirement, then notification must be in the form required by this section for Minnesota financial institutions.~~

Sec. 11. Minnesota Statutes 2006, section 47.75, subdivision 1, is amended to read:

Subdivision 1. **Retirement, health savings, and medical savings accounts.** (a) A commercial bank, savings bank, savings association, credit union, or industrial loan and thrift company may act as trustee or custodian:

(1) under the Federal Self-Employed Individual Tax Retirement Act of 1962, as amended;

(2) of a medical savings account under the Federal Health Insurance Portability and Accountability Act of 1996, as amended;

(3) of a health savings account under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, as amended; and

(4) under the Federal Employee Retirement Income Security Act of 1974, as amended.

(b) The trustee or custodian may accept the trust funds if the funds are invested only in savings accounts or time deposits in the commercial bank, savings bank, savings association, credit union, or industrial loan and thrift company, except that health savings accounts may also be invested in transaction accounts. Health savings accounts invested in transaction accounts shall not be subject to the restrictions in section 48.512, subdivision 3. All funds held in the fiduciary capacity may be commingled by the financial institution in the conduct of its business, but individual records shall be maintained by the fiduciary for each participant and shall show in detail all transactions engaged under authority of this subdivision.

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

Sec. 12. Minnesota Statutes 2006, section 48.15, subdivision 4, is amended to read:

Subd. 4. **Retirement, health savings, and medical savings accounts.** (a) A state bank may act as trustee or custodian:

(1) of a self-employed retirement plan under the Federal Self-Employed Individual Tax Retirement Act of 1962, as amended;

(2) of a medical savings account under the Federal Health Insurance Portability and Accountability Act of 1996, as amended;

(3) of a health savings account under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, as amended; and

(4) of an individual retirement account under the Federal Employee Retirement Income Security Act of 1974, as amended, if the bank's duties as trustee or custodian are essentially ministerial or custodial in nature and the funds are invested only (i) in the bank's own savings or time deposits, except that health savings accounts may also be invested in transaction accounts. Health savings accounts invested in transaction accounts shall not be subject to the restrictions in section 48.512, subdivision 3; or (ii) in any other assets at the direction of the customer if the bank does not exercise any investment discretion, invest the funds in collective investment funds administered by it, or provide any investment advice with respect to those account assets.

(b) Affiliated discount brokers may be utilized by the bank acting as trustee or custodian for self-directed IRAs, if specifically authorized and directed in appropriate documents. The relationship between the affiliated broker and the bank must be fully disclosed. Brokerage commissions to be charged to the IRA by the affiliated broker should be accurately disclosed. Provisions should be made for disclosure of any changes in commission rates prior to their becoming effective. The affiliated broker may not provide investment advice to the customer.

(c) All funds held in the fiduciary capacity may be commingled by the financial institution in the conduct of its business, but individual records shall be maintained by the fiduciary for each participant and shall show in detail all transactions engaged under authority of this subdivision.

(d) The authority granted by this section is in addition to, and not limited by, section 47.75.

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

Sec. 13. Minnesota Statutes 2006, section 58.04, subdivision 1, is amended to read:

Subdivision 1. **Residential mortgage originator licensing requirements.** (a) ~~Beginning August 1, 1999,~~ No person shall act as a residential mortgage originator, or make residential mortgage loans without first obtaining a license from the commissioner according to the licensing procedures provided in this chapter.

(b) A licensee must be either a partnership, limited liability partnership, association, limited liability company, corporation, or other form of business organization, and must have and maintain at all times one of the following: approval as a mortgagee by either the federal Department of Housing and Urban Development or the Federal National Mortgage Association; a minimum net worth, net of intangibles, of at least \$250,000; or a surety bond or irrevocable letter of credit in the amount of \$100,000. Net worth, net of intangibles, must be calculated in accordance with generally accepted accounting principles.

(c) The following persons are exempt from the residential mortgage originator licensing requirements:

- ~~(1) an employee of one mortgage originator licensee or one person holding a certificate of exemption;~~
- ~~(2) a person licensed as a real estate broker under chapter 82 who is not licensed to another real estate broker;~~
- ~~(3) an individual real estate licensee who is licensed to a real estate broker as described in clause (2) if:~~
 - ~~(i) the individual licensee acts only under the name, authority, and supervision of the broker to whom the licensee is licensed;~~
 - ~~(ii) the broker to whom the licensee is licensed obtains a certificate of exemption according to section 58.05, subdivision 2;~~
 - ~~(iii) the broker does not collect an advance fee for its residential mortgage-related activities; and~~

~~(iv) the residential mortgage origination activities are incidental to the real estate licensee's primary activities as a real estate broker or salesperson;~~

~~(4) an individual licensed as a property/casualty or life/health insurance agent under chapter 60K if:~~

~~(i) the insurance agent acts on behalf of only one residential mortgage originator, which is in compliance with chapter 58;~~

~~(ii) the insurance agent has entered into a written contract with the mortgage originator under the terms of which the mortgage originator agrees to accept responsibility for the insurance agent's residential mortgage related activities;~~

~~(iii) the insurance agent obtains a certificate of exemption under section 58.05, subdivision 2; and~~

~~(iv) the insurance agent does not collect an advance fee for the insurance agent's residential mortgage related activities;~~

~~(5) (1) a person who is not in the business of making residential mortgage loans and who makes no more than three such loans, with its own funds, during any 12-month period;~~

~~(6) (2) a financial institution as defined in section 58.02, subdivision 10;~~

~~(7) (3) an agency of the federal government, or of a state or municipal government;~~

~~(8) (4) an employee or employer pension plan making loans only to its participants;~~

~~(9) (5) a person acting in a fiduciary capacity, such as a trustee or receiver, as a result of a specific order issued by a court of competent jurisdiction; or~~

~~(10) (6) a person exempted by order of the commissioner.~~

Sec. 14. Minnesota Statutes 2006, section 58.04, subdivision 2, is amended to read:

Subd. 2. **Residential mortgage servicer licensing requirements.** (a) ~~Beginning August 1, 1999,~~ No person shall engage in activities or practices that fall within the definition of "servicing a residential mortgage loan" under section 58.02, subdivision 22, without first obtaining a license from the commissioner according to the licensing procedures provided in this chapter.

(b) The following persons are exempt from the residential mortgage servicer licensing requirements:

(1) a person licensed as a residential mortgage originator;

~~(2) an employee of one licensee or one person holding a certificate of exemption based on an exemption under this subdivision;~~

~~(3) (2) a person servicing loans made with its the person's own funds, if no more than three such loans are made in any 12-month period;~~

~~(4) (3) a financial institution as defined in section 58.02, subdivision 10;~~

~~(5) (4) an agency of the federal government, or of a state or municipal government;~~

~~(6)~~ (5) an employee or employer pension plan making loans only to its participants;

~~(7)~~ (6) a person acting in a fiduciary capacity, such as a trustee or receiver, as a result of a specific order issued by a court of competent jurisdiction; or

~~(8)~~ (7) a person exempted by order of the commissioner.

Sec. 15. Minnesota Statutes 2006, section 58.05, is amended to read:

58.05 EXEMPTIONS FROM LICENSE.

Subdivision 1. **Exempt person.** An exempt person as defined by section 58.04, subdivision 1, paragraph ~~(b)~~ (c), and subdivision 2, paragraph (b), is exempt from the licensing requirements of this chapter, but is subject to all other provisions of this chapter.

Subd. 3. **Certificate of exemption.** A person must obtain a certificate of exemption from the commissioner to qualify as an exempt person under section 58.04, subdivision 1, paragraph ~~(b)~~ (c), ~~as a real estate broker under clause (2), an insurance agent under clause (4),~~ a financial institution under clause ~~(6)~~ (2), or by order of the commissioner under clause ~~(10)~~ (6); or under section 58.04, subdivision 2, paragraph (b), as a financial institution under clause ~~(4)~~ (3), or by order of the commissioner under clause ~~(8)~~ (7).

Sec. 16. Minnesota Statutes 2006, section 58.06, subdivision 2, is amended to read:

Subd. 2. **Application contents.** (a) The application must contain the name and complete business address or addresses of the license applicant. ~~If~~ The license applicant ~~is~~ must be a partnership, limited liability partnership, association, limited liability company, corporation, or other form of business organization, and the application must contain the names and complete business addresses of each partner, member, director, and principal officer. The application must also include a description of the activities of the license applicant, in the detail and for the periods the commissioner may require.

(b) An applicant must submit one of the following:

(1) evidence which shows, to the commissioner's satisfaction, that either the federal Department of Housing and Urban Development or the Federal National Mortgage Association has approved the applicant as a mortgagee;

(2) a surety bond or irrevocable letter of credit in the amount of not less than \$100,000 in a form approved by the commissioner, issued by an insurance company or bank authorized to do so in this state. The bond or irrevocable letter of credit must be available for the recovery of expenses, fines, and fees levied by the commissioner under this chapter and for losses incurred by borrowers. The bond or letter of credit must be submitted with the license application, and evidence of continued coverage must be submitted with each renewal. Any change in the bond or letter of credit must be submitted for approval by the commissioner within ten days of its execution; or

(3) a copy of the applicant's most recent audited financial statement, including balance sheet, statement of income or loss, statements of changes in shareholder equity, and statement of changes in financial position. Financial statements must be as of a date within 12 months of the date of application.

(c) The application must also include all of the following:

~~(a)~~ (1) an affirmation under oath that the applicant:

~~(1) will maintain competent staff and adequate staffing levels, through direct employees or otherwise, to meet the requirements of this chapter;~~ (i) is in compliance with the requirements of section 58.125;

(ii) will maintain a perpetual roster of individuals employed as residential mortgage originators, including employees and independent contractors, which includes the date that mandatory initial education was completed. In addition, the roster must be made available to the commissioner on demand, within three business days of the commissioner's request;

~~(2) (iii)~~ will advise the commissioner of any material changes to the information submitted in the most recent application within ten days of the change;

~~(3) (iv)~~ will advise the commissioner in writing immediately of any bankruptcy petitions filed against or by the applicant or licensee;

~~(4) is financially solvent;~~ (v) will maintain at all times either a net worth, net of intangibles, of at least \$250,000 or a surety bond or irrevocable letter of credit in the amount of at least \$100,000;

~~(5) (vi)~~ complies with federal and state tax laws; and

~~(6) (vii)~~ complies with sections 345.31 to 345.60, the Minnesota unclaimed property law; and

~~(7) is, or that a person in control of the license applicant is, at least 18 years of age;~~

~~(b) (2)~~ information as to the mortgage lending, servicing, or brokering experience of the applicant and persons in control of the applicant;

~~(c) (3)~~ information as to criminal convictions, excluding traffic violations, of persons in control of the license applicant;

~~(d) (4)~~ whether a court of competent jurisdiction has found that the applicant or persons in control of the applicant have engaged in conduct evidencing gross negligence, fraud, misrepresentation, or deceit in performing an act for which a license is required under this chapter;

~~(e) (5)~~ whether the applicant or persons in control of the applicant have been the subject of: an order of suspension or revocation, cease and desist order, or injunctive order, or order barring involvement in an industry or profession issued by this or another state or federal regulatory agency or by the Secretary of Housing and Urban Development within the ten-year period immediately preceding submission of the application; and

~~(f) (6)~~ other information required by the commissioner.

Sec. 17. Minnesota Statutes 2006, section 58.06, is amended by adding a subdivision to read:

Subd. 3. **Waiver.** The commissioner may, for good cause shown, waive any requirement of this section with respect to any license application or to permit a license applicant to submit substituted information in its license application in lieu of the information required by this section.

Sec. 18. Minnesota Statutes 2006, section 58.08, subdivision 3, is amended to read:

Subd. 3. **Exemption.** ~~Subdivisions 1 and Subdivision 2 do~~ does not apply to mortgage originators or mortgage servicers who are approved as seller/servicers by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation.

Sec. 19. Minnesota Statutes 2006, section 58.10, subdivision 1, is amended to read:

Subdivision 1. **Amounts.** The following fees must be paid to the commissioner:

(1) for an initial residential mortgage originator license, ~~\$850~~ \$2,550, \$50 of which is credited to the consumer education account in the special revenue fund;

(2) for a renewal license, ~~\$450~~ \$1,350, \$50 of which is credited to the consumer education account in the special revenue fund;

(3) for an initial residential mortgage servicer's license, \$1,000;

(4) for a renewal license, \$500; and

(5) for a certificate of exemption, \$100.

Sec. 20. **[58.115] EXAMINATIONS.**

The commissioner has under this chapter the same powers with respect to examinations that the commissioner has under section 46.04, including the authority to charge for the direct costs of the examination, including travel and per diem expenses.

Sec. 21. **[58.126] EDUCATION REQUIREMENT.**

No individual shall engage in residential mortgage origination or make residential mortgage loans, whether as an employee or independent contractor, before the completion of 15 hours of educational training which has been approved by the commissioner, and covering state and federal laws concerning residential mortgage lending.

Sec. 22. **[59C.01] SHORT TITLE.**

This chapter may be cited as the Vehicle Protection Product Act.

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

Sec. 23. **[59C.02] DEFINITIONS.**

Subdivision 1. **Terms.** For purposes of this chapter, the terms defined in subdivisions 2 to 11 have the meanings given them.

Subd. 2. **Administrator.** "Administrator" means a third party other than the warrantor who is designated by the warrantor to be responsible for the administration of vehicle protection product warranties.

Subd. 3. **Commissioner.** "Commissioner" means the commissioner of commerce.

Subd. 4. **Department.** "Department" means the Department of Commerce.

Subd. 5. **Incidental costs.** "Incidental costs" means expenses specified in the warranty incurred by the warranty holder related to the failure of the vehicle protection product to perform as provided in the warranty. Incidental costs may include, without limitation, insurance policy deductibles, rental vehicle charges, the difference between the actual value of the stolen vehicle at the time of theft and the cost of a replacement vehicle, sales taxes, registration fees, transaction fees, and mechanical inspection fees.

Subd. 6. **Service contract.** "Service contract" means a contract or agreement as regulated under chapter 59B.

Subd. 7. **Vehicle protection product.** "Vehicle protection product" means a vehicle protection device, system, or service that:

- (1) is installed on or applied to a vehicle;
- (2) is designed to prevent loss or damage to a vehicle from a specific cause; and
- (3) includes a written warranty.

For purposes of this section, vehicle protection product includes, without limitation, alarm systems; body part marking products; steering locks; window etch products; pedal and ignition locks; fuel and ignition kill switches; and electronic, radio, and satellite tracking devices.

Subd. 8. **Vehicle protection product warranty or warranty.** "Vehicle protection product warranty" or "warranty" means, for the purposes of this chapter, a written agreement by a warrantor that provides if the vehicle protection product fails to prevent loss or damage to a vehicle from a specific cause, that the warranty holder must be paid specified incidental costs by the warrantor as a result of the failure of the vehicle protection product to perform pursuant to the terms of the warranty.

Subd. 9. **Vehicle protection product warrantor or warrantor.** "Vehicle protection product warrantor" or "warrantor," for the purposes of this chapter, means a person who is contractually obligated to the warranty holder under the terms of the vehicle protection product warranty agreement. Warrantor does not include an authorized insurer providing a warranty reimbursement insurance policy.

Subd. 10. **Warranty holder.** "Warranty holder," for the purposes of this chapter, means the person who purchases a vehicle protection product or who is a permitted transferee.

Subd. 11. **Warranty reimbursement insurance policy.** "Warranty reimbursement insurance policy" means a policy of insurance that is issued to the vehicle protection product warrantor to provide reimbursement to, or to pay on behalf of, the warrantor all covered contractual obligations incurred by the warrantor under the terms and conditions of the insured vehicle protection product warranties sold by the warrantor.

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

Sec. 24. **[59C.03] SCOPE AND EXEMPTIONS.**

(a) No vehicle protection product may be sold or offered for sale in this state unless the seller, warrantor, and administrator, if any, comply with the provisions of this chapter.

(b) Vehicle protection product warrantors and related vehicle protection product sellers and warranty administrators complying with this chapter are not required to comply with and are not subject to any other provision of chapters 59B to 72A, except that section 72A.20, subdivision 38, shall apply to vehicle protection product warranties in the same manner it applies to service contracts.

(c) Service contract providers who do not sell vehicle protection products are not subject to the requirements of this chapter and sales of vehicle protection products are exempt from the requirements of chapter 59B.

(d) Warranties, indemnity agreements, and guarantees that are not provided as a part of a vehicle protection product are not subject to the provisions of this chapter.

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

Sec. 25. **[59C.04] REGISTRATION AND FILING REQUIREMENTS OF WARRANTORS.**

Subdivision 1. **General requirement.** A person may not operate as a warrantor or represent to the public that the person is a warrantor unless the person is registered with the department on a form prescribed by the commissioner.

Subd. 2. **Registration records.** A registrant shall file a warrantor registration record annually and shall update it within 30 days of any change. A registration record must contain the following information:

(1) the warrantor's name, any fictitious names under which the warrantor does business in the state, principal office address, and telephone number;

(2) the name and address of the warrantor's agent for service of process in the state if other than the warrantor;

(3) the names of the warrantor's executive officer or officers directly responsible for the warrantor's vehicle protection product business;

(4) the name, address, and telephone number of any administrators designated by the warrantor to be responsible for the administration of vehicle protection product warranties in this state;

(5) a copy of the warranty reimbursement insurance policy or policies or other financial information required by section 59C.05;

(6) a copy of each warranty the warrantor proposes to use in this state; and

(7) a statement indicating under which provision of section 59C.05 the warrantor qualifies to do business in this state as a warrantor.

Subd. 3. **Registration fee.** The commissioner may charge each registrant a reasonable fee to offset the cost of processing the registration and maintaining the records in an amount not to exceed \$250 annually. The information in subdivision 2, clauses (1) and (2), must be made available to the public.

Subd. 4. **Renewal.** If a registrant fails to register by the renewal deadline, the commissioner shall give them written notice of the failure and the registrant will have 30 days to complete the renewal of the registration before the commissioner suspends the registration.

Subd. 5. **Exception.** An administrator or person who sells or solicits a sale of a vehicle protection product but who is not a warrantor shall not be required to register as a warrantor or be licensed under the insurance laws of this state to sell vehicle protection products.

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

Sec. 26. **[59C.05] FINANCIAL RESPONSIBILITY.**

Subdivision 1. **General requirements.** No vehicle protection product may be sold, or offered for sale in this state unless the warrantor meets either the requirements of subdivision 2 or 3 in order to ensure adequate performance under the warranty. No other financial security requirements or financial standards for warrantors is required.

Subd. 2. **Warranty reimbursement insurance policy.** The vehicle protection product warrantor shall be insured under a warranty reimbursement insurance policy issued by an insurer authorized to do business in this state which provides that:

(1) the insurer will pay to, or on behalf of the warrantor, 100 percent of all sums that the warrantor is legally obligated to pay according to the warrantor's contractual obligations under the warrantor's vehicle protection product warranty;

(2) a true and correct copy of the warranty reimbursement insurance policy has been filed with the commissioner by the warrantor; and

(3) the policy contains the provision required in section 59C.06.

Subd. 3. **Network or stockholder's equity.** (1) The vehicle protection product warrantor, or its parent company in accordance with clause (2), shall maintain a net worth or stockholders' equity of \$50,000,000; and

(2) the warrantor shall provide the commissioner with a copy of the warrantor's or the warrantor's parent company's most recent Form 10-K or Form 20-F filed with the Securities and Exchange Commission within the last calendar year or, if the warrantor does not file with the Securities and Exchange Commission, a copy of the warrantor or the warrantor's parent company's audited financial statements that shows a net worth of the warrantor or its parent company of at least \$50,000,000. If the warrantor's parent company's Form 10-K, Form 20-F, or audited financial statements are filed to meet the warrantor's financial stability requirement, then the parent company shall agree to guarantee the obligations of the warrantor relating to warranties issued by the warrantor in this state. The financial information provided to the commissioner under this paragraph is trade secret information for purposes of section 13.37.

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

Sec. 27. **[59C.06] WARRANTY REIMBURSEMENT POLICY REQUIREMENTS.**

No warranty reimbursement insurance policy may be issued, sold, or offered for sale in this state unless the policy meets the following conditions:

(1) the policy states that the issuer of the policy will reimburse, or pay on behalf of the vehicle protection product warrantor, all covered sums that the warrantor is legally obligated to pay, or will provide all service that the warrantor is legally obligated to perform according to the warrantor's contractual obligations under the provisions of the insured warranties sold by the warrantor;

(2) the policy states that in the event payment due under the terms of the warranty is not provided by the warrantor within 60 days after proof of loss has been filed according to the terms of the warranty by the warranty holder, the warranty holder may file directly with the warranty reimbursement insurance company for reimbursement;

(3) the policy provides that a warranty reimbursement insurance company that insures a warranty is deemed to have received payment of the premium if the warranty holder paid for the vehicle protection product and the insurer's liability under the policy shall not be reduced or relieved by a failure of the warrantor, for any reason, to report the issuance of a warranty to the insurer; and

(4) the policy has the following provisions regarding cancellation of the policy:

(i) the issuer of a reimbursement insurance policy shall not cancel the policy until a notice of cancellation in writing has been mailed or delivered to the commissioner and each insured warrantor;

(ii) the cancellation of a reimbursement insurance policy shall not reduce the issuer's responsibility for vehicle protection products sold prior to the date of cancellation; and

(iii) in the event an insurer cancels a policy that a warrantor has filed with the commissioner, the warrantor shall do either of the following:

(A) file a copy of a new policy with the commissioner, before the termination of the prior policy, providing no lapse in coverage following the termination of the prior policy; or

(B) discontinue offering warranties as of the termination date of the policy until a new policy becomes effective and is accepted by the commissioner.

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

Sec. 28. **[59C.07] DISCLOSURE TO WARRANTY HOLDER.**

A vehicle protection product warranty must not be sold or offered for sale in this state unless the warranty:

(1) states, "The obligations of the warrantor to the warranty holder are guaranteed under a warranty reimbursement insurance policy" if the warrantor elects to meet its financial responsibility obligations under section 59C.05, subdivision 2, or states "The obligations of the warrantor under this warranty are backed by the full faith and credit of the warrantor" if the warrantor elects to meet its financial responsibility obligations under section 59C.05, subdivision 3;

(2) states that in the event a warranty holder must make a claim against a party other than the warranty reimbursement insurance policy issuer, the warranty holder is entitled to make a direct claim against the insurer upon the failure of the warrantor to pay any claim or meet any obligation under the terms of the warranty within 60 days after proof of loss has been filed with the warrantor, if the warrantor elects to meet its financial responsibility obligations under section 59C.05, subdivision 2;

(3) states the name and address of the issuer of the warranty reimbursement insurance policy, and this information need not be preprinted on the warranty form, but may be added to or stamped on the warranty, if the warrantor elects to meet its financial responsibility obligations under section 59C.05, subdivision 2;

(4) identifies the warrantor, the seller, and the warranty holder;

(5) sets forth the total purchase price and the terms under which it is to be paid, however, the purchase price is not required to be preprinted on the vehicle protection product warranty and may be negotiated with the consumer at the time of sale;

(6) sets forth the procedure for making a claim, including a telephone number;

(7) specifies the payments or performance to be provided under the warranty including payments for incidental costs expressed as either a fixed amount specified in the warranty or sales agreement or by the use of a formula itemizing specific incidental costs incurred by the warranty holder, the manner of calculation or determination of payments or performance, and any limitations, exceptions, or exclusions;

(8) sets forth all of the obligations and duties of the warranty holder such as the duty to protect against any further damage to the vehicle, the obligation to notify the warrantor in advance of any repair, or other similar requirements, if any;

(9) sets forth any terms, restrictions, or conditions governing transferability and cancellation of the warranty, if any; and

(10) contains a disclosure that reads substantially as follows: "This agreement is a product warranty and is not insurance."

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

Sec. 29. **[59C.08] PROHIBITED ACTS.**

(a) Unless licensed as an insurance company, a vehicle protection product warrantor shall not use in its name, contracts, or literature, any of the words "insurance," "casualty," "surety," "mutual," or any other words descriptive of the insurance, casualty, or surety business or deceptively similar to the name or description of any insurance or surety corporation, or any other vehicle protection product warrantor. A warrantor may use the term "guaranty" or similar word in the warrantor's name.

(b) A vehicle protection product seller or warrantor may not require as a condition of financing that a retail purchaser of a motor vehicle purchase a vehicle protection product.

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

Sec. 30. **[59C.09] RECORD KEEPING.**

(a) All vehicle protection product warrantors shall keep accurate accounts, books, and records concerning transactions regulated under this chapter.

(b) A vehicle protection product warrantor's accounts, books, and records must include:

(1) copies of all vehicle protection product warranties;

(2) the name and address of each warranty holder; and

(3) the dates, amounts, and descriptions of all receipts, claims, and expenditures.

(c) A vehicle protection product warrantor shall retain all required accounts, books, and records pertaining to each warranty holder for at least two years after the specified period of coverage has expired. A warrantor discontinuing business in this state shall maintain its records until it furnishes the commissioner satisfactory proof that it has discharged all obligations to warranty holders in this state.

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

Sec. 31. **[59C.10] COMMISSIONER'S POWERS AND DUTIES.**

Subdivision 1. **Examination and compliance powers.** The commissioner may conduct examinations of warrantors, administrators, or other persons to enforce this chapter and protect warranty holders in this state. Upon request of the commissioner, a warrantor shall make available to the commissioner all accounts, books, and records concerning vehicle protection products sold by the warrantor and transactions regulated under this chapter that are necessary to enable the commissioner to reasonably determine compliance or noncompliance with this chapter.

Subd. 2. **Enforcement authority.** The commissioner may take action that is necessary or appropriate to enforce the provisions of this chapter and the commissioner's rules and orders and to protect warranty holders in this state. The commissioner has the enforcement authority in chapter 45 available to enforce the provisions of the chapter and the rules adopted pursuant to it.

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

Sec. 32. **[59C.12] APPLICABILITY.**

This chapter applies to all vehicle protection products sold or offered for sale on or after the effective date of this chapter. The failure of any person to comply with this chapter before its effective date is not admissible in any court proceeding, administrative proceeding, arbitration, or alternative dispute resolution proceeding and may not otherwise be used to prove that the action of any person or the affected vehicle protection product was unlawful or otherwise improper. The adoption of this chapter does not imply that a vehicle protection product warranty was insurance before the effective date of this chapter. Nothing in this section may be construed to require the application of the penalty provisions where this section is not applicable.

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

Sec. 33. **[60K.365] PRODUCER TRAINING REQUIREMENTS FOR LONG-TERM CARE PARTNERSHIP PROGRAM INSURANCE PRODUCTS.**

(a) An individual may not sell, solicit, or negotiate long-term care insurance unless the individual is licensed as an insurance producer for accident and health or sickness insurance or life insurance and has completed an initial training course and ongoing training every 24 months thereafter. The training shall meet the requirements of paragraph (b).

(b) The initial training course required by this subdivision shall be no less than eight hours and the ongoing training courses required by this subdivision shall be no less than four hours every 24 months. The courses shall be approved by the Department of Commerce and may be approved as continuing education courses under section 60K.56. The courses shall consist of topics related to long-term care insurance, long-term care services, and, if applicable, qualified state long-term care insurance partnership programs, including but not limited to:

(1) state and federal regulations and requirements and the relationship between qualified state long-term care insurance partnership programs and other public and private coverage of long-term care services, including Medicaid;

(2) available long-term care services and providers;

(3) changes or improvements in long-term care services or providers;

(4) alternatives to the purchase of private long-term care insurance;

(5) the effect of inflation on benefits and the importance of inflation protection; and

(6) consumer suitability standards and guidelines.

The training required by this subdivision shall not include training that is insurer or company product specific or that includes any sales or marketing information, materials, or training, other than those required by state or federal law.

(c) Insurers shall obtain verification that a producer has received the training required by this subdivision before a producer is permitted to sell, solicit, or negotiate the insurer's long-term care insurance products. Insurers shall maintain records verifying that the producer has received the training contained in this subdivision and make that verification available to the commissioner upon request.

(d) Currently licensed producers must complete the initial training course by January 1, 2008.

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

Sec. 34. Minnesota Statutes 2006, section 60K.55, subdivision 2, is amended to read:

Subd. 2. **Licensing fees.** (a) In addition to fees provided for examinations and the technology surcharge required under paragraph (d), each insurance producer licensed under this chapter shall pay to the commissioner a fee of:

(1) \$50 for an initial life, accident and health, property, or casualty license issued to an individual insurance producer, and a fee of \$50 for each renewal;

(2) \$50 for an initial variable life and variable annuity license issued to an individual insurance producer, and a fee of \$50 for each renewal;

(3) \$50 for an initial personal lines license issued to an individual insurance producer, and a fee of \$50 for each renewal;

(4) \$50 for an initial limited lines license issued to an individual insurance producer, and a fee of \$50 for each renewal;

(5) \$200 for an initial license issued to a business entity, and a fee of \$200 for each renewal; and

(6) \$500 for an initial surplus lines license, and a fee of \$500 for each renewal.

(b) Initial licenses issued under this chapter are valid for a period not to exceed 24 months and expire on October 31 of the renewal year assigned by the commissioner. Each renewal insurance producer license is valid for a period of 24 months. Licensees who submit renewal applications postmarked or delivered on or before October 15 of the renewal year may continue to transact business whether or not the renewal license has been received by November 1. Licensees who submit applications postmarked or delivered after October 15 of the renewal year must not transact business after the expiration date of the license until the renewal license has been received.

(c) All fees are nonreturnable, except that an overpayment of any fee may be refunded upon proper application.

(d) In addition to the fees required under paragraph (a), individual insurance producers shall pay, for each initial license and renewal, a technology surcharge of up to \$40 under section 45.24, unless the commissioner has adjusted the surcharge as permitted under that section.

EFFECTIVE DATE. This section is effective October 1, 2007.

Sec. 35. Minnesota Statutes 2006, section 65B.44, subdivision 2, is amended to read:

Subd. 2. **Medical expense benefits.** (a) Medical expense benefits shall reimburse all reasonable expenses for necessary:

(1) medical, surgical, x-ray, optical, dental, chiropractic, and rehabilitative services, including prosthetic devices and items that provide relief from any injury;

(2) prescription drugs;

(3) ambulance and all other transportation expenses incurred in traveling to receive other covered medical expense benefits;

(4) sign interpreting and language translation services, other than such services provided by a family member of the patient, related to the receipt of medical, surgical, x-ray, optical, dental, chiropractic, hospital, extended care, nursing, and rehabilitative services; and

(5) hospital, extended care, and nursing services.

(b) Hospital room and board benefits may be limited, except for intensive care facilities, to the regular daily semiprivate room rates customarily charged by the institution in which the recipient of benefits is confined.

(c) Such benefits shall also include necessary remedial treatment and services recognized and permitted under the laws of this state for an injured person who relies upon spiritual means through prayer alone for healing in accordance with that person's religious beliefs.

(d) Medical expense loss includes medical expenses accrued prior to the death of a person notwithstanding the fact that benefits are paid or payable to the decedent's survivors.

(e) Medical expense benefits for rehabilitative services shall be subject to the provisions of section 65B.45.

Sec. 36. Minnesota Statutes 2006, section 65B.44, subdivision 3, is amended to read:

Subd. 3. **Disability and income loss benefits.** Disability and income loss benefits shall provide compensation for 85 percent of the injured person's loss of present and future gross income from inability to work proximately caused by the nonfatal injury subject to a maximum of ~~\$250~~ \$500 per week. Loss of income includes the costs incurred by a self-employed person to hire substitute employees to perform tasks which are necessary to maintain the income of the injured person, which are normally performed by the injured person, and which cannot be performed because of the injury.

If the injured person is unemployed at the time of injury and is receiving or is eligible to receive unemployment benefits under chapter 268, but the injured person loses eligibility for those benefits because of inability to work caused by the injury, disability and income loss benefits shall provide compensation for the lost benefits in an amount equal to the unemployment benefits which otherwise would have been payable, subject to a maximum of ~~\$250~~ \$500 per week.

Compensation under this subdivision shall be reduced by any income from substitute work actually performed by the injured person or by income the injured person would have earned in available appropriate substitute work which the injured person was capable of performing but unreasonably failed to undertake.

For the purposes of this section "inability to work" means disability which prevents the injured person from engaging in any substantial gainful occupation or employment on a regular basis, for wage or profit, for which the injured person is or may by training become reasonably qualified. If the injured person returns to employment and is unable by reason of the injury to work continuously, compensation for lost income shall be reduced by the income received while the injured person is actually able to work. The weekly maximums may not be prorated to arrive at a daily maximum, even if the injured person does not incur loss of income for a full week.

For the purposes of this section, an injured person who is "unable by reason of the injury to work continuously" includes, but is not limited to, a person who misses time from work, including reasonable travel time, and loses income, vacation, or sick leave benefits, to obtain medical treatment for an injury arising out of the maintenance or use of a motor vehicle.

Sec. 37. Minnesota Statutes 2006, section 65B.44, subdivision 4, is amended to read:

Subd. 4. **Funeral and burial expenses.** Funeral and burial benefits shall be reasonable expenses not in excess of ~~\$2,000~~ \$5,000, including expenses for cremation or delivery under the Uniform Anatomical Gift Act (1987), sections 525.921 to 525.9224.

Sec. 38. Minnesota Statutes 2006, section 65B.44, subdivision 5, is amended to read:

Subd. 5. **Replacement service and loss.** Replacement service loss benefits shall reimburse all expenses reasonably incurred by or on behalf of the nonfatally injured person in obtaining usual and necessary substitute services in lieu of those that, had the injured person not been injured, the injured person would have performed not for income but for direct personal benefit or for the benefit of the injured person's household; if the nonfatally injured person normally, as a full time responsibility, provides care and maintenance of a home with or without children, the benefit to be provided under this subdivision shall be the reasonable value of such care and maintenance or the reasonable expenses incurred in obtaining usual and necessary substitute care and maintenance of the home, whichever is greater. These benefits shall be subject to a maximum of ~~\$200~~ \$600 per week. All replacement services loss sustained on the date of injury and the first seven days thereafter is excluded in calculating replacement services loss.

Sec. 39. Minnesota Statutes 2006, section 65B.47, subdivision 7, is amended to read:

Subd. 7. **Adding policies together.** Unless a policyholder makes a specific election not to have two or more policies added together the limit of liability for basic economic loss benefits for two or more motor vehicles ~~may not~~ must be added together to determine the limit of insurance coverage available to an injured person for any one accident. An insurer shall notify policyholders that they may elect not to have two or more policies added together.

Sec. 40. Minnesota Statutes 2006, section 65B.54, subdivision 1, is amended to read:

Subdivision 1. **Payment of basic economic loss benefits.** Basic economic loss benefits are payable monthly as loss accrues. Loss accrues not when injury occurs, but as income loss, replacement services loss, survivor's economic loss, survivor's replacement services loss, or medical or funeral expense is incurred. Benefits are overdue if not paid within 30 days after the reparation obligor receives reasonable proof of the fact and amount of loss realized, unless the reparation obligor elects to accumulate claims for periods not exceeding 31 days and pays them within 15 days after the period of accumulation. However, if the insurer notifies the insured that it is denying benefits, the insured need not continue to provide the insurer with proof of the bills, losses, or expenses. If reasonable proof is supplied as to only part of a claim, and the part totals \$100 or more, the part is overdue if not paid within the time provided by this section. Medical or funeral expense benefits may be paid by the reparation obligor directly to persons supplying products, services, or accommodations to the claimant.

Sec. 41. Minnesota Statutes 2006, section 65B.54, is amended by adding a subdivision to read:

Subd. 6. **Unethical practices.** (a) A licensed health care provider shall not initiate direct contact, in person, over the telephone, or by other electronic means, with any person who has suffered an injury arising out of the maintenance or use of an automobile, for the purpose of influencing that person to receive treatment or to purchase any good or item from the licensee or anyone associated with the licensee. This subdivision prohibits such direct contact whether initiated by the licensee individually or on behalf of the licensee by any employee, independent contractor, agent, or third party. This subdivision does not apply when an injured person voluntarily initiates contact with a licensee.

(b) This subdivision does not prohibit licensees from mailing advertising literature directly to such persons, so long as:

(1) the word "ADVERTISEMENT" appears clearly and conspicuously at the beginning of the written materials;

(2) the name of the individual licensee appears clearly and conspicuously within the written materials;

(3) the licensee is clearly identified as a licensed health care provider within the written materials; and

(4) the licensee does not initiate, individually or through any employee, independent contractor, agent, or third party, direct contact with the person after the written materials are sent.

(c) This subdivision does not apply to:

(1) advertising that does not involve direct contact with specific prospective patients, in public media such as telephone directories, professional directories, ads in newspapers and other periodicals, radio or television ads, Web sites, billboards, or similar media; or

(2) general marketing practices such as giving lectures; participating in special events, trade shows, or meetings of organizations; or making presentations relative to the benefits of chiropractic treatment; or

(3) contact with friends or relatives, or statements made in a social setting.

(d) A violation of this subdivision is grounds for the licensing authority to take disciplinary action against the licensee, including revocation in appropriate cases.

Sec. 42. Minnesota Statutes 2006, section 80A.28, subdivision 1, is amended to read:

Subdivision 1. **Registration or notice filing fee.** (a) There shall be a filing fee of \$100 for every application for registration or notice filing. There shall be an additional fee of one-tenth of one percent of the maximum aggregate offering price at which the securities are to be offered in this state, and the maximum combined fees shall not exceed \$300.

(b) When an application for registration is withdrawn before the effective date or a preeffective stop order is entered under section 80A.13, subdivision 1, all but the \$100 filing fee shall be returned. If an application to register securities is denied, the total of all fees received shall be retained.

(c) Where a filing is made in connection with a federal covered security under section 18(b)(2) of the Securities Act of 1933, there is a fee of \$100 for every initial filing. If the filing is made in connection with redeemable securities issued by an open end management company or unit investment trust, as defined in the Investment Company Act of 1940, there is an additional annual fee of 1/20 of one percent of the maximum aggregate offering price at which the securities are to be offered in this state during the notice filing period. The fee must be paid at the time of the initial filing and thereafter in connection with each renewal no later than July 1 of each year and must be sufficient to cover the shares the issuer expects to sell in this state over the next 12 months. If during a current notice filing the issuer determines it is likely to sell shares in excess of the shares for which fees have been paid to the commissioner, the issuer shall submit an amended notice filing to the commissioner under section 80A.122, subdivision 1, clause (3), together with a fee of 1/20 of one percent of the maximum aggregate offering price of the additional shares. Shares for which a fee has been paid, but which have not been sold at the time of expiration of the notice filing, may not be sold unless an additional fee to cover the shares has been paid to the commissioner as provided in this section and section 80A.122, subdivision 4a. If the filing is made in connection with redeemable securities issued by such a company or trust, there is no maximum fee for securities filings made according to this

paragraph. If the filing is made in connection with any other federal covered security under Section 18(b)(2) of the Securities Act of 1933, there is an additional fee of one-tenth of one percent of the maximum aggregate offering price at which the securities are to be offered in this state, and the combined fees shall not exceed \$300. Beginning with fiscal year 2001 and continuing each fiscal year thereafter, as of the last day of each fiscal year, the commissioner shall determine the total amount of all fees that were collected under this paragraph in connection with any filings made for that fiscal year for securities of an open-end investment company on behalf of a security that is a federal covered security pursuant to section 18(b)(2) of the Securities Act of 1933. ~~To the extent the total fees collected by the commissioner in connection with these filings exceed \$25,000,000 in a fiscal year, the commissioner shall refund, on a pro rata basis, to all persons who paid any fees for that fiscal year, the amount of fees collected by the commissioner in excess of \$25,000,000. No individual refund is required of amounts of \$100 or less for a fiscal year.~~

Sec. 43. Minnesota Statutes 2006, section 80A.65, subdivision 1, is amended to read:

Subdivision 1. **Registration or notice filing fee.** (a) There shall be a filing fee of \$100 for every application for registration or notice filing. There shall be an additional fee of one-tenth of one percent of the maximum aggregate offering price at which the securities are to be offered in this state, and the maximum combined fees shall not exceed \$300.

(b) When an application for registration is withdrawn before the effective date or a preeffective stop order is entered under section 80A.54, all but the \$100 filing fee shall be returned. If an application to register securities is denied, the total of all fees received shall be retained.

(c) Where a filing is made in connection with a federal covered security under section 18(b)(2) of the Securities Act of 1933, there is a fee of \$100 for every initial filing. If the filing is made in connection with redeemable securities issued by an open end management company or unit investment trust, as defined in the Investment Company Act of 1940, there is an additional annual fee of 1/20 of one percent of the maximum aggregate offering price at which the securities are to be offered in this state during the notice filing period. The fee must be paid at the time of the initial filing and thereafter in connection with each renewal no later than July 1 of each year and must be sufficient to cover the shares the issuer expects to sell in this state over the next 12 months. If during a current notice filing the issuer determines it is likely to sell shares in excess of the shares for which fees have been paid to the administrator, the issuer shall submit an amended notice filing to the administrator under section 80A.50, together with a fee of 1/20 of one percent of the maximum aggregate offering price of the additional shares. Shares for which a fee has been paid, but which have not been sold at the time of expiration of the notice filing, may not be sold unless an additional fee to cover the shares has been paid to the administrator as provided in this section and section 80A.50. If the filing is made in connection with redeemable securities issued by such a company or trust, there is no maximum fee for securities filings made according to this paragraph. If the filing is made in connection with any other federal covered security under Section 18(b)(2) of the Securities Act of 1933, there is an additional fee of one-tenth of one percent of the maximum aggregate offering price at which the securities are to be offered in this state, and the combined fees shall not exceed \$300. ~~Beginning with fiscal year 2001 and continuing each fiscal year thereafter, as of the last day of each fiscal year, the administrator shall determine the total amount of all fees that were collected under this paragraph in connection with any filings made for that fiscal year for securities of an open end investment company on behalf of a security that is a federal covered security pursuant to section 18(b)(2) of the Securities Act of 1933. To the extent the total fees collected by the administrator in connection with these filings exceed \$25,000,000 in a fiscal year, the administrator shall refund, on a pro rata basis, to all persons who paid any fees for that fiscal year, the amount of fees collected by the administrator in excess of \$25,000,000. No individual refund is required of amounts of \$100 or less for a fiscal year.~~

Sec. 44. Minnesota Statutes 2006, section 82.24, subdivision 1, is amended to read:

Subdivision 1. **Amounts.** The following fees shall be paid to the commissioner:

- (a) a fee of \$150 for each initial individual broker's license, and a fee of \$100 for each renewal thereof;
- (b) a fee of \$70 for each initial salesperson's license, and a fee of \$40 for each renewal thereof;
- (c) a fee of \$85 for each initial real estate closing agent license, and a fee of \$60 for each renewal thereof;
- (d) a fee of \$150 for each initial corporate, limited liability company, or partnership license, and a fee of \$100 for each renewal thereof;
- (e) a fee for payment to the education, research and recovery fund in accordance with section 82.43;
- (f) a fee of \$20 for each transfer;
- (g) a fee of \$50 for license reinstatement; ~~and~~
- (h) a fee of \$20 for reactivating a corporate, limited liability company, or partnership license without land; and
- (i) in addition to the fees required under this subdivision, individual licensees under clauses (a) and (b) shall pay, for each initial license and renewal, a technology surcharge of up to \$40 under section 45.24, unless the commissioner has adjusted the surcharge as permitted under that section.

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

Sec. 45. Minnesota Statutes 2006, section 82.24, subdivision 4, is amended to read:

Subd. 4. **Deposit of fees.** Unless otherwise provided by this chapter, all fees collected under this chapter shall be deposited in the state treasury. The technology surcharge shall be deposited as required under section 45.24.

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

Sec. 46. Minnesota Statutes 2006, section 82B.09, subdivision 1, is amended to read:

Subdivision 1. **Amounts.** (a) The following fees must be paid to the commissioner:

- (1) \$150 for each initial individual real estate appraiser's license; and
- (2) \$100 for each renewal.

(b) In addition to the fees required under this subdivision, individual real estate appraisers shall pay a technology surcharge of up to \$40 under section 45.24, unless the commissioner has adjusted the surcharge as permitted under that section.

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

Sec. 47. Minnesota Statutes 2006, section 118A.03, subdivision 2, is amended to read:

Subd. 2. **In lieu of surety bond.** The following are the allowable forms of collateral in lieu of a corporate surety bond:

- (1) United States government Treasury bills, Treasury notes, Treasury bonds;

(2) issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;

(3) general obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;

(4) ~~unrated~~ general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;

(5) irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and

(6) time deposits that are fully insured by any federal agency.

Sec. 48. Minnesota Statutes 2006, section 148.102, is amended by adding a subdivision to read:

Subd. 3a. **Reparation obligors.** A reparation obligor as defined in section 65B.43, subdivision 9, may submit any relevant information to the board in any case in which the reparation obligor has reason to believe that charges being billed by a licensee are fraudulent, unreasonable, or inconsistent with treatment actually received by the injured party involved.

A reparation obligor that makes a report under this section shall provide the board with any additional information, related to the reported activities, requested by the board.

Sec. 49. Minnesota Statutes 2006, section 239.101, subdivision 3, is amended to read:

Subd. 3. **Petroleum inspection fee.** (a) An inspection fee is imposed (1) on petroleum products when received by the first licensed distributor, and (2) on petroleum products received and held for sale or use by any person when the petroleum products have not previously been received by a licensed distributor. The petroleum inspection fee is \$1 for every 1,000 gallons received. The commissioner of revenue shall collect the fee. The revenue from 81 cents of the fee is appropriated to the commissioner of commerce for the cost of operations of the Division of Weights and Measures, petroleum supply monitoring, and ~~the oil burner retrofit program~~ to make grants to providers of low-income weatherization services to install renewable energy equipment in households that are eligible for weatherization assistance under Minnesota's weatherization assistance program state plan. The remainder of the fee must be deposited in the general fund.

(b) The commissioner of revenue shall credit a person for inspection fees previously paid in error or for any material exported or sold for export from the state upon filing of a report as prescribed by the commissioner of revenue.

(c) The commissioner of revenue may collect the inspection fee along with any taxes due under chapter 296A.

Sec. 50. **[325E.027] DISCRIMINATION PROHIBITION.**

(a) No dealer or distributor of liquid propane gas or number 1 or number 2 fuel oil who has signed a low-income home energy assistance program vendor agreement with the department of commerce may refuse to deliver liquid propane gas or number 1 or number 2 fuel oil to any person located within the dealer's or distributor's normal delivery area who receives direct grants under the low-income home energy assistance program if:

- (1) the person has requested delivery;
- (2) the dealer or distributor has product available;
- (3) the person requesting delivery is capable of making full payment at the time of delivery; and
- (4) the person is not in arrears regarding any previous fuel purchase from that dealer or distributor.

(b) A dealer or distributor making delivery to a person receiving direct grants under the low-income home energy assistance program may not charge that person any additional costs or fees that would not be charged to any other customer and must make available to that person any discount program on the same basis as the dealer or distributor makes available to any other customer.

Sec. 51. Minnesota Statutes 2006, section 325E.311, subdivision 6, is amended to read:

Subd. 6. **Telephone solicitation.** "Telephone solicitation" means any voice communication over a telephone line for the purpose of encouraging the purchase or rental of, or investment in, property, goods, or services, whether the communication is made by a live operator, through the use of an automatic dialing-announcing device as defined in section 325E.26, subdivision 2, or by other means. Telephone solicitation does not include communications:

- (1) to any residential subscriber with that subscriber's prior express invitation or permission; or
- (2) by or on behalf of any person or entity with whom a residential subscriber has a prior or current business or personal relationship.

Telephone solicitation also does not include communications if the caller is identified by a caller identification service and the call is:

- (i) by or on behalf of an organization that is identified as a nonprofit organization under state or federal law, unless the organization is a debt management services provider defined in section 332A.02;
- (ii) by a person soliciting without the intent to complete, and who does not in fact complete, the sales presentation during the call, but who will complete the sales presentation at a later face-to-face meeting between the solicitor who makes the call and the prospective purchaser; or
- (iii) by a political party as defined under section 200.02, subdivision 6.

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

Sec. 52. Minnesota Statutes 2006, section 325N.01, is amended to read:

325N.01 DEFINITIONS.

The definitions in paragraphs (a) to (h) apply to sections 325N.01 to 325N.09.

(a) "Foreclosure consultant" means any person who, directly or indirectly, makes any solicitation, representation, or offer to any owner to perform for compensation or who, for compensation, performs any service which the person in any manner represents will in any manner do any of the following:

- (1) stop or postpone the foreclosure sale;

- (2) obtain any forbearance from any beneficiary or mortgagee;
 - (3) assist the owner to exercise the right of reinstatement provided in section 580.30;
 - (4) obtain any extension of the period within which the owner may reinstate the owner's obligation;
 - (5) obtain any waiver of an acceleration clause contained in any promissory note or contract secured by a mortgage on a residence in foreclosure or contained in the mortgage;
 - (6) assist the owner in foreclosure or loan default to obtain a loan or advance of funds;
 - (7) avoid or ameliorate the impairment of the owner's credit resulting from the recording of a notice of default or the conduct of a foreclosure sale; or
 - (8) save the owner's residence from foreclosure.
- (b) A foreclosure consultant does not include any of the following:
- (1) a person licensed to practice law in this state when the person renders service in the course of his or her practice as an attorney-at-law;
 - (2) a person licensed as a debt ~~prorater under sections 332.12 to 332.29~~ management services provider under chapter 332A, when the person is acting as a debt ~~prorater~~ management services provider as defined in ~~these sections that chapter~~;
 - (3) a person licensed as a real estate broker or salesperson under chapter 82 when the person engages in acts whose performance requires licensure under that chapter unless the person is engaged in offering services designed to, or purportedly designed to, enable the owner to retain possession of the residence in foreclosure;
 - (4) a person licensed as an accountant under chapter 326A when the person is acting in any capacity for which the person is licensed under those provisions;
 - (5) a person or the person's authorized agent acting under the express authority or written approval of the Department of Housing and Urban Development or other department or agency of the United States or this state to provide services;
 - (6) a person who holds or is owed an obligation secured by a lien on any residence in foreclosure when the person performs services in connection with this obligation or lien if the obligation or lien did not arise as the result of or as part of a proposed foreclosure reconveyance;
 - (7) any person or entity doing business under any law of this state, or of the United States relating to banks, trust companies, savings and loan associations, industrial loan and thrift companies, regulated lenders, credit unions, insurance companies, or a mortgagee which is a United States Department of Housing and Urban Development approved mortgagee and any subsidiary or affiliate of these persons or entities, and any agent or employee of these persons or entities while engaged in the business of these persons or entities;
 - (8) a person licensed as a residential mortgage originator or servicer pursuant to chapter 58, when acting under the authority of that license or a foreclosure purchaser as defined in section 325N.10;
 - (9) a nonprofit agency or organization that offers counseling or advice to an owner of a home in foreclosure or loan default if they do not contract for services with for-profit lenders or foreclosure purchasers; and

(10) a judgment creditor of the owner, to the extent that the judgment creditor's claim accrued prior to the personal service of the foreclosure notice required by section 580.03, but excluding a person who purchased the claim after such personal service.

(c) "Foreclosure reconveyance" means a transaction involving:

(1) the transfer of title to real property by a foreclosed homeowner during a foreclosure proceeding, either by transfer of interest from the foreclosed homeowner or by creation of a mortgage or other lien or encumbrance during the foreclosure process that allows the acquirer to obtain title to the property by redeeming the property as a junior lienholder; and

(2) the subsequent conveyance, or promise of a subsequent conveyance, of an interest back to the foreclosed homeowner by the acquirer or a person acting in participation with the acquirer that allows the foreclosed homeowner to possess the real property following the completion of the foreclosure proceeding, which interest includes, but is not limited to, an interest in a contract for deed, purchase agreement, option to purchase, or lease.

(d) "Person" means any individual, partnership, corporation, limited liability company, association, or other group, however organized.

(e) "Service" means and includes, but is not limited to, any of the following:

(1) debt, budget, or financial counseling of any type;

(2) receiving money for the purpose of distributing it to creditors in payment or partial payment of any obligation secured by a lien on a residence in foreclosure;

(3) contacting creditors on behalf of an owner of a residence in foreclosure;

(4) arranging or attempting to arrange for an extension of the period within which the owner of a residence in foreclosure may cure the owner's default and reinstate his or her obligation pursuant to section 580.30;

(5) arranging or attempting to arrange for any delay or postponement of the time of sale of the residence in foreclosure;

(6) advising the filing of any document or assisting in any manner in the preparation of any document for filing with any bankruptcy court; or

(7) giving any advice, explanation, or instruction to an owner of a residence in foreclosure, which in any manner relates to the cure of a default in or the reinstatement of an obligation secured by a lien on the residence in foreclosure, the full satisfaction of that obligation, or the postponement or avoidance of a sale of a residence in foreclosure, pursuant to a power of sale contained in any mortgage.

(f) "Residence in foreclosure" means residential real property consisting of one to four family dwelling units, one of which the owner occupies as his or her principal place of residence, and against which there is an outstanding notice of pendency of foreclosure, recorded pursuant to section 580.032, or against which a summons and complaint has been served under chapter 581.

(g) "Owner" means the record owner of the residential real property in foreclosure at the time the notice of pendency was recorded, or the summons and complaint served.

(h) "Contract" means any agreement, or any term in any agreement, between a foreclosure consultant and an owner for the rendition of any service as defined in paragraph (e).

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

Sec. 53. Minnesota Statutes 2006, section 332.54, subdivision 7, is amended to read:

Subd. 7. **Fees.** The fee for a credit services organization's registration is ~~\$400~~ \$1,000 for issuance or renewal for each location of business.

EFFECTIVE DATE; APPLICATION. This section is effective July 1, 2007, and applies to registrations issued or renewed on or after that date.

Sec. 54. **[332A.02] DEFINITIONS.**

Subdivision 1. **Scope.** Unless a different meaning is clearly indicated by the context, for the purposes of this chapter the terms defined in this section have the meanings given them.

Subd. 2. **Accreditation.** "Accreditation" means certification as an accredited credit counseling provider by the International Standards Organization or the Council on Accreditation.

Subd. 3. **Attorney general.** "Attorney general" means the attorney general of the state of Minnesota.

Subd. 4. **Commissioner.** "Commissioner" means commissioner of commerce.

Subd. 5. **Controlling or affiliated party.** "Controlling or affiliated party" means any person directly or indirectly controlling, controlled by, or under common control with another person.

Subd. 6. **Debt management services agreement.** "Debt management services agreement" means the written contract between the debt management services provider and the debtor.

Subd. 7. **Debt management services plan.** "Debt management services plan" means the debtor's individualized package of debt management services set forth in the debt management services agreement.

Subd. 8. **Debt management services provider.** "Debt management services provider" means any person offering or providing debt management services to a debtor domiciled in this state, regardless of whether or not a fee is charged for the services and regardless of whether the person maintains a physical presence in the state. This term does not include services performed by the following when engaged in the regular course of their respective businesses and professions:

(1) attorneys at law, escrow agents, accountants, broker-dealers in securities;

(2) state or national banks, trust companies, savings associations, title insurance companies, insurance companies, and all other lending institutions duly authorized to transact business in Minnesota, provided no fee is charged for the service;

(3) persons who, as employees on a regular salary or wage of an employer not engaged in the business of debt management, perform credit services for their employer;

(4) public officers acting in their official capacities and persons acting as a debt management services provider pursuant to court order;

(5) any person while performing services incidental to the dissolution, winding up, or liquidation of a partnership, corporation, or other business enterprise;

(6) the state, its political subdivisions, public agencies, and their employees;

(7) credit unions and collection agencies, provided no fee is charged for the service;

(8) "qualified organizations" designated as representative payees for purposes of the Social Security and Supplemental Security Income Representative Payee System and the federal Omnibus Budget Reconciliation Act of 1990, Public Law 101-508; and

(9) accelerated mortgage payment providers. "Accelerated mortgage payment providers" are persons who, after satisfying the requirements of sections 332.30 to 332.303, receive funds to make mortgage payments to a lender or lenders, on behalf of mortgagors, in order to exceed regularly scheduled minimum payment obligations under the terms of the indebtedness. The term does not include: (i) persons or entities described in clauses (1) to (8); (ii) mortgage lenders or servicers, industrial loan and thrift companies, or regulated lenders under chapter 56; or (iii) persons authorized to make loans under section 47.20, subdivision 1. For purposes of this clause and sections 332.30 to 332.303, "lender" means the original lender or that lender's assignee, whichever is the current mortgage holder.

Subd. 9. **Debt management services.** "Debt management services" means the provision of any one or more of the following:

(1) managing the financial affairs of an individual by distributing income or money to the individual's creditors;

(2) receiving funds for the purpose of distributing the funds among creditors in payment or partial payment of obligations of a debtor; or

(3) settling, adjusting, prorating, pooling, or liquidating the indebtedness of a debtor. Any person so engaged or holding out as so engaged is deemed to be engaged in the provision of debt management services regardless of whether or not a fee is charged for such services.

Subd. 10. **Debtor.** "Debtor" means the person for whom the debt prorating service is performed.

Subd. 11. **Person.** "Person" means any individual, firm, partnership, association, or corporation.

Subd. 12. **Registrant.** "Registrant" means any person registered by the commissioner pursuant to this chapter and, where used in conjunction with an act or omission required or prohibited by this chapter, shall mean any person performing debt management services.

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

Sec. 55. **[332A.03] REQUIREMENT OF REGISTRATION.**

On or after August 1, 2007, it is unlawful for any person, whether or not located in this state, to operate as a debt management services provider or provide debt management services, including but not limited to offering, advertising, or executing or causing to be executed any debt management services or debt management services agreement, except as authorized by law without first becoming registered as provided in this chapter. A person who possesses a valid license as a debt prorater that was issued by the commissioner before August 1, 2007, is deemed to be registered as a debt management services provider until the date the debt prorater license expires, at which time the licensee must obtain a renewal as a debt management services provider in compliance with this chapter. Debt

proraters who were not required to be licensed as debt proraters before August 1, 2007, may continue to provide debt management services without complying with this chapter to those debtors who entered into a contract to participate in a debt management plan before August 1, 2007, except that the debt prorater must comply with section 332A.13, subdivision 2.

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

Sec. 56. **[332A.04] REGISTRATION.**

Subdivision 1. **Form.** Application for registration to operate as a debt management services provider in this state must be made in writing to the commissioner, under oath, in the form prescribed by the commissioner, and must contain:

- (1) the full name of each principal of the entity applying;
- (2) the address, which must not be a post office box, and the telephone number and, if applicable, e-mail address, of the applicant;
- (3) identification of the trust account required under section 332A.13;
- (4) consent to the jurisdiction of the courts of this state;
- (5) the name and address of the registered agent authorized to accept service of process on behalf of the applicant or appointment of the commissioner as the applicant's agent for purposes of accepting service of process;
- (6) disclosure of:
 - (i) whether any controlling or affiliated party has ever been convicted of a crime or found civilly liable for an offense involving moral turpitude, including forgery, embezzlement, obtaining money under false pretenses, larceny, extortion, conspiracy to defraud, or any other similar offense or violation, or any violation of a federal or state law or regulation in connection with activities relating to the rendition of debt management services or involving any consumer fraud, false advertising, deceptive trade practices, or similar consumer protection law;
 - (ii) any judgments, private or public litigation, tax liens, written complaints, administrative actions, or investigations by any government agency against the applicant or any officer, director, manager, or shareholder owning more than five percent interest in the applicant, unresolved or otherwise, filed or otherwise commenced within the preceding ten years;
 - (iii) whether the applicant or any person employed by the applicant has had a record of having defaulted in the payment of money collected for others, including the discharge of debts through bankruptcy proceedings; and
 - (iv) whether the applicant's license or registration to provide debt management services in any other state has ever been revoked or suspended;
- (7) a copy of the applicant's standard debt management services agreement that the applicant intends to execute with debtors;
- (8) proof of accreditation of:
 - (i) the debt management services provider; and

(ii) all individuals employed by, under contract with, or otherwise agents of the provider who offer to provide or provide debt management services; and

(9) any other information and material as the commissioner may require.

Subd. 2. **Term and scope of registration.** The registration must remain in full force and effect for one calendar year or until it is surrendered by the licensee or revoked or suspended by the commissioner. The registration is limited solely to the business of providing debt management services.

Subd. 3. **Fees.** The registration application must be accompanied by payment of \$1,000 as a registration fee.

Subd. 4. **Bond.** The registration application must be accompanied by payment of the premium for a surety bond in which the applicant shall be the obligor, in a sum to be determined by the commissioner but not less than \$5,000, and in which an insurance company, which is duly authorized by the state of Minnesota to transact the business of fidelity and surety insurance, shall be a surety. However, the commissioner may accept a deposit in cash, or securities that may legally be purchased by savings banks or for trust funds of an aggregate market value equal to the bond requirement, in lieu of the surety bond. The cash or securities must be deposited with the commissioner of finance. The commissioner may also require a fidelity bond in an appropriate amount covering employees of any applicant. Each branch office or additional place of business of an applicant must be bonded as provided in this subdivision. In determining the bond amount necessary for the maintenance of any office, whether it is a surety bond, fidelity bond, or both, the commissioner shall consider the financial responsibility, experience, character, and general fitness of the debt management services provider and its operators and owners; the volume of business handled or proposed to be handled; the location of the office and the geographical area served or proposed to be served; and other information the commissioner may deem pertinent based upon past performance, previous examinations, annual reports, and manner of business conducted in other states.

Subd. 5. **Condition of bond.** The bond must run to the state of Minnesota for the use of the state and of any person or persons who may have a cause of action against the obligor arising out of the obligor's activities as a debt management services provider to a debtor domiciled in this state. The bond must be conditioned that the obligor will not commit any fraudulent act and will faithfully conform to and abide by the provisions of this chapter and of all rules lawfully made by the commissioner under this chapter and pay to the state and to any such person or persons any and all money that may become due or owing to the state or to such person or persons from the obligor under and by virtue of this chapter.

Subd. 6. **Right of action on bond.** If the registrant has failed to account to a debtor or distribute to the debtor's creditors the amounts required by this chapter and the debt management services agreement between the debtor and registrant, the debtor or the debtor's legal representative or receiver, the commissioner, or the attorney general, shall have, in addition to all other legal remedies, a right of action in the name of the debtor on the bond or the security given under this section, for loss suffered by the debtor, not exceeding the face amount of the bond or security, and without the necessity of joining the registrant in the suit or action.

Subd. 7. **Registrant list.** The commissioner must maintain a list of registered debt management services providers. The list must be made available to the public in written form upon request and on the Department of Commerce Web site.

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

Sec. 57. **[332A.05] NONASSIGNMENT OF REGISTRATION.**

A registration must not be transferred or assigned without the consent of the commissioner.

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

Sec. 58. **[332A.06] RENEWAL OF REGISTRATION.**

Each year, each registrant under the provisions of this chapter must, not more than 60 nor less than 30 days before its registration is to expire, apply to the commissioner for renewal of its registration on a form prescribed by the commissioner. The application must be signed by the registrant under penalty of perjury, contain current information on all matters required in the original application, and be accompanied by a payment of \$250. The registrant must maintain a continuous surety bond that satisfies the requirements of section 332A.04, subdivision 4, provided that the commissioner may require a different amount that is at least equal to the largest amount that has accrued in the registrant's trust account during the previous year. The renewal is effective for one year.

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

Sec. 59. **[332A.07] OTHER DUTIES OF REGISTRANT.**

Subdivision 1. **Requirement to update information.** A registrant must update any information required by this chapter provided in its original or renewal application not later than 90 days after the date the events precipitating the update occurred.

Subd. 2. **Inspection of debtor of registration.** Each registrant must maintain a copy of its registration in its files. The registrant must allow a debtor, upon request, to inspect the registration.

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

Sec. 60. **[332A.08] DENIAL OF REGISTRATION.**

The commissioner, with notice to the applicant by certified mail sent to the address listed on the application, may deny an application for a registration upon finding that the applicant:

(1) has submitted an application required under section 332A.04 that contains incorrect, misleading, incomplete, or materially untrue information. An application is incomplete if it does not include all the information required in section 332A.04;

(2) has failed to pay any fee or pay or maintain any bond required by this chapter, or failed to comply with any order, decision, or finding of the commissioner made under and within the authority of this chapter;

(3) has violated any provision of this chapter or any rule or direction lawfully made by the commissioner under and within the authority of this chapter;

(4) or any controlling or affiliated party has ever been convicted of a crime or found civilly liable for an offense involving moral turpitude, including forgery, embezzlement, obtaining money under false pretenses, larceny, extortion, conspiracy to defraud, or any other similar offense or violation, or any violation of a federal or state law or regulation in connection with activities relating to the rendition of debt management services or any consumer fraud, false advertising, deceptive trade practices, or similar consumer protection law;

(5) has had a registration or license previously revoked or suspended in this state or any other state or the applicant or licensee has been permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the debt management services provider business; or any controlling or affiliated party has been an officer, director, manager, or shareholder owning more than a ten percent interest in a debt management services provider whose registration has previously been revoked or suspended in this state or any other state, or who has been permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the debt management services provider business;

(6) has made any false statement or representation to the commissioner;

(7) is insolvent;

(8) refuses to fully comply with an investigation or examination of the debt management services provider by the commissioner;

(9) has improperly withheld, misappropriated, or converted any money or properties received in the course of doing business;

(10) has failed to have a trust account with an actual cash balance equal to or greater than the sum of the escrow balances of each debtor's account;

(11) has defaulted in making payments to creditors on behalf of debtors as required by agreements between the provider and debtor; or

(12) has used fraudulent, coercive, or dishonest practices, or demonstrated incompetence, untrustworthiness, or financial irresponsibility in this state or elsewhere.

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

Sec. 61. **[332A.09] SUSPENDING, REVOKING, OR REFUSING TO RENEW REGISTRATION.**

Subdivision 1. **Procedure.** The commissioner may revoke, suspend, or refuse to renew any registration issued under this chapter, or may levy a civil penalty under section 45.027, or any combination of actions, if the debt management services provider or any controlling or affiliated person has committed any act or omission for which the commissioner could have refused to issue an initial registration or renew an existing registration. Revocation of or refusal to renew a registration must be upon notice and hearing as prescribed in the Administrative Procedure Act, sections 14.57 to 14.69. The notice must set a time for hearing before the commissioner not less than 20 nor more than 30 days after service of the notice, provided the registrant may waive the 20-day minimum. The commissioner may, in the notice, suspend the registration for a period not to exceed 60 days. Unless the notice states that the registration is suspended, pending the determination of the main issue, the registrant may continue to transact business until the final decision of the commissioner. If the registration is suspended, the commissioner shall hold a hearing and render a final determination within ten days of a request by the registrant. If the commissioner fails to do so, the suspension shall terminate and be of no force or effect.

Subd. 2. **Notification of interested persons.** After the notice and hearing required in subdivision 1, upon issuing an order suspending or revoking a registration or refusing to renew a registration, the commissioner may notify all individuals who have contracts with the affected registrant and all creditors who have agreed to a debt management services plan that the registration has been revoked and that the order is subject to appeal.

Subd. 3. **Receiver for funds of sanctioned registrant.** When an order is issued revoking or refusing to renew a registration, the commissioner may apply for, and the district court must appoint, a receiver to temporarily or permanently receive the assets of the registrant pending a final determination of the validity of the order.

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

Sec. 62. **[332A.10] WRITTEN DEBT MANAGEMENT SERVICES AGREEMENT.**

Subdivision 1. Written agreement required. A debt management services provider may not perform any debt management services or receive any money related to a debt management plan until the provider has obtained a debt management services agreement that contains all terms of the agreement between the debt management services provider and the debtor. A debt management services agreement must be in writing, dated, and signed by the debt management services provider and the debtor. The registrant must furnish the debtor with a copy of the signed contract upon execution.

Subd. 2. Actions prior to written agreement. No person may provide debt management services for a debtor unless the person first has:

(1) provided the debtor individualized counseling and educational information that, at a minimum, addresses managing household finances, managing credit and debt, budgeting, and personal savings strategies;

(2) prepared in writing and provided to the debtor, in a form that the debtor may keep, an individualized financial analysis and a proposed debt management plan listing the debtor's known debts with specific recommendations regarding actions the debtor should take to reduce or eliminate the amount of the debts, including written disclosure that debt management services are not suitable for all debtors and that there are other ways, including bankruptcy, to deal with indebtedness;

(3) made a determination supported by an individualized financial analysis that the debtor can reasonably meet the requirements of the proposed debt management plan and that there is a net tangible benefit to the debtor of entering into the proposed debt management plan; and

(4) prepared, in a form the debtor may keep, a written list identifying all known creditors of the debtor that the provider reasonably expects to participate in the plan and the creditors, including secured creditors, that the provider reasonably expects not to participate.

Subd. 3. Required terms. (a) Each debt management services agreement must contain the following terms, which must be disclosed prominently and clearly in bold print on the front page of the agreement, segregated by bold lines from all other information on the page:

(1) the fee amount to be paid by the debtor and whether the initial fee amount is refundable or nonrefundable;

(2) the monthly fee amount or percentage to be paid by the debtor; and

(3) the total amount of fees reasonably anticipated to be paid by the debtor over the term of the agreement.

(b) Each debt management services agreement must also contain the following:

(1) a disclosure that if the amount of debt owed is increased by interest, late fees, over the limit fees, and other amounts imposed by the creditors, the length of the debt management services agreement will be extended and remain in force and that the total dollar charges agreed upon may increase at the rate agreed upon in the original contract agreement;

(2) a prominent statement describing the terms upon which the debtor may cancel the contract as set forth in section 332A.11;

(3) a detailed description of all services to be performed by the debt management services provider for the debtor;

(4) the debt management services provider's refund policy; and

(5) the debt management services provider's principal business address and the name and address of its agent in this state authorized to receive service of process.

Subd. 4. **Prohibited terms.** The following terms shall not be included in the debt management services agreement:

(1) a hold harmless clause;

(2) a confession of judgment, or a power of attorney to confess judgment against the debtor or appear as the debtor in any judicial proceeding;

(3) a waiver of the right to a jury trial, if applicable, in any action brought by or against a debtor;

(4) an assignment of or an order for payment of wages or other compensation for services;

(5) a provision in which the debtor agrees not to assert any claim or defense arising out of the debt management services agreement;

(6) a waiver of any provision of this chapter or a release of any obligation required to be performed on the part of the debt management services provider; or

(7) a mandatory arbitration clause.

Subd. 5. **New debt management services agreements; modification of existing agreements.** (a) Separate and additional debt management services agreements that comply with this chapter may be entered into by the debt management services provider and the debtor provided that no additional initial fee may be charged by the debt management services provider.

(b) Any modification of an existing debt management services agreement, including any increase in the number or amount of debts included in the debt management service, must be in writing and signed by both parties. No fees, charges, or other consideration may be demanded from the debtor for the modification, other than an increase in the amount of the monthly maintenance fee established in the original debt management services agreement.

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

Sec. 63. **[332A.11] RIGHT TO CANCEL.**

Subdivision 1. **Debtor's right to cancel.** A debtor has the right to cancel the debt management services agreement without cause at any time upon ten days' written notice to the debt management services provider. In the event of cancellation, the debt management services provider must, within ten days of the cancellation, notify the debtor's creditors of the cancellation and provide a refund of all unexpended funds paid by or for the debtor to the debt management services provider.

Subd. 2. **Notice of debtor's right to cancel.** A debt management services agreement must contain, on its face, in an easily readable typeface immediately adjacent to the space for signature by the debtor, the following notice: "Right To Cancel: You have the right to cancel this contract at any time on ten days' written notice."

Subd. 3. **Automatic termination.** Upon the payment of all listed debts and fees, the debt management services agreement must automatically terminate, and all unexpended funds paid by or for the debtor to the debt management services provider must be immediately returned to the debtor.

Subd. 4. **Debt management services provider's right to cancel.** A debt management services provider may cancel a debt management services agreement with good cause upon 30 days' written notice to the debtor. Within ten days after the cancellation, the debt management services provider must: (1) notify the debtor's creditors of the cancellation; and (2) return to the debtor all unexpended funds paid by or for the debtor.

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

Sec. 64. **[332A.12] BOOKS, RECORDS, AND INFORMATION.**

Subdivision 1. **Records retention.** Every registrant must keep, and use in the registrant's business, such books, accounts, and records, including electronic records, as will enable the commissioner to determine whether the registrant is complying with this chapter and of the rules, orders, and directives adopted by the commissioner under this chapter. Every registrant must preserve such books, accounts, and records for at least six years after making the final entry on any transaction recorded therein. Examinations of the books, records, and method of operations conducted under the supervision of the commissioner shall be done at the cost of the registrant. The cost must be assessed as determined under section 46.131.

Subd. 2. **Statements to debtors.** Each registrant must maintain and must make available records and accounts that will enable each debtor to ascertain the amounts paid to the creditors of the debtor. A statement showing amounts received from the debtor, disbursements to each creditor, amounts which any creditor has agreed to accept as payment in full for any debt owed the creditor by the debtor, charges deducted by the registrant, and such other information as the commissioner may prescribe, must be furnished by the registrant to the debtor at least monthly and, in addition, upon any cancellation or termination of the contract. In addition to the statements required by this subdivision, each debtor must have reasonable access, without cost, by electronic or other means, to information in the registrant's files applicable to the debtor. These statements, records, and accounts must otherwise remain confidential except for duly authorized state and government officials, the commissioner, the attorney general, the debtor, and the debtor's representative and designees. Each registrant must prepare and retain in the file of each debtor a written analysis of the debtor's income and expenses to substantiate that the plan of payment is feasible and practicable.

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

Sec. 65. **[332A.13] FEES, PAYMENTS, AND CONSENT OF CREDITORS.**

Subdivision 1. **Origination fee; credit background report cost.** The registrant may charge a nonrefundable origination fee of not more than \$50, which may be retained by the registrant from the initial amount paid by the debtor to the registrant.

Subd. 2. **Monthly maintenance fee.** The registrant may charge a periodic fee for account maintenance or other purposes, but only if the fee is reasonable for the services provided and does exceed the lesser of 15 percent of the monthly payment amount or \$75.

Subd. 3. **Additional fees unauthorized.** A registrant may not impose any fee or other charge or receive any funds or other payment other than the initial fee or monthly maintenance fee authorized by this section.

Subd. 4. **Amount of periodic payments retained.** The registrant may retain as payment for the fees authorized by this section no more than 15 percent of any periodic payment made to the registrant by the debtor. The remaining 85 percent must be disbursed to listed creditors under and in accordance with the debt management services agreement. No fees or charges may be received or retained by the registrant for any handling of recurring payments. Recurring payments include current rent, mortgage, utility, telephone, maintenance as defined in section 518.27, child support, insurance premiums, and such other payments as the commissioner may by rule prescribe.

Subd. 5. **Advance payments.** No fees or charges may be received or retained for any payments by the debtor made more than the following number of days in advance of the date specified in the debt management services agreement on which they are due: (1) 42 days in the case of contracts requiring monthly payments; (2) 15 days in the case of agreements requiring biweekly payments; or (3) seven days in the case of agreements requiring weekly payments. For those agreements which do not require payments in specified amounts, a payment is deemed an advance payment to the extent it exceeds twice the average regular payment previously made by the debtor under that contract. This subdivision does not apply when the debtor intends to use the advance payments to satisfy future payment of obligations due within 30 days under the contract. This subdivision supersedes any inconsistent provision of this chapter.

Subd. 6. **Consent of creditors.** A registrant must actively seek to obtain the consent of all creditors to the debt management services plan set forth in the debt management services agreement. Consent by a creditor may be express and in writing, or may be evidenced by acceptance of a payment made under the debt management services plan set forth in the contract. The registrant must notify the debtor within ten days after any failure to obtain the required consent and of the debtor's right to cancel without penalty. The notice must be in a form as the commissioner shall prescribe. Nothing contained in this section is deemed to require the return of any origination fee and any fees earned by the registrant prior to cancellation or default.

Subd. 7. **Withdrawal of creditor.** Whenever a creditor withdraws from a debt management services plan, or refuses to participate in a debt management services plan, the registrant must promptly notify the debtor of the withdrawal or refusal. In no case may this notice be provided more than 15 days after the debt management services plan learns of the creditor's decision to withdraw from or refuse to participate in a plan. This notice must include the identity of the creditor withdrawing from the plan, the amount of the monthly payment to that creditor, and the right of the debtor to cancel the agreement under section 332A.11.

Subd. 8. **Payments held in trust.** The registrant must maintain a separate trust account and deposit in the account all payments received from the moment that they are received, except that the registrant may commingle the payment with the registrant's own property or funds, but only to the extent necessary to ensure the maintenance of a minimum balance if the financial institution at which the trust account is held requires a minimum balance to avoid the assessment of fees or penalties for failure to maintain a minimum balance. All disbursements, whether to the debtor or to the creditors of the debtor, or to the registrant, must be made from such account.

Subd. 9. **Timely payment of creditors.** The registrant must disburse any funds paid by or on behalf of a debtor to creditors of the consumer within 42 days after receipt of the funds, or earlier if necessary to comply with the due date in the contract between the debtor and the creditor, unless the reasonable payment of one or more of the debtor's obligations requires that the funds be held for a longer period so as to accumulate a sum certain, or where the debtor's payment is returned for insufficient funds or other reason that makes the withholding of such payments in the net interest of the debtor.

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

Sec. 66. **[332A.14] PROHIBITIONS.**

A registrant shall not:

- (1) purchase from a creditor any obligation of a debtor;
- (2) use, threaten to use, seek to have used, or seek to have threatened the use of any legal process, including but not limited to garnishment and repossession of personal property, against any debtor while the debt management services agreement between the registrant and the debtor remains executory;
- (3) advise a debtor to stop paying a creditor until a debt management services plan is in place;
- (4) require as a condition of performing debt management services the purchase of any services, stock, insurance, commodity, or other property or any interest therein either by the debtor or the registrant;
- (5) compromise any debts unless the prior written approval of the debtor has been obtained to such compromise and unless such compromise inures solely to the benefit of the debtor;
- (6) receive from any debtor as security or in payment of any fee a promissory note or other promise to pay or any mortgage or other security, whether as to real or personal property;
- (7) lend money or provide credit to any debtor if any interest or fee is charged, or directly or indirectly collect any fee for referring, advising, procuring, arranging, or assisting a consumer in obtaining any extension of credit or other debtor service from a lender or services provider;
- (8) structure a debt management services agreement that would result in negative amortization of any debt in the plan;
- (9) engage in any unfair, deceptive, or unconscionable act or practice in connection with any service provided to any debtor;
- (10) offer, pay, or give any material cash fee, gift, bonus, premium, reward, or other compensation to any person for referring any prospective customer to the registrant or for enrolling a debtor in a debt management services plan, or provide any other incentives for employees or agents of the debt management services provider to induce debtors to enter into a debt management plan;
- (11) receive any cash, fee, gift, bonus, premium, reward, or other compensation from any person other than the debtor or a person on the debtor's behalf in connection with activities as a registrant, provided that this paragraph does not apply to a registrant which is a bona fide nonprofit corporation duly organized under chapter 317A or under the similar laws of another state;
- (12) enter into a contract with a debtor unless a thorough written budget analysis indicates that the debtor can reasonably meet the requirements of the financial adjustment plan and will be benefited by the plan;
- (13) in any way charge or purport to charge or provide any debtor credit insurance in conjunction with any contract or agreement involved in the debt management services plan;
- (14) operate or employ a person who is an employee or owner of a collection agency or process-serving business; or

(15) require or attempt to require payment of a sum that the registrant states, discloses, or advertises to be a voluntary contribution from the debtor.

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

Sec. 67. **[332A.16] ADVERTISEMENT OF DEBT MANAGEMENT SERVICES PLANS.**

No debt management services provider may make false, deceptive, or misleading statements or omissions about the rates, terms, or conditions of an actual or proposed debt management services plan or its debt management services, or create the likelihood of consumer confusion or misunderstanding regarding its services, including but not limited to the following:

(1) represent that the debt management services provider is a nonprofit, not-for-profit, or has similar status or characteristics if some or all of the debt management services will be provided by a for-profit company that is a controlling or affiliated party to the debt management services provider; or

(2) make any communication that gives the impression that the debt management services provider is acting on behalf of a government agency.

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

Sec. 68. **[332A.17] DEBT MANAGEMENT SERVICES AGREEMENT RESCISSION.**

Any debtor has the right to rescind any debt management services agreement with a debt management services provider that commits a material violation of this chapter. On rescission, all fees paid to the debt management services provider or any other person other than creditors of the debtor must be returned to the debtor entering into the debt management services agreement within ten days of rescission of the debt management services agreement.

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

Sec. 69. **[332A.18] ENFORCEMENT; REMEDIES.**

Subdivision 1. **Violation a deceptive practice.** A violation of any of the provisions of this chapter is considered an unfair or deceptive trade practice under section 8.31, subdivision 1. A private right of action under section 8.31 by an aggrieved debtor is in the public interest.

Subd. 2. **Private right of action.** (a) A debt management services provider who fails to comply with any of the provisions of this chapter is liable under this section in an individual action for the sum of: (i) actual, incidental, and consequential damages sustained by the debtor as a result of the failure; and (ii) statutory damages of up to \$1,000.

(b) A debt management services provider who fails to comply with any of the provisions of this chapter is liable under this section in a class action for the sum of: (i) the amount that each named plaintiff could recover under paragraph (a), clause (i); and (ii) such amount as the court may allow for all other class members.

(c) In determining the amount of statutory damages, the court shall consider, among other relevant factors:

(1) the frequency, nature, and persistence of noncompliance;

(2) the extent to which the noncompliance was intentional; and

(3) in the case of a class action, the number of debtors adversely affected.

(d) A plaintiff or class successful in a legal or equitable action under this section is entitled to the costs of the action, plus reasonable attorney fees.

Subd. 3. **Injunctive relief.** A debtor may sue a debt management services provider for temporary or permanent injunctive or other appropriate equitable relief to prevent violations of any provision of this chapter. A court must grant injunctive relief on a showing that the debt management services provider has violated any provision of this chapter, or in the case of a temporary injunction, on a showing that the debtor is likely to prevail on allegations that the debt management services provider violated any provision of this chapter.

Subd. 4. **Remedies cumulative.** The remedies provided in this section are cumulative and do not restrict any remedy that is otherwise available. The provisions of this chapter are not exclusive and are in addition to any other requirements, rights, remedies, and penalties provided by law.

Subd. 5. **Public enforcement.** The attorney general shall enforce this chapter under section 8.31.

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

Sec. 70. **[332A.19] INVESTIGATION.**

The commissioner may examine the books and records of every registrant and of any person engaged in the business of providing debt management services as defined in section 332A.02 at any reasonable time. The commissioner once during any calendar year may require the submission of an audit prepared by a certified public accountant of the books and records of each registrant. If the registrant has, within one year previous to the commissioner's demand, had an audit prepared for some other purpose, this audit may be submitted to satisfy the requirement of this section. The commissioner may investigate any complaint concerning violations of this chapter and may require the attendance and sworn testimony of witnesses and the production of documents.

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

Sec. 71. **LICENSE RENEWAL EXTENSION.**

The July 31, 2007, renewal date for mortgage originators is extended to October 30, 2007, because of the changes to the licensing requirements made by this article.

Sec. 72. **REPEALER.**

(a) Minnesota Statutes 2006, sections 46.043; 47.62, subdivision 5; and 58.08, subdivision 1, are repealed.

(b) Minnesota Statutes 2006, sections 332.12; 332.13; 332.14; 332.15; 332.16; 332.17; 332.18; 332.19; 332.20; 332.21; 332.22; 332.23; 332.24; 332.25; 332.26; 332.27; 332.28; and 332.29, are repealed effective January 1, 2008.

ARTICLE 6

ENERGY

Section 1. **[1.1499] STATE ENERGY CITY.**

The city of Elk River is designated as the state energy city.

Sec. 2. **[16C.141] EMPLOYEE SUGGESTIONS; ENERGY SAVINGS INCENTIVE PROGRAM.**

Subdivision 1. **Creation of program.** The commissioner of administration must implement a program using best practices and develop policies under which state employees may receive cash awards for making suggestions that result in documented cost savings to state agencies from reduced energy usage in state-owned buildings. The cash awards must be an amount equal to half the amount of the energy costs saved by agencies in the year immediately following the implementation of the employee suggestion, up to \$1,000 per suggestion. The program must include methods for documenting submission of suggestions and for documenting savings achieved as a result of these suggestions.

Subd. 2. **Funding.** To the extent necessary to fund the program under this section, the commissioner of administration, with approval of the commissioner of finance, may transfer a portion of the documented cost savings resulting from a suggestion under this section from the general services revolving fund to an energy savings reward account. Money in the energy savings reward account is appropriated to the commissioner for purposes of making cash rewards and paying the commissioner's incentive program developments costs and administrative expenses under this section.

Subd. 3. **Report to legislature.** The commissioner of administration shall report to the chairs of the senate and house of representatives committees with jurisdiction over energy policy by January 1, 2008, on the development of the incentive program, and by January 15 each year thereafter on the implementation of this section, including the ideas submitted and energy savings realized.

Subd. 4. **Minnesota State Colleges and Universities.** This section does not apply to the Minnesota State Colleges and Universities, except to the extent the Board of Trustees of the Minnesota State Colleges and Universities provides that the section does apply.

Subd. 5. **Repeal.** This section is repealed July 1, 2009.

Sec. 3. Minnesota Statutes 2006, section 116C.779, subdivision 2, is amended to read:

Subd. 2. Renewable energy production incentive. (a) Until January 1, 2018, up to ~~\$10,900,000~~ \$11,400,000 annually must be allocated from available funds in the account to fund renewable energy production incentives and on-farm biogas recovery facility grants. \$9,400,000 of this annual amount is for incentives for up to 200 megawatts of electricity generated by wind energy conversion systems that are eligible for the incentives under section 216C.41. ~~The balance of this amount, Up to \$1,500,000~~ Up to \$1,000,000 annually, may be used for production incentives for on-farm biogas recovery facilities and landfill gas recovery facilities that are eligible for the incentive under section 216C.41 or for production incentives for other renewables, to be provided in the same manner as under section 216C.41. Of this amount, no more than \$500,000 may be used for production incentives for landfill gas recovery facilities. Up to \$1,000,000 may be used for grants for qualified on-farm biogas recovery facilities as provided in section 216C.42. Any portion of the ~~\$10,900,000~~ \$11,400,000 not expended in any calendar year for the incentive is available for other spending purposes under this section. This subdivision does not create an obligation to contribute funds to the account.

(b) The Department of Commerce shall determine eligibility of projects under section 216C.41 for the purposes of this subdivision. At least quarterly, the Department of Commerce shall notify the public utility of the name and address of each eligible project owner and the amount due to each project under section 216C.41. The public utility shall make payments within 15 working days after receipt of notification of payments due.

Sec. 4. Minnesota Statutes 2006, section 216B.241, subdivision 6, is amended to read:

Subd. 6. **Renewable energy research.** (a) A public utility that owns a nuclear generation facility in the state shall spend five percent of the total amount that utility is required to spend under this section to support basic and applied research and demonstration activities at the University of Minnesota Initiative for Renewable Energy and the Environment for the development of renewable energy sources and technologies. The utility shall transfer the required amount to the University of Minnesota on or before July 1 of each year and that annual amount shall be deducted from the amount of money the utility is required to spend under this section. The University of Minnesota shall transfer at least ten percent of these funds to at least one rural campus or experiment station.

(b) ~~Research Activities~~ funded under this subdivision ~~shall~~ may include, but are not limited to:

~~(1) development of environmentally sound production, distribution, and use of energy, chemicals, and materials from renewable sources;~~

~~(2) processing and utilization of agricultural and forestry plant products and other bio-based, renewable sources as a substitute for fossil fuel-based energy, chemicals, and materials using a variety of means including biocatalysis, biorefining, and fermentation;~~

~~(3) conversion of state wind resources to hydrogen for energy storage and transportation to areas of energy demand;~~

~~(4) improvements in scalable hydrogen fuel cell technologies; and~~

~~(5) production of hydrogen from bio-based, renewable sources; and sequestration of carbon.~~

(1) environmentally sound production of energy from a renewable energy source including biomass;

(2) environmentally sound production of hydrogen from biomass and any other renewable energy source for energy storage and energy utilization;

(3) development of energy conservation and efficient energy utilization technologies;

(4) energy storage technologies; and

(5) analysis of policy options to facilitate adoption of technologies that use or produce a renewable energy source.

(c) Notwithstanding other law to the contrary, the utility may, but is not required to, spend more than two percent of its gross operating revenues from service provided in this state under this section or section 216B.2411.

(d) For the purposes of this subdivision:

(1) "renewable energy source: means hydro, wind, solar, biomass and geothermal energy, and microorganisms used as an energy source; and

(2) "biomass" means plant and animal material, agricultural and forest residues, mixed municipal solid waste, and sludge from wastewater treatment.

(e) This subdivision expires June 30, 2008 2010.

Sec. 5. Minnesota Statutes 2006, section 216B.812, subdivision 1, is amended to read:

Subdivision 1. **Early purchase and deployment of renewable hydrogen, fuel cells, and related technologies by the state.** (a) The Department of Commerce, ~~in conjunction~~ in coordination with the Department of Administration ~~and the Pollution Control Agency~~, shall identify opportunities for ~~demonstrating the use of~~ deploying renewable hydrogen, fuel cells, and related technologies within state-owned facilities, vehicle fleets, and operations in ways that demonstrate their commercial performance and economics.

(b) The Department of Commerce shall recommend to the Department of Administration, ~~when feasible~~, the purchase and ~~demonstration~~ deployment of hydrogen, fuel cells, and related technologies, when feasible, in ways that strategically contribute to realizing Minnesota's hydrogen economy goal as set forth in section 216B.8109, and which contribute to the following nonexclusive list of objectives:

- (1) provide needed performance data to the marketplace;
- (2) identify code and regulatory issues to be resolved;
- (3) foster economic development and job creation in the state;
- (4) raise public awareness of renewable hydrogen, fuel cells, and related technologies; or
- (5) reduce emissions of carbon dioxide and other pollutants.

(c) The Department of Commerce and the Pollution Control Agency shall also recommend to the Department of Administration changes to the state's procurement guidelines and contracts in order to facilitate the purchase and deployment of cost-effective renewable hydrogen, fuel cells, and related technologies by all levels of government.

Sec. 6. Minnesota Statutes 2006, section 216B.812, subdivision 2, is amended to read:

Subd. 2. **Pilot projects.** (a) In consultation with appropriate representatives from state agencies, local governments, universities, businesses, and other interested parties, the Department of Commerce shall report back to the legislature by November 1, 2005, and every two years thereafter, with a slate of proposed pilot projects that contribute to realizing Minnesota's hydrogen economy goal as set forth in section 216B.8109. The Department of Commerce must consider the following nonexclusive list of priorities in developing the proposed slate of pilot projects:

- (1) ~~demonstrate~~ deploy "bridge" technologies such as hybrid-electric, off-road, and fleet vehicles running on hydrogen or fuels blended with hydrogen;
- (2) ~~develop~~ lead to cost-competitive, on-site renewable hydrogen production technologies;
- (3) demonstrate nonvehicle applications for hydrogen;
- (4) improve the cost and efficiency of hydrogen from renewable energy sources; and
- (5) improve the cost and efficiency of hydrogen production using direct solar energy without electricity generation as an intermediate step.

(b) For ~~all demonstrations~~ deployment projects that do not involve a demonstration component, individual system components of the technology ~~must~~ should, if feasible, meet commercial performance standards and systems modeling must be completed to predict commercial performance, risk, and synergies. In addition, the proposed pilots should meet as many of the following criteria as possible:

- (1) advance energy security;
- (2) capitalize on the state's native resources;
- (3) result in economically competitive infrastructure being put in place;
- (4) be located where it will link well with existing and related projects and be accessible to the public, now or in the future;
- (5) demonstrate multiple, integrated aspects of renewable hydrogen infrastructure;
- (6) include an explicit public education and awareness component;
- (7) be scalable to respond to changing circumstances and market demands;
- (8) draw on firms and expertise within the state where possible;
- (9) include an assessment of its economic, environmental, and social impact; and
- (10) serve other needs beyond hydrogen development.

Sec. 7. **[216B.813] MINNESOTA RENEWABLE HYDROGEN INITIATIVE.**

Subdivision 1. Road map. The Department of Commerce shall coordinate and administer directly or by contract the Minnesota renewable hydrogen initiative. If the department decides to contract for its duties under this section, it must contract with a nonpartisan, nonprofit organization within the state to develop the road map. The initiative may be run as a public-private partnership representing business, academic, governmental, and nongovernmental organizations. The initiative must oversee the development and implementation of a renewable hydrogen road map, including appropriate technology deployments, that achieve the hydrogen goal of section 216B.013. The road map should be compatible with the United States Department of Energy's National Hydrogen Energy Roadmap and be based on an assessment of marketplace economics and the state's opportunities in hydrogen, fuel cells, and related technologies, so as to capitalize on strengths. The road map should establish a vision, goals, general timeline, strategies for working with industry, and measurable milestones for achieving the state's renewable hydrogen goal. The road map should describe how renewable hydrogen and fuel cells fit in Minnesota's overall energy system, and should help foster a consistent, predictable, and prudent investment environment. The department must report to the legislature on the progress in implementing the road map by November 1 of each odd-numbered year.

Subd. 2. Grants. (a) The commissioner of commerce shall operate a competitive grant program for projects to assist the state in attaining its renewable hydrogen energy goals. The commissioner of commerce shall assemble an advisory committee made up of industry, university, government, and nongovernment organizations to:

- (1) help identify the most promising technology deployment projects for public investment;

(2) advise on the technical specifications for those projects; and

(3) make recommendations on project grants.

(b) The commissioner shall give preference to project concepts included in the department's most recent biennial report: Strategic Demonstration Projects to Accelerate the Commercialization of Renewable Hydrogen and Related Technologies in Minnesota. Projects eligible for funding must combine one or more of the hydrogen production options listed in the department's report with an end use that has significant commercial potential, preferably high visibility, and relies on fuel cells or related technologies. Each funded technology deployment must include an explicit education and awareness-raising component, be compatible with the renewable hydrogen deployment criteria defined in section 216B.812, and receive 50 percent of its total cost from nonstate sources. The 50 percent requirement does not apply for recipients that are public institutions.

Sec. 8. Minnesota Statutes 2006, section 216C.051, subdivision 2, is amended to read:

Subd. 2. **Establishment.** (a) There is established a Legislative Electric Energy Task Force to study future electric energy sources and costs and to make recommendations for legislation for an environmentally and economically sustainable and advantageous electric energy supply.

(b) The task force consists of:

(1) ten members of the house of representatives including the chairs of the Environment and Natural Resources Committee and ~~Regulated Industries Subcommittee~~ the Energy Finance and Policy Division and eight members to be appointed by the speaker of the house, four of whom must be from the minority caucus; and

(2) ten members of the senate including the chairs of the Environment, Energy and Natural Resources Budget Division and ~~Jobs, Energy, and Community Development~~ Utilities, Technology and Communications committees and eight members to be appointed by the Subcommittee on Committees, four of whom must be from the minority caucus.

(c) The task force may employ staff, contract for consulting services, and may reimburse the expenses of persons requested to assist it in its duties other than state employees or employees of electric utilities. The director of the Legislative Coordinating Commission shall assist the task force in administrative matters. The task force shall elect cochair, one member of the house and one member of the senate from among the committee and subcommittee chairs named to the committee. The task force members from the house shall elect the house cochair, and the task force members from the senate shall elect the senate cochair.

Sec. 9. Minnesota Statutes 2006, section 216C.051, subdivision 9, is amended to read:

Subd. 9. **Expiration.** This section is repealed June 30, ~~2007~~ 2008.

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

Sec. 10. **[216C.385] CLEAN ENERGY RESOURCE TEAMS.**

Subdivision 1. **Findings.** The legislature finds that community-based energy programs are an effective means of implementing improved energy practices including conservation, greater efficiency in energy use, and the production and use of renewable resources such as wind, solar, biomass, and biofuels. Further, community-based energy programs are found to be a public purpose for which public money may be spent.

Subd. 2. **Mission, organization, and membership.** The Clean Energy Resource Teams (CERT's) project is an innovative state, university, and nonprofit partnership that serves as a catalyst for community energy planning and projects. The mission of CERT's is to give citizens a voice in the energy planning process by connecting them with the necessary technical resources to identify and implement community-scale renewable energy and energy efficiency projects. In 2003, the Department of Commerce designated the CERT's project as a statewide collaborative venture and recognized six regional teams based on their geography: Central, Northeast, Northwest, Southeast, Southwest, and West-Central. Membership of CERT's may include but is not limited to representatives of utilities; federal, state, and local governments; small business; labor; senior citizens; academia; and other interested parties. The Department of Commerce may certify additional Clean Energy Resource Teams by regional geography, including teams in the Twin Cities metropolitan area.

Subd. 3. **Powers and duties.** In order to develop and implement community-based energy programs, a Clean Energy Resource Team may:

- (1) analyze social and economic impacts caused by energy expenditures;
- (2) analyze regional renewable and energy efficiency resources and opportunities;
- (3) link community members and community energy projects to the knowledge and capabilities of the University of Minnesota, the State Energy Office, nonprofit organizations, and regional community members, among others;
- (4) plan, set priorities for, provide technical assistance to, and catalyze local energy efficiency and renewable energy projects that help to meet state energy policy goals and maximize local economic development opportunities;
- (5) provide a broad-based resource and communications network that links local, county, and regional energy efficiency and renewable energy project efforts around the state (both interregional and intraregional);
- (6) seek, accept, and disburse grants and other aids from public or private sources for purposes authorized in this subdivision;
- (7) provides a convening and networking function within CERT's regions to facilitate education, knowledge formation, and project replication; and
- (8) exercise other powers and duties imposed on it by statute, charter, or ordinance.

Subd. 4. **Department assistance.** The commissioner, via the Clean Energy Resource Teams, may provide professional, technical, organizational, and financial assistance to regions and communities to develop and implement community energy programs and projects, within available resources.

Sec. 11. **[216C.39] RURAL WIND ENERGY DEVELOPMENT REVOLVING LOAN FUND.**

Subdivision 1. **Establishment.** A rural wind energy development revolving loan fund is established as an account in the special revenue fund in the state treasury. The commissioner of finance shall credit to the account the amounts authorized under this section and appropriations and transfers to the account. Earnings, such as interest, dividends, and any other earnings arising from fund assets, must be credited to the account.

Subd. 2. **Purpose.** The rural wind energy development revolving loan fund is created to provide financial assistance, through partnership with local owners and communities, in developing community wind energy projects that meet the specifications of section 216B.1612, subdivision 2, paragraph (f).

Subd. 3. **Expenditures.** Money in the fund is appropriated to the commissioner of commerce, and may be used to make loans to qualifying owners of wind energy projects, as defined in section 216B.1612, subdivision 2, paragraph (f), to assist in funding wind studies and transmission interconnection studies. The loans must be structured for repayment within 30 days after the project begins commercial operations or two years from the date the loan is issued, whichever is sooner.

Subd. 4. **Limitations.** A loan may not be approved for an amount exceeding \$100,000. This limit applies to all money loaned to a single project or single entity, whether paid to one or more qualifying owners and whether paid in one or more fiscal years.

Subd. 5. **Administration; eligible projects.** (a) Applications for a loan under this section must be made in a manner and on forms prescribed by the commissioner. Loans to eligible projects must be made in the order in which complete applications are received by the commissioner. Loan funds must be disbursed to an applicant within ten days of submission of a payment request by the applicant that demonstrates a payment due to the Midwest Independent System Operator. Interest payable on the loan amount may not exceed 1.5 percent per annum.

(b) A project is eligible for a loan under this program if:

(1) the project has completed an adequate interconnection feasibility study that indicates the project may be interconnected with system upgrades of less than ten percent of the estimated project costs;

(2) the project has a signed power purchase agreement with an electric utility or provides evidence that the project is under serious consideration for such an agreement by an electric utility;

(3) the ownership and structure of the project allows it to qualify as a community-based energy development (C-BED) project under section 216B.1612, and the developer commits to obtaining and maintaining C-BED status; and

(4) the commissioner has determined that sufficient funds are available to make a loan to the project.

Sec. 12. Minnesota Statutes 2006, section 216C.41, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** (a) Unless otherwise provided, the definitions in this subdivision apply to this section.

(b) "Qualified hydroelectric facility" means a hydroelectric generating facility in this state that:

(1) is located at the site of a dam, if the dam was in existence as of March 31, 1994; and

(2) begins generating electricity after July 1, 1994, or generates electricity after substantial refurbishing of a facility that begins after July 1, 2001.

(c) "Qualified wind energy conversion facility" means a wind energy conversion system in this state that:

(1) produces two megawatts or less of electricity as measured by nameplate rating and begins generating electricity after December 31, 1996, and before July 1, 1999;

(2) begins generating electricity after June 30, 1999, produces two megawatts or less of electricity as measured by nameplate rating, and is:

(i) owned by a resident of Minnesota or an entity that is organized under the laws of this state, is not prohibited from owning agricultural land under section 500.24, and owns the land where the facility is sited;

- (ii) owned by a Minnesota small business as defined in section 645.445;
 - (iii) owned by a Minnesota nonprofit organization;
 - (iv) owned by a tribal council if the facility is located within the boundaries of the reservation;
 - (v) owned by a Minnesota municipal utility or a Minnesota cooperative electric association; or
 - (vi) owned by a Minnesota political subdivision or local government, including, but not limited to, a county, statutory or home rule charter city, town, school district, or any other local or regional governmental organization such as a board, commission, or association; or
- (3) begins generating electricity after June 30, 1999, produces seven megawatts or less of electricity as measured by nameplate rating, and:
- (i) is owned by a cooperative organized under chapter 308A other than a Minnesota cooperative electric association; and
 - (ii) all shares and membership in the cooperative are held by an entity that is not prohibited from owning agricultural land under section 500.24.
- (d) "Qualified on-farm biogas recovery facility" means an anaerobic digester system that:
- (1) is located at the site of an agricultural operation; and
 - (2) is owned by an entity that is not prohibited from owning agricultural land under section 500.24 and that owns or rents the land where the facility is located.
- (e) "Anaerobic digester system" means a system of components that processes animal waste based on the absence of oxygen and produces gas used to generate electricity.
- (f) "Qualified landfill gas recovery facility" means a landfill that is operating or closed, that generates gas from the decomposition of organic matter, and that installs a system to collect the gas after July 1, 2007.

Sec. 13. Minnesota Statutes 2006, section 216C.41, subdivision 2, is amended to read:

Subd. 2. **Incentive payment; appropriation.** (a) Incentive payments must be made according to this section to (1) a qualified on-farm biogas recovery facility, (2) the owner or operator of a qualified hydropower facility or qualified wind energy conversion facility for electric energy generated and sold by the facility, (3) a publicly owned hydropower facility for electric energy that is generated by the facility and used by the owner of the facility outside the facility, ~~or~~ (4) the owner of a publicly owned dam that is in need of substantial repair, for electric energy that is generated by a hydropower facility at the dam and the annual incentive payments will be used to fund the structural repairs and replacement of structural components of the dam, or to retire debt incurred to fund those repairs, or (5) a qualified landfill gas recovery facility.

(b) Payment may only be made upon receipt by the commissioner of commerce of an incentive payment application that establishes that the applicant is eligible to receive an incentive payment and that satisfies other requirements the commissioner deems necessary. The application must be in a form and submitted at a time the commissioner establishes.

(c) There is annually appropriated from the renewable development account under section 116C.779 to the commissioner of commerce sums sufficient to make the payments required under this section, in addition to the amounts funded by the renewable development account as specified in subdivision 5a.

Sec. 14. Minnesota Statutes 2006, section 216C.41, subdivision 3, is amended to read:

Subd. 3. **Eligibility window.** Payments may be made under this section only for:

(a) electricity generated from:

(1) ~~from~~ a qualified hydroelectric facility that is operational and generating electricity before December 31, 2009;

(2) ~~from~~ a qualified wind energy conversion facility that is operational and generating electricity before January 1, 2008; or

(3) ~~from~~ a qualified on-farm biogas recovery facility from July 1, 2001, through December 31, 2017; and

(b) gas generated from:

(1) a qualified on-farm biogas recovery facility from July 1, 2007, through December 31, 2017; or

(2) a qualified landfill gas recovery facility from July 1, 2007, through December 31, 2017.

Sec. 15. **[216C.42] ON-FARM BIOGAS RECOVERY GRANTS.**

Subdivision 1. **Definitions.** For the purpose of this section, the following terms have the meanings given.

(a) "Qualified on-farm biogas recovery facility" means an anaerobic digester system that:

(1) is located at the site of an agricultural operation;

(2) is owned by an entity that is not prohibited from owning agricultural land under section 500.24 and that owns or rents the land where the facility is located; and

(3) is owned by a qualified owner as defined in section 216B.1612, subdivision 2, paragraph (c).

(b) "Anaerobic digester system" means a system of components that processes animal waste based on the absence of oxygen and produces gas.

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

Subd. 2. **Eligibility.** Subject to the availability of funds, the commissioner must approve grants to a qualified owner of a qualified on-farm biogas recovery facility for the total installed costs of capital investments associated with the facility, up to a maximum of \$500,000.

Subd. 3. **Application.** Application for a grant under this section must be made by a qualified owner to the commissioner on a form the commissioner prescribes by rule. The commissioner must review each application to determine:

(1) whether the application is complete;

(2) whether the information, calculations, and estimates contained in the application are appropriate, accurate, and reasonable;

(3) whether the project is eligible for a grant;

(4) the amount of the grant for which the project is eligible; and

(5) other funding sources the owner proposes to use to finance the project in addition to a grant authorized by this section.

An applicant may submit only one grant application each year under this section.

Subd. 4. **Additional information.** During application review, the commissioner may request additional information about a proposed project, including information on project cost. Failure to provide information requested disqualifies a grant application.

Subd. 5. **Public accessibility of grant application data.** Data contained in an application submitted to the commissioner for a grant under this section, including supporting technical documentation, is classified as public data not on individuals under section 13.02, subdivision 14.

Subd. 6. **Rules.** The commissioner must adopt rules necessary to implement this section. The rules must contain at a minimum:

(1) standards for project eligibility;

(2) criteria for reviewing grant applications; and

(3) procedures and guidelines for program monitoring and evaluation.

Subd. 7. **Right of first refusal.** A utility that provides electric service at retail in the area where the qualified on-farm biogas recovery facility is located has the right of first refusal for any gas produced by a qualified on-farm biogas recovery facility that has received a grant under this section. A utility's right of first refusal expires if:

(1) within 45 days after the qualified owner files an incentive payment application with the commissioner of commerce, the utility fails to send a letter of intent to the qualified owner indicating the utility's willingness to negotiate a purchase agreement; or

(2) the parties enter negotiations but fail to reach agreement within 120 days after the qualified owner files an incentive payment application with the commissioner of commerce.

Subd. 8. **Eligibility toward renewable energy objective and standard.** Any gas generated by a qualified on-farm biogas recovery facility awarded a grant under this section that is purchased by a utility may be counted toward the utility's renewable energy objective and standard under section 216B.1691.

Subd. 9. **Appropriation.** Up to \$1,000,000 is appropriated annually from the renewable development account through fiscal year 2015 to the commissioner of agriculture for the purpose of providing grants to qualified on-farm biogas recovery facilities.

Sec. 16. **[561.20] NUISANCE LIABILITY OF WIND ENERGY CONVERSION SYSTEMS.**

Subdivision 1. **Definition.** For the purposes of this section, "wind energy conversion system" has the meaning given in section 216C.06.

Subd. 2. **Wind energy conversion system not a nuisance.** (a) A wind energy conversion system is not and does not become a private or public nuisance after two years from the date it begins generating electricity as a matter of law if the system:

(1) complies with all applicable federal, state, or county laws, regulations, rules, and ordinances and any permits issued for it; and

(2) operates according to generally accepted practices.

(b) For a period of two years from the date it begins generating electricity, there is a rebuttable presumption that a wind energy conversion system in compliance with the requirements of paragraph (a) is not a public or private nuisance.

(c) This subdivision does not apply:

(1) to any prosecution for the crime of public nuisance as provided in section 609.74 or to an action by a public authority to abate a particular condition that is a public nuisance; or

(2) to any enforcement action brought by a local unit of government related to zoning under chapter 394 or 462.

Subd. 3. **Existing contracts.** This section must not be construed to invalidate any contracts or commitments made before the effective date of this section.

Subd. 4. **Severability.** If a provision of this section, or application thereof to any person or set of circumstances, is held invalid or unconstitutional, the invalidity does not affect other provisions or applications of this section that can be given effect without the invalid provision or application. To that end, the provisions of this section are declared to be severable.

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

Sec. 17. **PETROLEUM VIOLATION ESCROW FUNDS.**

(a) Petroleum violation escrow funds appropriated to the commissioner of commerce by Laws 1988, chapter 686, article 1, section 38, for state energy loan programs for schools, hospitals, and public buildings must be used for grants to kindergarten through grade 12 schools to develop energy conservation or renewable energy projects. A grant may not exceed \$500,000. The commissioner must endeavor to award grants throughout the regions of the state. No more than one grant may be awarded in a county, unless an insufficient number of applications is received from schools located in other counties to exhaust available funds.

(b) The commissioner of commerce must petition the federal Department of Energy for a waiver from any federal regulation that limits the proportion of federal funds expended on state energy programs that may be spent on energy efficiency.

(c) For purposes of this subdivision, "renewable energy" means wind, solar, hydroelectric with a capacity of less than 60 megawatts, geothermal, hydrogen, fuel cells made from renewable resources, herbaceous crops, agricultural crops, agricultural waste, and aquatic plant matter.

EFFECTIVE DATE. This section is effective the day after the commissioner of commerce receives the waiver described in paragraph (b).

Sec. 18. **RURAL WIND ENERGY DEVELOPMENT PROGRAM.**

(a) The Center for Rural Policy and Development shall make a grant to a nonprofit organization with experience dealing with energy and community wind issues to design and implement a rural wind energy development assistance program. The program must be designed to maximize rural economic development and stabilize rural community institutions, including hospitals and schools, by increasing the income of local residents and increasing local tax revenues. The grant may be disbursed in two installments. The program must provide assistance to rural entities seeking to develop wind generation projects that meet the specifications of Minnesota Statutes, section 216B.1612, subdivision 2, paragraph (f), and to sell the electricity the projects produce. Among other strategies, the program may consider aggregating rural entities and others into groups with the size and market power necessary to plan and develop significant rural wind energy projects.

(b) The program must provide assistance that includes, but is not limited to:

(1) providing legal, engineering, and financial services;

(2) identifying target communities with favorable wind resources, community interest, and local political support;

(3) providing assistance to reserve, obtain, and ensure the maintenance over time of wind turbines;

(4) creating market opportunities for utilities to meet their renewable energy standard obligations through purchases from rural community wind projects;

(5) assisting in negotiating fair power purchase agreements;

(6) facilitating transmission interconnection and delivery of energy from community wind projects; and

(7) lowering the market risk facing potential wind investors by supporting all phases of project development.

The grantee must demonstrate an ability to sustain program functions with ongoing revenue from sources other than state funding and shall provide a 35 percent grant match. The grant must be awarded on a competitive basis. The center must use best practices regarding grant management functions, including selection and monitoring of the grantee, compliance review, and financial oversight. Grant management fees are limited to 2.5 percent of the grant.

(c) The commissioner of commerce shall monitor the activities of the rural wind energy development assistance program created under this section. By November 1, 2008, the commissioner shall submit an evaluation of the program to the chairs of the house of representatives and senate committees with jurisdiction over energy policy and finance, including recommendations for legislative or administrative action to better achieve the program goals described in paragraph (a).

Sec. 19. **UNIFORM CODES AND STANDARDS FOR HYDROGEN, FUEL CELLS, AND RELATED TECHNOLOGIES; RECOMMENDATIONS AND REPORT.**

(a) The commissioner of labor and industry, in consultation with the Department of Commerce and other relevant public and private interests, shall develop recommendations regarding the adoption of uniform codes and standards for hydrogen infrastructure, fuel cells, and related technologies, and report those recommendations to the legislature by December 31, 2008.

(b) The goal of the recommendations is to have all regulatory jurisdictions in the state have the same safety standards with regard to the production, storage, transportation, distribution, and use of hydrogen, fuel cells, and related technologies. The commissioner's recommendations must, without limitation, include:

(1) codes and standards that already exist for hydrogen, fuel cells, and related technologies, and how the state should formalize their use;

(2) codes and standards still under development by various official standard-making bodies;

(3) gaps between existing codes and standards, those under development, and those that may still be needed but are not yet being developed;

(4) the need for, and estimated cost of, additional education and training for emergency management and code officials;

(5) any changes needed to environmental and other permitting processes to accommodate the commercialization of hydrogen, fuel cells, and related technologies; and

(6) recommendations on appropriate codes and standards for educational and research institutions.

Sec. 20. **HYDROGEN REFUELING STATION GRANTS.**

In addition to the purposes specified in Laws 2005, chapter 97, article 13, section 4, for which the commissioner of commerce may make grants, the commissioner may make grants under that law for the purpose of developing, deploying, and encouraging commercially promising renewable hydrogen production systems and hydrogen end uses in partnership with industry. The authority of the commissioner to make grants and assessments under Laws 2005, chapter 97, article 13, section 4, continues until the authorized grants and assessments are made.

Sec. 21. **OFF-SITE RENEWABLE DISTRIBUTED GENERATION.**

The commissioner of commerce shall convene a broad group of interested stakeholders to evaluate the feasibility and potential for the interconnection and parallel operation of off-site renewable distributed generation in a manner consistent with Minnesota Statutes, sections 216B.37 to 216B.43, and shall issue recommendations to the chairs of the house of representatives and senate committees with jurisdiction over energy issues by February 1, 2008.

ARTICLE 7

ENVIRONMENT

Section 1. **BIOFUEL PERMITTING REPORT.**

By January 15, 2008, the Pollution Control Agency, the commissioner of natural resources, and the Environmental Quality Board shall report to the house of representatives and senate committees and divisions with jurisdiction over agriculture and environment policy and budget on the process to issue permits for biofuel production facilities. The report shall include:

(1) information on the timing of the permits and measures taken to improve the timing of the permitting process;

(2) recommended changes to statutes, rules, or procedures to improve the biofuel facility permitting process and reduce the groundwater needed for production; and

(3) other information or analysis that may be helpful in understanding or improving the biofuel production facility permitting process.

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

Sec. 2. **DEFINITIONS.**

Subdivision 1. **Terrestrial carbon sequestration.** "Terrestrial carbon sequestration" means the long-term storage of carbon in soil and vegetation to prevent its collection in the atmosphere as carbon dioxide.

Subd. 2. **Geologic carbon sequestration.** "Geologic carbon sequestration" means injecting carbon dioxide into underground geologic formations where it can be stored for long periods of time to prevent its escape to the atmosphere.

Sec. 3. **TERRESTRIAL CARBON SEQUESTRATION ACTIVITIES.**

Subdivision 1. **Study; scope.** The Board of Regents of the University of Minnesota is requested to conduct a study assessing the potential capacity for carbon sequestration in Minnesota's terrestrial systems. The study must:

(1) conduct a statewide inventory and construct a database of lands across several land types, such as forests, agricultural lands, peatlands, and wetlands, that have the potential to sequester significant quantities of carbon and of lands that currently contain large stocks of carbon that are at risk of being emitted to the atmosphere as a result of changes in land use and climate;

(2) quantify the ability of various land use practices, such as the growth of different species of crops, grasses, and trees, to sequester carbon and their impacts on other ecological services of value, including air and water quality, biodiversity, and wildlife habitat;

(3) identify a network of benchmark monitoring sites to measure the impact of long-term, large-scale factors, such as changes in climate, carbon dioxide levels, and land use, on the terrestrial carbon sequestration capacity of various land types, to improve understanding of carbon-terrestrial interactions and dynamics;

(4) identify long-term demonstration projects to measure the impact of deliberate sequestration practices, including the establishment of biofuel production systems, on forest, agricultural, wetland, and prairie ecosystems; and

(5) evaluate current state policies and programs that affect the levels of terrestrial sequestration on public and private lands and identify gaps and recommend policy changes to increase sequestration rates.

Subd. 2. **Coordination of terrestrial carbon sequestration activities.** Planning and implementation of the study described in subdivision 1 will be coordinated by the Minnesota Terrestrial Carbon Sequestration Initiative, a task force consisting of representatives from the University of Minnesota, the Department of Agriculture, the Board of Water and Soil Resources, the Department of Commerce, the Department of Natural Resources, and the Pollution Control Agency and agricultural, forestry, conservation, and business stakeholders.

Subd. 3. **Contracting.** The University of Minnesota may contract with another party to perform any of the tasks listed in subdivision 1.

Subd. 4. **Report.** The commissioner of natural resources must submit a report with the results of the study to the senate and house of representatives committees with jurisdiction over environmental and energy policies no later than February 1, 2008.

Sec. 4. **GEOLOGIC CARBON SEQUESTRATION ASSESSMENT.**

Subdivision 1. **Study; scope.** (a) The Minnesota Geological Survey shall conduct a study assessing the potential capacity for geologic carbon sequestration in the Midcontinent Rift system in Minnesota. The study must assess the potential of porous and permeable sandstone layers deeper than one kilometer below the surface that are capped by less permeable shale and must identify potential risks to carbon storage, such as areas of low permeability in injection zones, low storage capacity, and potential seal failure. The study must identify the most promising formations and geographic areas for physical analysis of carbon sequestration potential. The study must review geologic maps, published reports and surveys, and any relevant unpublished raw data with respect to attributes that are pertinent for the long-term sequestration of carbon in geologic formations, in particular, those that bear on formation injectivity, capacity, and seal effectiveness. The study must examine the following characteristics of key sedimentary units within the Midcontinent Rift system in Minnesota:

- (1) likely depth, temperature, and pressure;
- (2) physical properties, including the ability to contain and transmit fluids;
- (3) the type of rocks present;
- (4) structure and geometry, including folds and faults; and
- (5) hydrogeology, including water chemistry and water flow.

(b) The commissioner of natural resources, in consultation with the Minnesota Geological Survey, shall contract for a study to estimate the properties of the Midcontinent Rift system in Minnesota, as described in paragraph (a), clauses (1) to (5), through the use of computer models developed for similar geologic formations located outside of Minnesota which have been studied in greater detail.

Subd. 2. **Consultation.** The Minnesota Geological Survey shall consult with the Minnesota Mineral Coordinating Committee, established in Minnesota Statutes, section 93.0015, in planning and implementing the study design.

Subd. 3. **Report.** The commissioner of natural resources must submit a report with the results of the study to the senate and house of representatives committees with jurisdiction over environmental and energy policies no later than February 1, 2008.

Sec. 5. **STAY EXTENDED; DRY CASK STORAGE AT MONTICELLO.**

The stay of a Public Utilities Commission decision to approve an application for a certificate of need for additional dry cask storage at the Monticello nuclear power generating facility, imposed under Minnesota Statutes, section 116C.83, subdivision 3, is extended until June 1, 2008.

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

ARTICLE 8

HEATING ASSISTANCE AND UTILITIES

Section 1. **[216B.091] MONTHLY REPORTS.**

(a) Each public utility must report the following data on residential customers to the commission monthly, in a format determined by the commission:

(1) number of customers;

(2) number and total amount of accounts past due;

(3) average customer past due amount;

(4) total revenue received from the low-income home energy assistance program and other sources contributing to the bills of low-income persons;

(5) average monthly bill;

(6) total sales revenue;

(7) total write-offs due to uncollectible bills;

(8) number of disconnection notices mailed;

(9) number of accounts disconnected for nonpayment;

(10) number of accounts reconnected to service; and

(11) number of accounts that remain disconnected, grouped by the duration of disconnection, as follows:

(i) 1-30 days;

(ii) 31-60 days; and

(iii) more than 60 days.

(b) Monthly reports for October through April must also include the following data:

(1) number of cold weather protection requests;

(2) number of payment arrangement requests received and granted;

(3) number of right to appeal notices mailed to customers;

(4) number of reconnect request appeals withdrawn;

(5) number of occupied heat-affected accounts disconnected for 24 hours or more for electric and natural gas service separately;

(6) number of occupied non-heat-affected accounts disconnected for 24 hours or more for electric and gas service separately;

(7) number of customers granted cold weather rule protection;

(8) number of customers disconnected who did not request cold weather rule protection; and

(9) number of customers disconnected who requested cold weather rule protection.

(c) The data reported under paragraphs (a) and (b) is presumed to be accurate upon submission and must be made available through the commission's electronic filing system.

Sec. 2. **[216B.0951] PROPANE PREPURCHASE PROGRAM.**

Subdivision 1. **Establishment.** The commissioner of commerce shall operate, or contract to operate, a propane fuel prepurchase fuel program. The commissioner may contract at any time of the year to purchase the lesser of one-third of the liquid propane fuel consumed by low-income home energy assistance program recipients during the previous heating season or the amount that can be purchased with available funds. The propane fuel prepurchase program must be available statewide through each local agency that administers the energy assistance program. The commissioner may decide to limit or not engage in prepurchasing if the commissioner finds that there is a reasonable likelihood that prepurchasing will not provide fuel-cost savings.

Subd. 2. **Hedge account.** The commissioner may establish a hedge account with realized program savings due to prepurchasing. The account must be used to compensate program recipients an amount up to the difference in cost for fuel provided to the recipient if winter-delivered fuel prices are lower than the prepurchase or summer-fill price. No more than ten percent of the aggregate prepurchase program savings may be used to establish the hedge account.

Subd. 3. **Report.** The Department of Commerce shall issue a report by June 30, 2008, made available electronically on its Web site and in print upon request, that contains the following information:

(1) the cost per gallon of prepurchased fuel;

(2) the total gallons of fuel prepurchased;

(3) the average cost of propane each month between October and the following April;

(4) the number of energy assistance program households receiving prepurchased fuel; and

(5) the average savings accruing or benefit increase provided to energy assistance households.

Sec. 3. **[216B.096] COLD WEATHER RULE; PUBLIC UTILITIES.**

Subdivision 1. **Scope.** This section applies only to residential customers of a public utility.

Subd. 2. **Definitions.** (a) The terms used in this section have the meanings given them in this subdivision.

(b) "Cold weather period" means the period from October 15 through April 15 of the following year.

(c) "Customer" means a residential customer of a utility.

(d) "Customer's income" means the actual monthly income of the customer or the average monthly income of the customer computed on a calendar year basis, whichever is less, and does not include any amount received for energy assistance.

(e) "Disconnection" means the involuntary loss of utility heating service as a result of a physical act by a utility to discontinue service. Disconnection includes installation of a service or load limiter or any device that limits or interrupts utility service in any way.

(f) "Household income" means the combined income, as defined in section 290A.03, subdivision 3, of all residents of the customer's household, computed on an annual basis. Household income does not include any amount received for energy assistance.

(g) "Reasonably timely payment" means payment within seven calendar days of agreed-upon due dates.

(h) "Reconnection" means the restoration of utility heating service after it has been disconnected.

(i) "Third party notice" means a commission-approved notice containing, at a minimum, the following information:

(1) a statement that the utility will send a copy of any future notice of proposed disconnection of utility heating service to a third party designated by the residential customer;

(2) instructions on how to request this service; and

(3) a statement that the residential customer should contact the person the customer intends to designate as the third party contact before providing the utility with the party's name.

(j) "Utility" means a public utility as defined in section 216B.02.

(k) "Utility heating service" means natural gas or electricity used as a primary heating source, including electricity service necessary to operate gas heating equipment.

(l) "Working days" means Mondays through Fridays, excluding legal holidays.

Subd. 3. **Utility obligations before cold weather period.** (a) Each year, between September 1 and October 15, each utility must notify all customers of the provisions of this section. Notice must also be provided to all new residential customers when service is initiated. Notice must, at a minimum, include:

(1) an explanation of the customer's rights and responsibilities under subdivision 5;

(2) an explanation of no-cost and low-cost methods to reduce the consumption of energy; and

(3) a third party notice.

(b) Also, each year, between September 1 and October 15, each utility must attempt to contact, establish a payment agreement, and reconnect utility heating service to all customers who were disconnected after the preceding heating season. A record must be made of all contacts and attempted contacts.

Subd. 4. **Notice before disconnection during cold weather period.** Before disconnecting utility heating service during the cold weather period, a utility must provide notice to a customer, in easy-to-understand language, that contains the following:

(1) the date of the scheduled disconnection;

(2) the amount due;

(3) ways to avoid disconnection;

(4) information regarding payment agreements;

(5) a statement explaining the customer's rights and responsibilities, including the right to appeal a determination by the utility that the customer is not eligible for protection and the right to request commission intervention if the utility and customer cannot arrive at a mutually acceptable payment agreement;

(6) a list of local energy assistance and weatherization providers in each county served by the utility; and

(7) a third party notice.

Subd. 5. **Cold weather rule.** (a) During the cold weather period, a utility may not disconnect and must reconnect a customer whose household income is at or below 50 percent of the state median income if the customer enters into and makes reasonably timely payments under a mutually acceptable payment agreement with the utility that is based on the financial resources and circumstances of the household; provided that, a utility may not require a customer to pay more than ten percent of the customer's income toward current and past utility bills for utility heating service.

(b) A utility may accept more than ten percent of the household income as the payment arrangement amount if agreed to by the customer.

(c) The customer or a designated third party may request a modification of the terms of a payment agreement previously entered into if the customer's financial circumstances have changed or the customer is unable to make reasonably timely payments. The utility may refer to commission staff a customer who requests more than two modifications of a payment agreement during a single cold weather rule period if no payments have been made.

(d) The payment agreement terminates at the expiration of the cold weather period unless a longer period is mutually agreed to by the customer and the utility.

Subd. 6. **Verification of income.** (a) In verifying a customer's household income, a utility may:

(1) accept the signed statement of a customer that the customer is income eligible;

(2) obtain income verification from a local energy assistance provider or a government agency;

(3) consider one or more of the following:

(i) the most recent income tax return filed by members of the customer's household;

(ii) for each employed member of the customer's household, paycheck stubs for the last two months or a written statement from the employer reporting wages earned during the preceding two months;

(iii) a customer's Medicaid card, documentation that the customer receives food stamps, or a food support eligibility document;

(iv) documentation that the customer receives a pension from the Department of Human Services, the Social Security Administration, the Veteran's Administration, or other pension provider;

(v) a letter showing the customer's dismissal from a job or other documentation of unemployment; or

(vi) other documentation that supports the customer's declaration of income eligibility.

(b) A customer who receives energy assistance benefits under any federal, state, or county government programs in which eligibility is defined as household income at or below 50 percent of state median income is deemed to be automatically eligible for protection under this section and no other verification of income may be required.

Subd. 7. Prohibitions and requirements. During the cold weather period:

(a) A utility may not charge a deposit or delinquency charge to a customer who has entered into a payment agreement or a customer who has appealed to the commission under subdivision 8.

(b) A utility may not disconnect service during the following periods:

(1) during the pendency of any appeal under subdivision 8;

(2) earlier than ten working days after a utility has deposited in first class mail, or seven working days after a utility has personally served, the notice required under subdivision 4 to a customer in an occupied dwelling;

(3) earlier than ten working days after the utility has deposited in first class mail the notice required under subdivision 4 to the recorded billing address of the customer, if the utility has reasonably determined from an on-site inspection that the dwelling is unoccupied;

(4) on a Friday, unless the utility makes personal contact with, and offers a payment agreement to, the customer;

(5) on a Saturday, Sunday, holiday, or the day before a holiday;

(6) when utility offices are closed;

(7) when no utility personnel are available to resolve disputes, enter into payment agreements, accept payments, and reconnect service; or

(8) when commission offices are closed.

(c) Also, a utility may not discontinue service until the utility investigates whether the dwelling is actually occupied. At a minimum, the investigation must include one visit by the utility to the dwelling during normal working hours. If no contact is made and there is reason to believe that the dwelling is occupied, the utility must attempt a second contact during nonbusiness hours. If personal contact is made, the utility representative must provide notice required under subdivision 4 and, if the utility representative is not authorized to enter into a payment agreement, the telephone number the customer can call to establish a payment agreement.

(d) Each utility must reconnect utility service if, following disconnection, the dwelling is found to be occupied and the customer agrees to enter into a payment agreement or appeals to the commission because the customer and the utility are unable to agree on a payment agreement.

Subd. 8. Disputes; customer appeals. (a) A utility must provide the customer and any designated third party with a commission-approved written notice of the right to appeal:

(1) upon a utility determination that the customer's household income is more than 50 percent of state median household income; or

(2) when the utility and customer are unable to agree on the establishment or modification of a payment agreement.

(b) A customer's appeal must be filed with the commission no later than seven working days after the customer's receipt of a personally served disconnection notice, or within ten working days after the utility has deposited a first class mail notice. If no disconnection notice has been issued, an appeal may be filed at any time.

(c) The commission must determine all customer appeals on an informal basis, within 30 calendar days of receipt of a customer's written appeal. In making its determination, the commission must consider one or more of the factors in subdivision 6, paragraph (a), clauses (2) and (3).

(d) Notwithstanding any other law, following an appeals decision adverse to the customer, a utility may not disconnect utility heating service for seven working days after the utility has personally served a disconnection notice, or for ten working days after the utility has deposited a first class mail notice. The notice must contain, in easy-to-understand language, the date on or after which disconnection will occur, the reason for disconnection, and ways to avoid disconnection.

Subd. 9. Utility appeals. A utility may file an appeal of the commission's informal determination under subdivision 8 within 14 working days after it is issued. An appeal must be in writing, on forms prescribed by the commission. A copy of the appeal and a commission-approved letter explaining that the customer may have service disconnected must be mailed by the utility to the local human services or social services agency and the local energy assistance provider on the same day as the utility mails its appeal to the commission.

Subd. 10. Reporting. Annually on November 1, a utility must file with the commission a report specifying the number of utility heating service customers whose service is disconnected or remains disconnected as of October 1 and October 15. If customers remain disconnected on October 15, a utility must file a report each week between November 1 and the end of the cold weather period specifying:

(1) the number of utility heating service customers that are or remain disconnected from service; and

(2) the number of utility heating service customers that are reconnected to service each week. The utility may discontinue weekly reporting if the number of utility heating service customers that are or remain disconnected reaches zero before the end of the cold weather period.

Sec. 4. Minnesota Statutes 2006, section 216B.097, subdivision 1, is amended to read:

Subdivision 1. **Application; notice to residential customer.** (a) A municipal utility or a cooperative electric association must not disconnect and must reconnect the utility service of a residential customer during the period between October 15 and April 15 if the disconnection affects the primary heat source for the residential unit ~~when~~ and all of the following conditions are met:

(1) ~~the customer has declared inability to pay on forms provided by the utility. For the purposes of this clause, a customer that is receiving energy assistance is deemed to have demonstrated an inability to pay;~~

(2) The household income of the customer is ~~less than~~ at or below 50 percent of the state median household income. A municipal utility or cooperative electric association utility may (i) verify income on forms it provides or (ii) obtain

(3) verification of income ~~may be conducted by from~~ the local energy assistance provider ~~or the utility, unless the. A customer is deemed automatically eligible for to meet the income requirements of this clause protection against disconnection as a recipient of if the customer receives any form of public assistance, including energy assistance, that uses an income eligibility in an amount threshold set at or below the income eligibility in clause (2); 50 percent of the state median household income.~~

(4) ~~(2)~~ A customer ~~whose account is current for the billing period immediately prior to October 15 or who, at any time, enters into and makes reasonably timely payments under a payment schedule agreement that considers the financial resources of the household and is reasonably current with payments under the schedule; and,~~

~~(5) the (3)~~ A customer receives referrals to energy assistance ~~programs~~, weatherization, conservation, or other programs likely to reduce the customer's energy bills.

(b) A municipal utility or a cooperative electric association must, between August 15 and October 15 of each year, notify all residential customers of the provisions of this section.

Sec. 5. Minnesota Statutes 2006, section 216B.097, subdivision 3, is amended to read:

Subd. 3. **Restrictions if disconnection necessary.** (a) If a residential customer must be involuntarily disconnected between October 15 and April 15 for failure to comply with ~~the provisions of~~ subdivision 1, the disconnection must not occur:

(1) on a Friday or on the day before a holiday, unless the customer declines to enter into a payment agreement offered that day in person or via personal contact by telephone by a municipal utility or cooperative electric association;

(2) on a weekend, holiday, or the day before a holiday;

(3) when utility offices are closed; or

(4) after the close of business on a day when disconnection is permitted, unless a field representative of a municipal utility or cooperative electric association who is authorized to enter into a payment agreement, accept payment, and continue service, offers a payment agreement to the customer.

Further, the disconnection must not occur until at least 20 days after the notice required in subdivision 2 has been mailed to the customer or 15 days after the notice has been personally delivered to the customer.

(b) If a customer does not respond to a disconnection notice, the customer must not be disconnected until the utility investigates whether the residential unit is actually occupied. If the unit is found to be occupied, the utility must immediately inform the occupant of the provisions of this section. If the unit is unoccupied, the utility must give seven days' written notice of the proposed disconnection to the local energy assistance provider before making a disconnection.

(c) If, prior to disconnection, a customer appeals a notice of involuntary disconnection, as provided by the utility's established appeal procedure, the utility must not disconnect until the appeal is resolved.

Sec. 6. Minnesota Statutes 2006, section 216B.098, subdivision 4, is amended to read:

Subd. 4. **Undercharges.** (a) A utility shall offer a payment agreement to customers who have been undercharged if no culpable conduct by the customer or resident of the customer's household caused the undercharge. The agreement must cover a period equal to the time over which the undercharge occurred or a different time period that is mutually agreeable to the customer and the utility, except that the duration of a payment agreement offered by a utility to a customer whose household income is at or below 50 percent of state median household income must consider the financial circumstances of the customer's household.

(b) No interest or delinquency fee may be charged under this as part of an undercharge agreement under this subdivision.

(c) If a customer inquiry or complaint results in the utility's discovery of the undercharge, the utility may bill for undercharges incurred after the date of the inquiry or complaint only if the utility began investigating the inquiry or complaint within a reasonable time after when it was made.

Sec. 7. Minnesota Statutes 2006, section 216B.16, subdivision 10, is amended to read:

Subd. 10. **Intervenor ~~payment~~ compensation.** (a) An organization or individual granted formal intervenor status by the commission is eligible to receive compensation.

(b) The commission may order a utility to ~~pay all or a portion of a party's intervention~~ compensate all or part of an eligible intervenor's reasonable costs ~~not to exceed \$20,000 per intervenor in any proceeding of participation in a general rate case that comes before the commission~~ when the commission finds that the intervenor has materially assisted the commission's deliberation ~~and the intervenor has insufficient financial resources to afford the costs of intervention~~ and when a lack of compensation would present financial hardship to the intervenor. Compensation may not exceed \$50,000 for a single intervenor in any proceeding. For the purpose of this subdivision, "materially assisted" means that the intervenor's participation and presentation was useful and seriously considered, or otherwise substantially contributed to the commission's deliberations in the proceeding.

(c) In determining whether an intervenor has materially assisted the commission's deliberation, the commission must consider, at a minimum, whether:

(1) the intervenor represented an interest that would not otherwise have been adequately represented;

(2) the evidence or arguments presented or the positions taken by the intervenor were an important factor in producing a fair decision;

(3) the intervenor's position promoted a public purpose or policy;

(4) the evidence presented, arguments made, issues raised, or positions taken by the intervenor would not have been a part of the record without the intervenor's participation; and

(5) the administrative law judge or the commission adopted, in whole or in part, a position advocated by the intervenor.

(d) In determining whether the absence of compensation would present financial hardship to the intervenor, the commission must consider:

(1) whether the costs presented in the intervenor's claim reflect reasonable fees for attorneys and expert witnesses and other reasonable costs; and

(2) the ratio between the costs of intervention and the intervenor's unrestricted funds.

(e) An intervenor seeking compensation must file a request and an affidavit of service with the commission, and serve a copy of the request on each party to the proceeding. The request must be filed 30 days after the later of (1) the expiration of the period within which a petition for rehearing, amendment, vacation, reconsideration, or reargument must be filed or (2) the date the commission issues an order following rehearing, amendment, vacation, reconsideration, or reargument.

(f) The compensation request must include:

(1) the name and address of the intervenor or representative of the nonprofit organization the intervenor is representing;

(2) if necessary, proof of the organization's nonprofit, tax-exempt status;

(3) the name and docket number of the proceeding for which compensation is requested;

(4) a list of actual annual revenues and expenses of the organization the intervenor is representing for the preceding year and projected revenues, revenue sources, and expenses for the current year;

(5) the organization's balance sheet for the preceding year and a current monthly balance sheet;

(6) an itemization of intervenor costs and the total compensation request; and

(7) a narrative explaining why additional organizational funds cannot be devoted to the intervention.

(g) Within 30 days after service of the request for compensation, a party may file a response, together with an affidavit of service, with the commission. A copy of the response must be served on the intervenor and all other parties to the proceeding.

(h) Within 15 days after the response is filed, the intervenor may file a reply with the commission. A copy of the reply and an affidavit of service must be served on all other parties to the proceeding.

(i) If additional costs are incurred as a result of additional proceedings following the commission's initial order, the intervenor may file an amended request within 30 days after the commission issues an amended order. Paragraphs (e) to (h) apply to an amended request.

(j) The commission must issue a decision on intervenor compensation within 60 days of a filing by an intervenor.

(k) A party may request reconsideration of the commission's compensation decision within 30 days of the decision.

(l) If the commission issues an order requiring payment of intervenor compensation, the utility that was the subject of the proceeding must pay the compensation to the intervenor, and file with the commission proof of payment, within 30 days after the later of (1) the expiration of the period within which a petition for reconsideration of the commission's compensation decision must be filed or (2) the date the commission issues an order following reconsideration of its order on intervenor compensation.

Sec. 8. Minnesota Statutes 2006, section 216B.16, subdivision 15, is amended to read:

Subd. 15. **Low-income affordability programs.** (a) The commission ~~may~~ must consider ability to pay as a factor in setting utility rates and may establish affordability programs for low-income residential ratepayers in order to ensure affordable, reliable, and continuous service to low-income utility customers. By September 1, 2007, a public utility serving low-income residential ratepayers who use natural gas for heating must file an affordability program with the commission. For purposes of this subdivision, "low-income residential ratepayers" means ratepayers who receive energy assistance from the low-income home energy assistance program (LIHEAP).

(b) ~~The purpose of the low income programs is to~~ Any affordability program the commission orders a utility to implement must:

- (1) lower the percentage of income that participating low-income households devote to energy bills;~~to;~~
- (2) increase participating customer payments,~~and to over time by increasing the frequency of payments;~~
- (3) decrease or eliminate participating customer arrears;
- (4) lower the utility costs associated with customer account collection activities; and
- (5) coordinate the program with other available low-income bill payment assistance and conservation resources.

In ordering ~~low income~~ affordability programs, the commission may require public utilities to file program evaluations, including the coordination of other available low income bill payment and conservation resources and that measure the effect of the affordability program on:

- (1) ~~reducing~~ the percentage of income that participating households devote to energy bills;
- (2) service disconnections; and
- (3) frequency of customer payment behavior payments, utility collection costs, arrearages, and bad debt.

(c) The commission must issue orders necessary to implement, administer, and evaluate affordability programs, and to allow a utility to recover program costs, including administrative costs, on a timely basis. The commission may not allow a utility to recover administrative costs, excluding start-up costs, in excess of five percent of total program costs, or program evaluation costs in excess of two percent of total program costs. The commission must permit deferred accounting, with carrying costs, for recovery of program costs incurred during the period between general rate cases.

(d) Public utilities may use information collected or created for the purpose of administering energy assistance to administer affordability programs.

Sec. 9. **RULES; INSTRUCTION TO COMMISSION AND REVISOR.**

Subdivision 1. **Public Utilities Commission.** The commission must amend Minnesota Rules, chapters 7820 and 7831, to conform with the provisions of Minnesota Statutes, section 216B.096, as authorized under Minnesota Statutes, section 14.388, subdivision 1, clause (3).

Subd. 2. **Revisor of statutes.** The revisor of statutes shall change the reference from "216B.095" to "216B.096" wherever found in Minnesota Rules, chapter 7820.

Sec. 10. **REPEALER.**

(a) Minnesota Rules, parts 7831.0100; 7831.0200; 7831.0300; 7831.0400; 7831.0500; 7831.0600; 7831.0700; and 7831.0800, are repealed as they pertain to a general rate case for a gas or electric utility held before the commission. The Public Utilities Commission shall timely adopt rules to conform with this repealer and Minnesota Statutes, section 216B.16, subdivision 10, as amended by this act, under the exempt rule procedures of Minnesota Statutes, section 14.388, subdivision 1, clause (3).

(b) Minnesota Statutes 2006, section 216B.095, is repealed."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for activities of the Science Museum, the Zoological Board, the Departments of Commerce, Natural Resources, and Health, the Pollution Control Agency, the Public Utilities Commission, the Board of Water and Soil Resources, the Metropolitan Council, and the Minnesota Conservation Corps; providing for grants and fund transfers; modifying disposition of certain revenue; authorizing certain sales; modifying and creating certain accounts; modifying and establishing certain fees and surcharges; establishing an off-highway vehicle safety and conservation program; defining certain terms; providing for venison donation; providing for prairie establishment guidance; creating the Cuyuna Country State Recreation Area Citizens Advisory Council; restricting certain off-road vehicle trails; modifying state park permit requirements; modifying timber sale provisions; exempting certain exchanged land from the tax-forfeited land assurance fee; authorizing certain leases of tax-forfeited lands; modifying definition of public official; modifying agency service requirements; creating a grant program; designating a state wildlife management area; improving oversight of local government water management; modifying authority of watershed district board of managers and soil and water conservation board of supervisors; modifying provisions for wetland conservation; modifying requirements for ditch buffers; modifying provisions for individual sewage treatment systems; providing for civil enforcement; modifying provisions for regulating genetically engineered organisms; establishing requirements for acquisition of easements; modifying access to certain wetlands; modifying percentage of gasoline use attributable to all-terrain vehicles; modifying trail designation requirements; eliminating sunset of sustainable forest resources provisions; authorizing rulemaking; establishing a wildlife management area; naming an island in Pelican Lake; modifying or adding provisions relating to financial institutions, investments of health savings accounts, mortgage originators, the Vehicle Protection Product Act, long-term care insurance, automobile insurance, an electronic licensing system and technology fees, allowable forms of collateral, securities regulation, charges billed by licensed health professionals, allocation of petroleum inspection fee for low-income weatherization assistance, delivery of home heating fuel, debt management services, the state energy city, energy savings, renewable energy research, a renewable hydrogen initiative, the Legislative Electric Energy Task Force, Clean Energy Resource Teams, landfill gas recovery, on-farm biogas recovery, nuisance liability of wind energy conversion systems, rural wind energy, petroleum violation escrow funds for K-12 school energy projects, renewable energy studies and reports, standards for hydrogen and fuel cells, hydrogen refueling stations, off-site renewable distributed generation, biofuel production permits, terrestrial and geologic carbon sequestration, dry cask storage at a nuclear power plant, utility charges and residential customers, the cold weather rule, a propane prepurchase program, and intervenor compensation for participants in proceedings before the Public Utilities Commission; requiring studies and reports; providing civil penalties; making technical and clarifying changes; amending Minnesota Statutes 2006, sections 10A.01,

subdivision 35; 13.712, by adding a subdivision; 15.99, subdivision 3; 16A.531, subdivision 1a; 45.011, subdivision 1; 46.04, subdivision 1; 46.05; 46.131, subdivision 2; 47.19; 47.59, subdivision 6; 47.60, subdivision 2; 47.62, subdivision 1; 47.75, subdivision 1; 48.15, subdivision 4; 58.04, subdivisions 1, 2; 58.05; 58.06, subdivision 2, by adding a subdivision; 58.08, subdivision 3; 58.10, subdivision 1; 60K.55, subdivision 2; 65B.44, subdivisions 2, 3, 4, 5; 65B.47, subdivision 7; 65B.54, subdivision 1, by adding a subdivision; 80A.28, subdivision 1; 80A.65, subdivision 1; 82.24, subdivisions 1, 4; 82B.09, subdivision 1; 84.025, subdivision 9; 84.026, subdivision 1; 84.0272, by adding a subdivision; 84.0855, subdivisions 1, 2; 84.780; 84.927, subdivision 2; 84.963; 84D.02, by adding a subdivision; 84D.13, subdivision 7; 85.054, subdivision 12, by adding a subdivision; 86B.706, subdivision 2; 89.22, subdivision 2; 90.161, by adding a subdivision; 93.22, subdivision 1; 97A.055, subdivision 4; 97A.065, by adding a subdivision; 97A.133, by adding a subdivision; 97A.475, subdivision 7, by adding a subdivision; 97A.485, subdivision 7; 97C.081, subdivision 3; 103B.101, by adding a subdivision; 103C.321, by adding a subdivision; 103D.325, by adding a subdivision; 103E.021, subdivisions 1, 2, 3, by adding a subdivision; 103E.315, subdivision 8; 103E.321, subdivision 1; 103E.701, by adding a subdivision; 103E.705, subdivisions 1, 2, 3; 103E.728, subdivision 2; 103G.222, subdivisions 1, 3; 103G.2241, subdivisions 1, 2, 3, 6, 9, 11; 103G.2242, subdivisions 2, 2a, 9, 12, 15; 103G.2243, subdivision 2; 103G.235; 103G.301, subdivision 2; 115.55, subdivisions 1, 2, 3, by adding a subdivision; 116C.779, subdivision 2; 116C.92; 116C.94, subdivision 1; 116C.97, subdivision 2; 118A.03, subdivision 2; 148.102, by adding a subdivision; 216B.097, subdivisions 1, 3; 216B.098, subdivision 4; 216B.16, subdivisions 10, 15; 216B.241, subdivision 6; 216B.812, subdivisions 1, 2; 216C.051, subdivisions 2, 9; 216C.41, subdivisions 1, 2, 3; 239.101, subdivision 3; 282.04, subdivision 1; 296A.18, subdivision 4; 325E.311, subdivision 6; 325N.01; 332.54, subdivision 7; Laws 2003, chapter 128, article 1, section 169; Laws 2006, chapter 236, article 1, section 21; proposing coding for new law in Minnesota Statutes, chapters 1; 16C; 17; 45; 58; 60K; 84; 84D; 85; 89; 97B; 103B; 103E; 216B; 216C; 325E; 561; proposing coding for new law as Minnesota Statutes, chapters 59C; 332A; repealing Minnesota Statutes 2006, sections 46.043; 47.62, subdivision 5; 58.08, subdivision 1; 89A.11; 103G.2241, subdivision 8; 216B.095; 332.12; 332.13; 332.14; 332.15; 332.16; 332.17; 332.18; 332.19; 332.20; 332.21; 332.22; 332.23; 332.24; 332.25; 332.26; 332.27; 332.28; 332.29; Minnesota Rules, parts 7831.0100; 7831.0200; 7831.0300; 7831.0400; 7831.0500; 7831.0600; 7831.0700; 7831.0800."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 1078 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Abeler introduced:

H. F. No. 2418, A bill for an act relating to sports; providing an alternative location for a major league ballpark; amending Minnesota Statutes 2006, section 473.751, subdivision 6.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Anderson, B., and Emmer introduced:

H. F. No. 2419, A bill for an act proposing an amendment to the Minnesota Constitution, article I; providing that the right of citizens to keep, bear, and use arms for certain purposes is fundamental and shall not be infringed.

The bill was read for the first time and referred to the Committee on Public Safety and Civil Justice.

Seifert introduced:

H. F. No. 2420, A bill for an act relating to capital investment; appropriating money for the MERIT Center in Marshall; authorizing the issuance of general obligation bonds.

The bill was read for the first time and referred to the Committee on Finance.

Atkins introduced:

H. F. No. 2421, A bill for an act relating to liquor; modifying sales provisions governing the State Fairgrounds; amending Minnesota Statutes 2006, section 37.21, subdivision 2.

The bill was read for the first time and referred to the Committee on Commerce and Labor.

CALENDAR FOR THE DAY

Sertich moved that the Calendar for the Day be continued. The motion prevailed.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 886:

Hausman; Murphy, M.; Carlson; Pelowski and Tingelstad.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 946:

Lieder, Hornstein, Hortman, Morrow and Erhardt.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 966:

Howes, Davnie and Fritz.

MOTIONS AND RESOLUTIONS

Hansen moved that the name of Fritz be added as an author on H. F. No. 374. The motion prevailed.

Cornish moved that the names of Olson and Emmer be added as authors on H. F. No. 498. The motion prevailed.

DeLaForest moved that his name be stricken as an author on H. F. No. 953. The motion prevailed.

Hortman moved that the names of Tingelstad, Heidgerken and Slawik be added as authors on H. F. No. 1602. The motion prevailed.

Peterson, A., moved that the name of Heidgerken be added as an author on H. F. No. 2130. The motion prevailed.

Nelson moved that the name of Hansen be added as an author on H. F. No. 2248. The motion prevailed.

Sertich moved that the name of Morrow be added as an author on H. F. No. 2285. The motion prevailed.

Hausman moved that the name of Bly be added as an author on H. F. No. 2415. The motion prevailed.

Marquart moved that H. F. No. 1327, now on the General Register, be re-referred to the Committee on Environment and Natural Resources. The motion prevailed.

ADJOURNMENT

Sertich moved that when the House adjourns today it adjourn until 3:00 p.m., Thursday, April 12, 2007. The motion prevailed.

Sertich moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 3:00 p.m., Thursday, April 12, 2007.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives