

House Research Act Summary

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Article 1: Environment and Natural Resources Appropriations and Policy

Overview

This article contains the biennial appropriations for the Pollution Control Agency, Department of Natural Resources, Board of Water and Soil Resources, Metropolitan Council Parks and Trails, and the Minnesota Conservation Corps. It includes some policy statutory changes.

- 1 **Appropriations.** Appropriations total \$797,486,000 for the biennium.
- 2 **Technical.**
- 3 **Pollution Control Agency.** Totals for the biennium are \$204,170,000 for the biennium. Clean Water Legacy program for impaired water assessment contains \$31,000,000, with a requirement that the agency complete 10 percent of TMDL assessments each year for the next ten years.

\$750,000 split each year for the biennium is to conduct an endocrine disruptor study at 20 additional sites throughout the state. \$600,000 in FY 2008 is a transfer to the Department of Health to analyze water treatment units to reduce the chemicals PFOA PFOS and PFBS from drinking water supply in the east metro area.
- 4 **Department of Natural Resources.** Totals for the biennium are \$507,493,000. Contains language emphasizing law enforcement and assistance to curtail the spread of aquatic invasive species, with priority to prevent aquatic invertebrates. Requires a DNR plan in

November to prevent Asian carp from entering state waters. Includes \$125,000 in FY 2008 to develop plans for the optimization of native prairie seed harvest and replanting on state-owned land. Establishes a joint agency technical advisory committee to look at the production of native prairie seeds that ensure high carbon sequestration, along with the protection of existing native prairie, wildlife and waters. Requires a report on how the critical areas program is working in the metro Mississippi river corridor.

5 Board of Water and Soil Resources. Totals for the biennium are \$49,635,000. Requires districts wanting general operating grants to maintain a web site describing its annual plan and budget. Money is appropriated for:

- vegetation buffers of restored prairie;
- county cooperative weed management programs;
- providing local native seeds and plants;
- evaluating and reporting on performance of local water management entities;
- supporting local response to enforce wetland violations, and for overall implementation of the wetland conservation act; and
- modernizing public drainage records and assisting the drainage work group.

\$14,166,000 is appropriated for clean water legacy implementation, including funding for:

- services provided for nonpoint restoration by the Minnesota Conservation Corps;
- analysis of wetland mitigation opportunities in greater than 80 percent wetland areas;
- evaluating applied soil and water conservation practices;
- county grants up to \$60,000 for ISTS implementation and compliance programs;
- water quality grants for feedlots under 300 animal units; and
- project work done by the Minnesota River Board.

6 Metropolitan Council. Totals for the biennium are \$17,240,000 for the biennium for metropolitan regional parks and trails maintenance and operation.

7 Minnesota Conservation Corps. Totals for the biennium are \$1,980,000 for work under agreement with the DNR.

8 Zoological board. Totals for the biennium are \$14,468,000.

9 Science museum. Totals for the biennium are \$2,500,000

10 Public official. Includes managers of watershed districts and soil and water conservation district supervisors as "public officials" for purposes of campaign finance and public disclosure law.

11 Application; extensions. Clarifies an agency response with conditions for certain written requests made for approval or denial of a decision.

12 Revenues. Clarifies what revenue must be deposited in the environmental fund.

- 13 **Venison distribution and reimbursement.** Allows a \$70 reimbursement from the Department of Agriculture to a meat processor who processes a donated deer for charitable purposes in food assistance.
- 14 **Aquaculture.** Requires policy recommendations to the legislature by the commissioner of natural resources on aquaculture licensing.
- 15 **DNR technical.**
- 16 **Plant pest grants.** Authorizes the Department of Agriculture to make grants to, or enter into agreements with, municipalities, nurseries and others on new and emerging issues related to plant pests.
- 17 **Definitions.** Contains eight new definitions in the DNR statutes, including "ecotype region," "native prairie," and "restored prairie."
- 18 **Professional services support account.** Technical.
- 19 **Contracts.** Technical.
- 20 **Expedited rules.** Allows DNR rules for clarifying situations in game and fish and invasive species statutes.
- 21 **Easement information.** Requires specific information to be included in a DNR easement consummated.
- 22 **Sales authorized; gift certificates.** Technical.
- 23 **Receipts; appropriation.** Technical.
- 24 **Off-Highway vehicles restrictions.** Allows the DNR to prescribe seasons for travel on forest lands and restricts OHVs to mapped trails.
- 25 **Off-highway vehicle damage account.** Removes the sunset date for the off-highway vehicle damage account.
- 26 **Off-road vehicle trails.** Prohibits DNR land in Cass, Crow Wing, and Hubbard counties from being used for off-road vehicle trails, unless in designated OHV areas, or approved by the legislature.
- 27 **Off-highway vehicle safety and conservation program.** Creates a DNR off-highway vehicle safety and conservation program, utilizing OHV clubs to assist on a volunteer basis.
- 28 **Exemption.** Exempts ATVs older than 25 years from registration.
- 29 **Registration.** Registration raises the ATV three-year registration rate from \$30 to \$45.
- 30 **Purposes.** Allows money in the all-terrain vehicle account to be used for the maintenance of minimum-maintenance forest roads.
- 31 **Prairie plant seed production areas.** Requires the DNR to disseminate to the public prairie establishment guidance materials and resources, including seed selection and ecotype and species mix.
- 32 **Emergency invasive species work.** Allows the commissioner of natural resources to contract for, or accept volunteers, for emergency invasive species work for prevention and control.
- 33 **Infested waters.** Prescribes designation by the DNR.
- 34 **Technical rule clarification.**
- 35 **Technical rule clarification.**
- 36 **Satisfaction of civil penalties.** Allows penalty amounts for certain watercraft violations to go into the invasive species account.
- 37 **Technical clarification.**
- 38 **Invasive species account.** Creates the invasive species account, with money deposited from watercraft license surcharges, the civil penalties under section 0, and the new annual surcharge on nonresident fishing licenses.
- 39 **Technical.** Designates Greenleaf Lake State Recreation Area.
- 40 **Cuyuna Country State Recreation Area; Citizens Advisory Council.** Establishes the Cuyuna Country State Recreation Area Advisory Council of 12 local individuals who must be consulted with by the DNR local manager before a major decision takes place in the

recreation area.

- 41 **Cuyuna Country State Recreation Area.** Allows free motor vehicle entry and parking at the Croft Mine Historical Park and Portsmouth Mine Lake Overlook within the Cuyuna Recreation Area.
- 42 **Canoe routes.** Designates the Redwood River as a canoe route.
- 43 **Money deposited in account.** Technical.
- 44 **Definitions.** Defines "community forest."
- 45 **Forestry technical.**
- 46 **Forestry technical.**
- 47 **Relief.** Broadens the practices eligible for cost-share dollars within the DNR's Minnesota Relief program.
- 48 **Forestry technical.**
- 49 **Forest pest definition.**
- 50 **Shade tree pest definition.**
- 51 **Community forest definition.**
- 52 **Shade tree definition.**
- 53 **Forestry technical.**
- 54 **DNR forest duties.** Adds forest pests and shade tree pests to the list of issues over which the DNR has general powers and duties.
- 55 **Forestry technical.**
- 56 **Receipts to special revenue fund.** Requires fees for uses of state forestlands to now be deposited in the special revenue fund and appropriated to the DNR for service of these uses.
- 57 **Forest resource assessment products and services account.** Creates a forest resource assessment products and services account for photography and mapping services fees that may be annually appropriated to the DNR to produce the services.
- 58 **Forestry technical.**
- 59 **Forestry technical.**
- 60 **Forestry technical.**
- 61 **Forestry technical.**
- 62 **Pest control.** Adds forest pests and shade tree pests to the list of issues over which the DNR has general powers and duties.
- 63 **Forestry technical.**
- 64 **Forestry technical.**
- 65 **Forestry technical.**
- 66 **Forestry technical.**
- 67 **Forestry technical.**
- 68 **Forestry technical.**
- 69 **Forestry technical.**
- 70 **Forestry technical.**
- 71 **Forestry technical.**
- 72 **Tree pest grant program.** Gives the Department of Natural Resources (DNR) authority to provide technical and financial assistance to local units of government for managing urban forest ecosystem health.
- 73 **Tree inspector certification.** Reassigns the program to the DNR.
- 74 **Forestry technical.**
- 75 **Repealer.** Sunsets the Forest Resources Council in 2017.
- 76 **Timber sales.** Allows a bond purchaser to request the release of the bond, which the DNR can grant if the purchaser pays the required down payment in cash plus interest.
- 77 **Expiration.** Sunsets the Mineral Coordinating Committee in 2011.
- 78 **Minerals management account.** Changes the allocation of payments for mineral leases in the mineral statutes from the general fund receiving 20 percent to a new minerals

management account receiving that amount, with the remaining 80 percent credited to certain classes of land, the permanent school fund, counties and taxing districts.

- 79 **DNR fees.** Allows them to be established for certain uses within wildlife management or aquatic management areas.
- 80 **DNR technical.**
- 81 **Deer license donation and surcharge.** States what a new deer license surcharge and donation program may be used for, including deer management and processing payments for venison donation charitable programs.
- 82 **Vermillion Highlands Wildlife Management Area.** Creates the Vermillion Highlands wildlife management area in Dakota County.
- 83 **DNR technical.**
- 84 **DNR technical.**
- 85 **DNR fish house license clarification.**
- 86 **DNR fee.** Raises the nonresident age to 18 to obtain a small game license at the resident fee.
- 87 **Military spouse.** Allows the spouse of a resident on military duty to obtain resident fishing and hunting licenses.
- 88 **DNR free licenses.** Allows them on deer and small game for residents discharged from military service in preceding 24 months.
- 89 **Trapping activities.** Authorizes the lifetime small game and sporting licenses to include trapping retroactive to 2001 license period.
- 90 Same as section 88.
- 91 **Nonresident hunting surcharge.** Allows a \$5 surcharge on nonresident hunting licenses.
- 92 **Deer license donation and surcharge.** Establishes a \$1 deer license surcharge in 2008 season for bonus deer licenses and donation amounts of other deer licenses.
- 93 **Nonresident fishing.** Establishes a \$2 surcharge on nonresident fishing licenses and a ten percent increase on all of them, except for daily ones.
- 94 **Fish house license.** Permits three-year resident and nonresident licenses.
- 95 Same as section 93.
- 96 **Electronic licensing system commission.** Prohibits any electronic licensing system commission on the new deer surcharge and donation amounts.
- 97 **Venison donations.** States a deer hunter may donate a deer, with its tag number, to a meat processor for charitable food purposes.
- 98 **Nonresident hunting.** Allows taking fox and coyote within a nonresident small game license.
- 99 **DNR technical for hunting with required stamps.**
- 100 **DNR technical for hunting with required stamps.**
- 101 **Contests requiring a permit.** Establishes the DNR fees for permits to conduct fishing contests around the state.
- 102 **DNR technical for fish house.**
- 103 **Authority to issue penalty orders.** Provides authority for the Board of Water and Soil Resources (BWSR) to issue penalty orders for violations under their authority up to \$10,000 per violation.
- 104 **Local water management accountability and oversight.** Requires BWSR to evaluate performance and financial information for local water management entities on a regular basis, and reduce or withhold funding if local water management deficiencies are not corrected within a year's notice.
- 105 **Credit card use.** Allows authorized credit card use for payments by a soil and water conservation district employee.
- 106 **Credit card use.** Allows authorized credit card use for payments by a watershed district employee.
- 107 **Spoil banks must be spread and permanent vegetation established.** Clarifies the point of

beginning to measure the width of ditch buffer strips when required by statute, and that they be planted in perennial vegetation.

- 108 **Re-seeding and harvesting perennial vegetation.** Clarifies that perennial vegetation, instead of grass, will be maintained for permanent ditch buffer strips in statute.
- 109 Same as above.
- 110 **Incremental implementation of vegetated ditch buffer strips and side inlet controls.** Allows a drainage authority to implement permanent buffer strips of perennial vegetation along a public drainage ditch to control erosion, improve water quality and maintain efficiency. An approved project must be implemented under a statutory "repair," with accompanying damages, landowner notice and statutory timelines.
- 111 **Ditch buffers strip annual reporting.** Requires annual reports by drainage authorities to BWSR on buffer strips, inspections and violations.
- 112 **Extent of damages.** Includes in damages paid on a drainage ditch project the costs to restore permanent vegetative cover, or a structural practice existing under a federal or state conservation program.
- 113 **Vegetation requirements.** Technical.
- 114 **Restoration.** Requires that a drainage system restores any perennial vegetative cover or structural practice that is disturbed or destroyed.
- 115 **Drainage buffer technical.**
- 116 **Drainage buffer technical.**
- 117 **Drainage buffer technical.**
- 118 **Drainage buffer technical.**
- 119 **Reinvest in Minnesota clean energy program.** Establishes a Reinvest in Minnesota (RIM) Clean Energy Program in the Board of Water and Soil Resources (BWSR) to acquire easements of at least 20 years on lands for growing bioenergy crops. Easements may be renewed for a period of not less than 20 years. To be eligible the land must have been owned for at least one year, be at least five acres in size, not currently enrolled or set aside in another program, and have been in agricultural use for at least two of the last five years. BWSR shall designate project areas to prioritize easements to coordinate with cellulosic biofuel and bioenergy facilities, target impaired waters, or support state or local natural resource plans, goals, or objectives.

BWSR will develop a tired payment program for the easements that is partially based on the benefits of bioenergy crop production for water quality, soil health, reduction in chemical inputs, soil carbon storage, biodiversity, and wildlife habitat. The highest per-acre payment must be for diverse native prairie and perennials.

A person who violates an easement is subject to treble damages, if the violation is willful and double damages, if the violation is not willful.

BWSR will establish technical review committee to develop program guidelines and standards to ensure that the RIM Clean Energy Program provides public benefits that are commensurate with the public investment. The committee consists of one representative from the Departments of Agriculture, Natural Resources, Commerce, and PCA; two farm organizations; one sustainable farmer organization; three rural development organizations; three environmental organizations; and three conservation or wildlife organizations.

- 120 **Wetland requirements.** Relates to a possible deed restriction by local units that can prohibit nonagricultural use after a wetland is drained under the statutory drainage exemption. Clarifies that ponds generally may not be used to satisfy wetland replacement requirements, unless the pond functions as a wetland and includes pretreatment of runoff.
- 121 **Wetland replacement siting.** Allows some flexibility in present law for the replacement of

wetlands when drained or filled, depending upon their region in the state.

- 122 **Agriculture activities.** Clarifies when a replacement plan for wetlands is required for agricultural activities, including a new definition for "normal farming practices" that does not require wetland replacement.
- 123 **Drainage.** Clarifies that a wetland replacement plan is not required for certain agricultural land depending when planted with crops, or enrolled in a state or federal conservation program.
- 124 **Federal approvals.** Clarifies when a wetland replacement plan is not required because of a federal approval.
- 125 **Utilities; public works.** Clarifies when a wetland replacement plan is not required for routine utility or sewage treatment work.
- 126 **De minimis.** Reduces the amount of de minimis footage in a project that doesn't require a wetland replacement plan depending on what type of wetland is affected and whether it lies within the 11-county metropolitan area or not.
- 127 **Exemption conditions.** Requires rules by BWSR on the application and implementation of wetland exemptions, and the reporting of exempt wetland impacts.
- 128 **Evaluation.** Allows BWSR to develop a professional wetland delineator certification program.
- 129 **Wetland boundary or type determination.** Allows 30 days for a ruling on a wetland boundary or type appeal by the affected local unit of government.
- 130 **Appeal.** Authorizes BWSR to establish a fee schedule to defray the administrative costs of wetland appeals to the board, not to exceed \$1,000.
- 131 **Replacement credits.** Technical to conform to immediate above sections on wetlands.
- 132 Wetland bank technical.
- 133 Wetland technical.
- 134 **Restrictions on access to wetlands.** Prohibits public access, when posted by landowner, for a private creation or restoration of a wetland that is adjacent to public land or roadway.
- 135 **Permit application fees.** Authorizes a DNR water appropriation in excess of 100 million gallons a year fee to recover the costs of preparing and processing the permit.
- 136 **Definitions.** Defines "performance-based system" for the individual sewage treatment system (ISTS) statutes.
- 137 **Local ordinances.** Requires counties to adopt ISTS ordinances to comply with the PCA rule revisions within two years of final rule adoption.
- 138 **ISTS rules.** Technical to comply with section 135.
- 139 **Advisory committee; county individual sewage treatment system management plan.** Allows a county to adopt an ISTS management plan, utilizing an advisory committee formed by the PCA.
- 140 **Coordination of activities.** Declares the parties to be notified by the Environmental Quality Board (EQB) when a permit to release genetically engineered wild rice is issued anywhere in the U.S.
- 141 **General authority.** Requires the EQB to adopt rules requiring an environmental impact statement for a release of genetically engineered wild rice.
- 142 **Federal oversight.** Technical to comply with section 0.
- 143 **Definitions.** Adds § 144.995. Defines important terms used in these sections, including "biomonitoring," "biospecimen," and "environmental health tracking."
- 144 **Environmental health tracking; biomonitoring.** Adds §144.996.

Subd. 1. Environmental health tracking. Requires the Department of Health in cooperation with the PCA, Agriculture Department and U of M, to develop an environmental health tracking system.

- ▶ Provides aspects of developing the system, including, but not limited to, the following:
 - coordinate activities among state agencies
 - provide health tracking data to the public and researchers
 - develop data sharing agreements to protect privacy
 - describe a strategic plan for future program development
 - organize and analyze data
 - submit a biennial report to the legislature
 - ▶ Provides purposes for gathering and analyzing the data, including, but not limited to the following:
 - characterizing patterns of prevalence of certain chronic diseases
 - characterizing patterns of occurrence of environmental hazards and exposures
 - presenting descriptive information relevant to policy formation

Subd. 2. Biomonitoring. Requires the department's environmental lab to conduct voluntary biomonitoring on exposed groups to assess exposures to hazardous chemicals and or pregnant women and children. Requires the environmental lab to share or communicate its results with the public, the Health Promotion and Chronic Disease Division, and the advisory panel. Requires the environmental lab to report the legislature biennially.

145 Biomonitoring pilot program. Adds § 144.997.

Subd. 1. Pilot program. Requires the department's environmental lab to establish a biomonitoring pilot program. Provides requirements for the biospecimens collected in that program, including studying exposures to specified chemicals from voluntary participants.

Subd. 2. Base program. Provides for continued collection and assessment after the conclusion of the pilot program. Requires that the program assess the usefulness of continuing to monitor persons from the first phase and identify other exposed groups to monitor.

Subd. 3. Participation. States that participation is voluntary and describes written consent requirements. Specifies information that must be given to the participants and services that they will receive, including consultations, health care referrals, and follow-up counseling. States that all data collected under the biomonitoring program is classified as health data and provides protections regarding the identity of participants.

Subd. 4. Program guidelines. Provides that the commissioner shall develop aspects of the program, in consultation with the advisory panel, including, but not limited to, the following:

- ▶ protocols and program guidelines
- ▶ guidelines for providing confidentiality, informed consent, follow-up consultations, and for communicating findings to participants and the public
- ▶ education and outreach that are culturally appropriate
- ▶ training programs for providers, educators, and other program administrators

Permits the commissioner to enter into contractual agreements in order to perform the activities listed in this subdivision.

146 Environmental health tracking and biomonitoring advisory panel. Adds § 144.998.

Subd. 1. Creation. Requires the commissioner to establish an advisory panel and sets out guidelines for the panel.

Subd. 2. Members. Specifies the persons, organizations, and agencies that will be represented on the panel.

Subd. 3. Duties. Requires the advisory panel to make recommendations to the commissioner and to the legislature. Specifies the types of information that the panel will report, including, but not limited to, the following:

- ▶ priorities for health tracking and biomonitoring
- ▶ specific diseases, exposures and chemicals to study under the environmental health tracking system or biomonitoring program
- ▶ communities and areas on which the programs should focus
- ▶ other aspects of design and implementation

Subd. 4. Liability. Protects members of the panel from certain civil and criminal liabilities.

147 Railroad nature prairie. Allows the DNR with interested parties, to erect markers within rights-of-way.

148 County timber sales. Allows a county board to sell any timber, including biomass, as appraised or scaled.

149 Definitions. Contains definitions, including "commercial decabromodiphenyl ether" and "polybrominated diphenyl ethers or PBDE's."

150 Products banned and exemptions.

Subd. 1. Penta and octabromodiphenyl ethers. Beginning January 1, 2008, prohibits a person from manufacturing, processing, or distributing in commerce a product containing more than 1/10 of one percent of pentabromodiphenyl ether or octabromodiphenyl ether by mass.

Subd. 2. Exemptions. Exempts certain products containing PBDE's: transportation vehicle parts, military and space program equipment, carpet cushion with recycled foam, medical devices, and used products sold or distributed.

151 State review. Requires the commissioners of health and the Pollution Control Agency (PCA) to review uses of commercial decabromodiphenyl ether.

152 Exemptions and fees. Requires a PCA exemption application fee to enforce this section. Sets a civil penalty of up to \$1,000 for first offense violations, and up to \$5,000 for repeat violations of this act.

153 Biological survey data. Provides that when the county biological survey data is available, the commissioner of natural resources must provide it to counties and cities for use in their planning activities.

154 Same as section 152.

155 Forest classification. Allows DNR to classify portions of a limited classified forest as closed, amending previous session law.

156 Continuous trail designation. Extends the date for completion of the all-terrain and off-highway continuous trail by the DNR until June 30, 2009.

157 Exchange of tax-forfeited land; private sale; Itasca County. States that the tax-forfeited

land exchanged in Itasca County and sold for a proposed steel mill is exempt from payment of 3 percent of the sales price collected by the county auditor.

158 Timber Sale Permit Termination. Allows the commissioner of natural resources, notwithstanding other law, to terminate a timber sale permit upon the request of the permit holder and without penalty. Certain conditions first must apply:

- the permit had to be issued on or after June 1, 2004 and before April 1, 2006;
- applies only to permits where no harvest activities have occurred;
- maximum amount of cords of all species to be turned back is 7,500; and
- reoffer of the forfeited sale no later than January 1, 2008.

Creates a system of down payments for the permit holder under this authorization.

159 Forest protection plan. Requires the Forest Resources Council to establish a task force of up to 15 forestry stakeholders with broad responsibilities to comprehensively address emerging forest pest issues.

160 Endocrine disruptor report. Requires a PCA report by January 15, 2008, on strategies to prevent the entry of endocrine disruptors into state waters.

161 Easement report required. Requires a DNR report by January 1, 2008, on proposed minimum legal and conservation standards applied to conservation easements acquired.

162 Tax-forfeited lands lease; Itasca County. Allows the Itasca County auditor to lease tax-forfeited land to Minnesota Steel for a 20-year period, including provision for renewal (associated with section 73).

163 Wild rice study. Requires a DNR study by February 15, 2008, on the protection from threats and possible increase in the natural stands of wild rice in the state.

164 Construction. Technical to comply with sections 0 to 0.

165 ISTS technical assistance. Requires the PCA to establish a best practices database for ISTS management and maintenance.

166 Wetland rulemaking. Requires BWSR to adopt temporary rules for wetland replacement and exemption provisions because of changes in this act that are effective for two years until superseded by permanent rules.

167 Greenleaf state recreation area. Redesignates the Greenleaf state park as a recreation area and adds some land.

168 Vermillion Highlands Wildlife Management Area. Describes permitted uses in the new Vermillion Highlands Wildlife Management Area that will utilize 2,840 acres transferred last year by the University of Minnesota to the DNR in the stadium bill. Current leases for agricultural purposes will be eventually phased out, with the intent to plant and restore native prairie. Creates a master planning process and resource inventory for the land.

169 Information sharing. Requires the PCA, Health Department and U of M to share environmental hazard and exposure data and report on the agreements to the legislature.

170 Repealer. Repeals Minnesota Statutes, sections 85.012, subdivision 24b, relating to former designation of Greenleaf state park; and 103G.2241, subdivision 8, for an exemption for wetland approved development because of changes above. Repeals Minnesota Statutes sections 18G.16 and 89.51, subdivision 8, relating to shade tree pests, as changed by various above sections.

Article 2: Energy

1 **Summary of appropriations.**

2 **Energy finance appropriation.**

3 **Department of Commerce.**

4 **Public Utilities Commission.**

5 **NextGen Energy Board.** Requires entities receiving grants from the renewable development fund under this article to present a research plan and report on project results to the board by October 1 of 2007 and 2008.

6 **[16C.141] Employee suggestions; energy savings incentive program.**

Subd. 1. Creation of program. Requires commissioner of administration to implement a program making cash awards to state employees who make energy-saving suggestions.

Subd. 2. Funding. Specifies that program is funded through a portion of energy savings resulting from implementation of the suggestion from the general services revolving fund.

Subd. 3. Report to legislature. Requires the commissioner to report to the legislature on the development of the program by January 1, 2008, and every January 15 thereafter.

Subd. 4. MnSCU. Specifies that this section does not apply to MnSCU, unless the Board of Trustees affirms that it does.

Subd. 5. Provides that this section is repealed July 1, 2009.

7 **[116C.775] Shipment priorities; nuclear plants.** Makes the Monticello nuclear waste storage site subject to the existing provision specifying that if a storage or disposal site outside Minnesota becomes available, the waste stored in dry casks must be shipped there before any shipment of waste from the spent nuclear fuel storage pool.

8 **[116C.777] Site.** Specifies that nuclear waste stored in dry casks at Prairie Island must not be moved to the storage site at Monticello when it becomes available.

9 **[116C.779] Funding for renewable development.**

Subd. 1. Renewable development account. Requires the public utility owning the Monticello nuclear generating plant to transfer to the renewable development account \$350,000 annually for each dry cask that is stored at the plant's storage facility while the facility operates, and \$5,250,000 each year the plant is not in operation, if the utility did not make a good faith effort to remove the nuclear waste to a facility outside Minnesota, as determined by the Public Utilities Commission. Specifies that the utility is eligible to apply for renewable development fund grants.

10 **[173.0851] State energy city.** Names Elk River a state energy city.

11 **[216B.091] Monthly reports.** Requires each public utility to submit monthly data to the Public Utilities Commission, including the number of customers with accounts past due, the number of disconnections and reconnections, the number of cold weather protection requests.

12 **[216B.0951] Propane prepurchase program.**

Subd. 1. Establishment. Requires the commissioner of commerce to operate a program to purchase a large amount of propane in non-winter months, to be made

available to low-income customers statewide.

Subd. 2. Hedge account. Authorizes the commissioner to create a hedge account from realized program savings to compensate customers if the price at which the commissioner purchased propane exceeds winter-delivered fuel prices.

Subd. 3. Report. Requires the department of commerce to issue a report on program results by June 30, 2008.

13 [216B.096] Cold weather rule; public utilities.

Subd. 1. Scope. Provides that this section applies only to residential customers of a public utility.

Subd. 2. Definitions.

Subd. 3. Utility obligations before cold weather period. Requires annual notice to all customers of the provisions of this section, including:

- an explanation of the customer's right and responsibilities under subdivision 5;
- an explanation of low-cost methods to reduce energy use; and
- a notice that the utility will send a disconnection notice to a third party designated by the customer.

Each utility must, between September 1 and October 15, attempt to establish a payment agreement and reconnect heating service for all customers disconnected after the previous heating season.

Subd. 4. Notice before disconnection during cold weather period. Before disconnection, a utility must provide notice to the customer containing the date of disconnection; the amount due; how to avoid disconnection; information regarding payment agreements; a statement of the customer's rights and responsibilities; and a list of local energy assistance and weatherization providers.

Subd. 5. Cold weather rule. Prohibits a utility from disconnecting and not reconnecting during the cold weather period (October 15 to April 15) a customer whose household income is at or below 50 percent of the state median if the customer makes timely payments under a payment agreement with the utility that requires the customer to pay no more than 10 percent of monthly income toward current and past due utility bills. The customer can request modification of a payment agreement if the customer's financial circumstances have changed.

Subd. 6. Verification of income. Provides a utility with various options to verify household income.

Subd. 7. Prohibitions and requirements. Prohibits disconnection under certain conditions:

- during an appeal regarding the customer's income or an inability to agree on a payment agreement with a utility;
- earlier than 10 working days after a disconnection notice has been mailed, or seven days after personal service;
- when utility offices are closed; on a weekend, holiday or the day before a holiday; after the close of business, unless a utility field representative who has authorization offers a payment agreement to a customer; or on a Friday, unless the customer refuses to enter into a payment agreement offered that day; and

- before the utility has investigated whether the dwelling is occupied.

Subd. 8. Disputes; customer appeals. Requires a utility to provide a commission-approved written notice of a customer's right to appeal a utility determination that household income exceeds 50 percent of the state median, or when agreement cannot be reached regarding a payment agreement. Appeals must be decided by the commission within 30 days.

Subd. 8a. Cooperative and municipal disputes. Provides that cold weather complaints against a municipal or co-op are governed under section 216B.097.

Subd. 9. Customers above 50 percent of state median income. Describes cold weather rule procedures for customers with incomes above 50 percent of the state median.

Subd. 10. Reporting. Requires a utility to file with the commission, by November 1, a report containing the number of customers disconnected as of October 1 and October 15, and, if customers remain disconnected on October 15, each week thereafter until April 15. The number of reconnections each week must also be reported.

14 [216B.097] Cold weather rule; cooperative or municipal utility.

Subd. 1. Application; notice to residential customer. Specifies that a municipal utility or cooperative electric association must reconnect a residential heating customer between October 15 and April 15 under certain conditions:

- the customer's household income is at or below the state median; and
- the customer enters into a payment agreement with a utility and makes reasonably timely payments under it.

15 Subd. 3. Restrictions if disconnection necessary. Establishes restrictions for involuntary disconnections between October 15 and April 15.

16 [216B.098] Residential customer protections.

Subd. 4. Undercharges. Provides that a utility may recover undercharges from a customer under a payment agreement whose duration recognizes the financial circumstances of a customer whose household income is at or below the state median. If a customer's complaint leads to discovery of the undercharge, the utility can collect undercharges for the period following the complaint only if it initiated an investigation within a reasonable time after it was made.

17 [216B.812] Fostering use of hydrogen energy.

Subd. 1. Early purchase and deployment of renewable hydrogen, fuel cells, and related technologies by the state. Amends current law-which requires the Department of Commerce to identify opportunities to demonstrate the use of hydrogen, fuel cells and related technologies in state facilities and fleets-to add the Pollution Control Agency and strikes language regarding "demonstration" of the technology and substitutes "deployment."

Requires these agencies to recommend to the Department of Administration changes to state procurement guidelines to facilitate hydrogen deployment.

18 [216B.16] Rate change; procedure; hearing.

Subd. 10. Intervenor compensation. Specifies the conditions an intervenor must meet-including "materially assisting" in the commission's deliberations and experiencing financial hardship if compensation is not awarded-in order to receive compensation for the costs of intervention from the commission.

19

Subd. 15. Low-income affordability programs. Requires a public utility serving natural gas customers to file an affordability program directed toward low-income customers with the commission. A utility may recover program costs on a timely basis.

20

[216B.1637] Recovery of certain limited utility greenhouse gas infrastructure costs. Allows Xcel Energy to file for cost recovery with respect to replacing cast iron natural gas lines and breakers containing sulfur hexafluoride to reduce greenhouse gas releases, if the commission finds that the projects are in the public interest and do not impose excessive costs on ratepayers.

21

[216B.241] Energy conservation improvement.

Subd. 6. Renewable energy research. Amends renewable research activities by the University of Minnesota Initiative for Renewable Energy and the Environment that are funded under this section, and extends the expiration date for funding by two years, to June 30, 2010.

22

[216B.812] Fostering use of hydrogen energy.

Subd. 2. Pilot projects. Strikes "demonstrate" and inserts "deploy" with respect to bridge technologies the Department of Commerce must consider in developing pilot projects.

Strikes language stating that, with respect to demonstrations, individual system components "must" meet commercial performance standards, and states these standards "should, if feasible," be met.

23

[216B.813] Minnesota renewable hydrogen initiative.

Subd. 1. Road map. Provides that the department of commerce coordinate and administer the Initiative or contract with a nonpartisan nonprofit organization to undertake those activities. The Initiative is to be a public-private partnership that oversees the development and implementation of a road map to achieve the state's hydrogen goals enumerated in section 216B.013. The road map should establish goals, a timeline and milestones. The department must report to the legislature on its progress in implementing the road map by November 1 in odd-numbered years.

Subd. 2. Grants. Requires the commissioner of commerce to develop a competitive grant program for projects to help the state reach its hydrogen goals. The commissioner is to establish a multi-stakeholder advisory committee to identify promising hydrogen deployment projects and recommend grants.

Preference is to be given to projects embodying concepts contained in the department's recent biennial report on hydrogen projects. Eligible projects must include hydrogen production options listed in the report. Education must be part of each grant. Non-public grantees must provide a 50 percent match with non-state funds.

24

[216C.051] Legislative Electric Energy Task Force.

Subd. 2. Establishment. Updates the names of house and senate committees whose

chairs are members of the task force.

25 **Subd. 9. Expiration.** Extends the expiration date for the Legislative Electric Energy Task Force by one year, to June 30, 2010.

26 **[216C.052] Manitoba Hydro information.** Requires the Legislative Electric Energy Task Force to annually request from the Manitoba-Hydro Electric Board certain information regarding communities that are signatories to the Northern Flood Agreement.

27 **[216C.385] Clean Energy Resource Teams.**

Subd. 1. Findings. Declares community-based energy programs are an effective means of implementing improved energy practices and a public purpose for which money may be spent.

Subd. 2. Mission, organization, and membership. Describes the history of Clean Energy Resource Teams (CERTs) and its mission.

Subd. 3. Powers and duties. Lists powers and duties CERTs may execute in implementing community-based energy programs.

Subd. 4. Department assistance. Specifies that the commissioner of commerce may assist the CERTs in their mission.

28 **[216C.39] Rural wind energy development revolving loan fund.**

Subd. 1. Establishment. Creates a revolving loan fund as an account in the special revenue fund.

Subd. 2. Purpose. States that the loan fund is to provide financial assistance to develop wind energy projects that qualify as C-BED projects.

Subd. Expenditures. Specifies that money in the loan fund is appropriated to the commissioner of commerce to make loans to qualifying owners of wind energy projects to assist in funding wind studies and transmission interconnection studies. Loans are to be structured for repayment within 30 days after commercial operations begin or two years from the loan issuance date, whichever is sooner.

Subd. 4. Limitations. Sets a loan cap of \$100,000 to any single project or entity.

Subd. 5. Administration; eligible projects. Describes eligibility requirements and specifies administrative procedures for the program.

29 **[216C.41] Renewable energy production incentive.**

Subd. 3. Eligibility window. Makes the production of gas from a qualified on-farm biogas facility eligible to receive incentive payments through December 31, 2017. (Current law requires that gas be used to generate electricity in order to qualify for the incentive.)

30 **Petroleum violation escrow funds.** Requires petroleum violation escrow funds, which under current law are used for state energy loans for schools, hospitals and public buildings, to be used for grants to K-12 schools for energy conservation or renewable energy projects. The commissioner of commerce, to whom these funds are appropriated, must seek a federal waiver, if necessary, to allow for these uses.

31 **Uniform codes and standards for hydrogen, fuel cells, and related technologies; recommendations and report.** The commissioner of labor and industry, in consultation with others, must develop recommendations for uniform codes and standards, including

safety standards, for hydrogen infrastructure and technologies.

32 **Hydrogen refueling station grants.** Expands the purposes for which the commissioner of commerce may make grants for hydrogen refueling stations to include grants to develop, deploy and encourage commercially promising renewable hydrogen production systems.

33 **Off-site renewable distributed generation.** Requires the commissioner of commerce to convene a stakeholder group to evaluate the feasibility and potential for the interconnection and parallel operation of off-site renewable distributed generation, and to issue recommendations to the house and senate energy committees by February 1, 2008.

34 **Definitions.** Defines "terrestrial carbon sequestration" and "geologic carbon sequestration."

35 **Terrestrial carbon sequestration activities.**

Subd. 1. Study; scope. Requests the University of Minnesota to conduct a study assessing Minnesota's potential capacity to sequester carbon in terrestrial systems. The study must:

- construct a statewide inventory and database of the capacity of different land types-forests, wetlands, agricultural lands-to store carbon;
- measure the ability of various land use practices-growing different species of crops and grasses-to sequester carbon;
- identify monitoring sites to measure the impact of large long-term factors such as climate change and increasing carbon dioxide levels on terrestrial sequestration capacity;
- identify long-term projects to measure the impact of deliberate sequestration practices on various ecosystems; and
- evaluate state policies that affect levels of terrestrial sequestration and make recommendations to increase those rates.

Subd. 2. Coordination of terrestrial carbon sequestration activities. The planning and implementation of the study will be coordinated by the Minnesota Carbon Sequestration Initiative, a university-government-stakeholder task force.

Subd. 3. Contracting. Allows the University to contract for any of the activities in subdivision 1.

Subd. 4. Report. Requires the commissioner of natural resources to submit a report on the study results to the legislature by February 1, 2008.

36 **Geologic carbon sequestration assessment.**

Subd. 1. Study; scope. Requires the Minnesota Geological Survey to conduct a study of the potential capacity for sequestration of carbon dioxide in Minnesota's Midcontinent Rift system, a geological formation in the eastern portion of the state. The study is to review existing data to understand the physical aspects of the formation that have a bearing on carbon sequestration capacity. A second study will use computer models developed for similar geologic formations outside Minnesota that have been studied in more detail to assess these characteristics as well.

Subd. 2. Consultation. Requires the Survey to consult with the Minnesota Mineral Coordinating Committee in planning and implementing the study design.

Subd. 3. Report. Requires the commissioner of natural resources to submit a report on the study results is to be submitted to the legislature by February 1, 2008.

37 **St. Paul Port Authority.** Gives the St. Paul Port Authority authority to create a nonprofit

corporation to own and operate a steam and electricity producing facility in St. Paul that uses primarily renewable energy, excluding mixed municipal solid waste.

- 38 **Biofuel permitting report.** Requires the Pollution Control Agency, the Department of Natural Resources and the Environmental Quality Board to report to the legislature on the process of issuing permits for biofuel production facilities.
- 39 **Winona County; electric power plant.** Grants authority to Winona County to construct and own, purchase for issue bonds for a wind energy conversion system within its corporate limits, and grants it certain powers with respect to such facilities.
- 40 **Application of rules.** Instructs the commission to amend Minnesota Rules, chapters 7820 and 7831, to conform with the provisions of this section.
- 41 **Revisor's instruction.** Instructs the revisor to change the reference from "216B.095" to "216B.096" in Minnesota Rules, chapter 7820.
- 42 **Repealer.** Repeals Minnesota Rules, parts 7820.1500; 7820.1600; 7820.1700; 7820.1750; 7820.1800; 7820.1900; 7820.2000; 7820.2100; 7820.2150; 7820.2200; and 7820.2300; (which apply to the current cold weather rule statute), as they pertain to rate cases before the commission. Minnesota Statutes 2006, section 216B.095, is repealed.
- 43 **Effective date.** Sections 13, 41, and 42 are effective September 1, 2008.

Article 3: Commerce

Overview

This article consists of changes in laws involving regulation of several financial services industries and professions by the Department of Commerce. Industries and professions affected include financial institutions (sections 0 to 0, 0, and 0), mortgage companies (sections 0 to 0, 0, and 0), vehicle protection products warrantors (sections 0 and 0 to 0), insurance agents (sections 0, 0, and 0), mutual fund companies (sections 0 and 0), real estate brokers and salespersons (sections 0, 0, 0, and 0), real estate appraisers (sections 0 and 0), fuel dealers and distributors (sections 0 and 0), credit repair services (section 0), and debt management services (sections 0, 0 to 0, 0, 0, 0 to 0, and 0).

- 1 **Vehicle protection product warrantors.** Provides a cross-reference for a data practices provision later in this act, regarding vehicle protection product warranties under the new chapter 59C.
- 2 **Scope.** Makes a technical conforming change relating to the debt management services provisions in sections 0 to 0 of this article.
- 3 **License technology fees.** Creates a new technology surcharge on Commerce Department licenses for insurance agents, real estate brokers and salespersons, and real estate appraisers. The surcharge would pay costs of technology to keep track of continuing education requirements for those professions, in order to reduce license renewal costs and delays. The licensees are now paying for those costs by paying the department's vendor each time they or a continuing education provider interacts with the database regarding that licensee's records. The surcharge can be no higher than \$40 for a two-year license period and must be temporarily suspended or reduced by the commissioner if the balance in the fund that the money goes into gets above \$2 million. So, it could be called a "blinker surcharge." Creates a new account in the special revenue fund for this purpose. Sections 0 and 0 to 0 apply this surcharge to specific professions.

- 4 **General.** Makes a technical conforming change relating to debt management services providers.
- 5 **Supervision over financial institutions.** Makes a conforming change, reflecting the commissioner of commerce's new power to do financial examinations of debt management services providers under section 0.
- 6 **Assessment authority.** Makes a conforming change relating to debt management services providers.
- 7 **Corporation may be member or shareholder of federal agency.** Permits state-chartered banks to borrow amounts from the Federal Home Loan Bank System up to 35 percent of the bank's total assets. Current law is 25 percent.
- 8 **Additional charges.** Prohibits lenders, on a payday loan transaction, from assessing a civil penalty for a bounced check against the customer, if the lender advances cash to the customer in exchange for a (probably post-dated) check.
- 9 **Authorization, terms, conditions, and prohibitions.** Makes a change to conform to the preceding section on bounced checks for payday loans.
- 10 **General authority.** Eliminates a requirement that out-of-state financial institutions notify the commissioner of commerce prior to establishing an automated teller machine (ATM) in this state. This conforms to section 0, which repeals this requirement for in-state financial institutions.
- 11 **Retirement, health savings, and medical savings accounts.** Permits state-chartered financial institutions to establish health savings accounts that are transactions ("checking") accounts, rather than savings accounts. (These transaction accounts will presumably pay interest.) Exempts those accounts from a requirement relating to checking the financial background of new checking account customers.
- 12 **Retirement, health savings, and medical savings accounts.** Makes a change to conform to the preceding section regarding health savings accounts.
- 13 **Residential mortgage originator licensing requirement.** (a) Removes obsolete language.
- (b) Requires that an applicant for a license to originate mortgage loans be organized legally as a business entity, such as a corporation, and not be simply an individual. The applicant must be approved as a mortgage lender by HUD or Fannie Mae; have a minimum net worth of at least \$250,000; *or* have a surety bond of at least \$50,000.
- (c) Eliminates current exemptions from licensing that apply to individuals (since individuals would no longer be eligible to be licensed anyway), and adds new exemptions, including occasional lenders, financial institutions, government, and pension plan loans to participants, fiduciaries, and persons exempted by order of the commissioner.
- 14 **Exemptions from licensure.** Makes conforming changes in cross-references.
- 15 **Application contents.** (a) Makes conforming changes.
- (b) and (c) Makes conforming changes to specify what must be on an application for licensure as a mortgage originator, or submitted with it, given the changes in other sections of this bill.
- 16 **Waiver.** Gives the commissioner authority to waive a requirement that applies to an initial mortgage originator license application for good cause and to permit submission of substituted information.
- 17 **Exemption.** Eliminates a reference to a provision repealed in section 0.
- 18 **Amounts.** Increases the license fee for mortgage originators from \$850 to \$2,125 for a new license and from \$450 to \$1,125 for a renewal. These licenses are good for two years.
- 19 **Examinations.** Gives the commissioner the power to conduct financial examinations of mortgage originators and servicers on the same basis as the commissioner has for banks and

other financial businesses regulated by the commissioner.

20 Education requirement. Requires that each employee or independent contractor of a licensed mortgage originator have 15 hours of training approved by the commissioner prior to beginning work. The training must cover state and federal laws that govern mortgage lending. Makes this section effective March 1, 2008.

21 Short title. Says that this new chapter may be cited as "the Vehicle Protection Product Act."

22 Definitions. Defines 11 terms. The most significant one is the definition of "vehicle protection product," which makes it clear that this term refers to devices designed to be installed on a motor vehicle to prevent damage due to theft or vandalism, such as alarm systems; body part marking; steering, pedal and ignition locks; and satellite tracking devices.

23 Scope and exemptions. (a) Requires sellers, warrantors, and administrators of vehicle protection products to comply with chapter 59C, which will be its own new chapter of Minnesota Statutes.

(b) Exempts vehicle protection products from all insurance laws other than this new chapter 59C, except one law that applies to settlement of claims under service contracts.

(c) Says that service contract providers who do not sell vehicle protection products are not subject to this new chapter and that vehicle protection products are not subject to chapter 59B, which regulates some service contracts.

(d) Says that warranties, indemnity agreements, and guarantees that do not involve vehicle protection products are not subject to this chapter.

24 Registration and filing requirements of warrantors. Requires warrantors (companies that warrant the product to consumers, which is an insurance type of risk) to register with the commissioner of commerce and provide certain information to the commissioner, including proof of "financial responsibility" (meaning that the warrantor would be able to pay claims on the warranties). Proof of financial responsibility must be either a copy of a warranty reimbursement insurance policy that meets the requirements of sections 26 and 27 of this bill, or proof that the company, or its parent company, has a net worth of at least \$50 million. Permits the commissioner to charge the warrantor a registration fee of \$250 annually.

25 Financial responsibility.

Subd. 1. General requirements. Requires that a warrantor registering with the commissioner provide proof of financial responsibility under either subdivision 2 or 3 of this section. Provides that no other financial security or financial standard is required.

Subd. 2. Warranty reimbursement insurance policy. Says that one way a warrantor may prove financial responsibility is to show coverage under a warranty reimbursement insurance policy issued by an insurance company authorized to do business in this state, which commits the insurance company to pay 100 percent of whatever the warrantor is liable for under the warranties issued on the vehicle protection products. (This removes insurance risk from the warrantor.)

Subd. 3. Network or stockholder's equity. Says that one way a warrantor may prove financial responsibility is for the warrantor or its parent company to maintain a net worth or stockholders' equity of at least \$50 million. States the required proof of that financial strength. If the warrantor relies on the financial strength of its parent company to meet this requirement, requires that the parent company guarantee

payment of the warrantor's obligations under its warranties in this state.

- 26 **Warranty reimbursement insurance policy requirements.** Provides standards that must be met for a warranty reimbursement insurance policy issued in this state. Requires that such an insurance policy cover all obligations of the warrantor to pay money or provide services, permit a warranty holder to file a claim directly with the insurance company if the warrantor does not pay the claim within 60 days of receiving proof of loss, consider premiums as received by the insurance company from the warrantor if the warrantor collected a payment from the customer regardless of whether the warrantor actually paid the insurance company the premium or notified the insurance company of the issuance of the warranty, and protect the customer and the warrantor from harm as a result of cancellation of the policy by the insurance company.
- 27 **Disclosure to warranty holders.** States ten disclosures that warrantors must make to customers in the warranty.
- 28 **Prohibited acts.** Prohibits a warrantor from using in its name, contracts, or literature words that might give the customer the impression that the warranty is an insurance product. Prohibits a warrantor or a vehicle protection product seller (such as an auto dealer), from requiring purchase of a vehicle protection product as a condition of getting financing for purchase of the vehicle.
- 29 **Recordkeeping.** Requires warrantors to keep records of their transactions. Gives the commissioner authority to examine those records.
- 30 **Commissioner's powers and duties.** Gives the commissioner of commerce authority to examine the records of warrantors and administrators of warranty programs. Gives the commissioner authority to enforce this chapter, using the commissioner's regular enforcement tools and procedures.
- 31 **Applicability.** Says that this chapter on vehicle protection products may not be used to imply that anyone did anything wrong before it becomes effective.
- 32 **Producer training requirements for long-term care partnership program insurance products.** Creates new training requirements for insurance agents (now called "insurance producers" in our laws) who sell long-term care insurance. This special training is related to the beginning of the long-term care partnership program, which adds to the complexity of selling long-term care insurance. This training may count toward the agent's general continuing education requirements. The required training is eight hours of initial training and four additional hours every two years. Permits agents until January 1, 2008, to get the initial training.
- 33 **Licensing fees.** Imposes the new technology surcharge created in section 3 on insurance agents, effective August 31, 2007.
- 34 **Registration or notice filing fee.** Increases the \$25 million yearly cap on total securities registration fees collected from mutual fund companies to \$25.6 million. Under current law, total amounts collected above \$25 million per year are returned to the companies as rebates on a pro rata basis. The section of current law amended here was repealed in 2006 legislation, effective August 1, 2007.
- 35 **Registration or notice filing fee.** Makes a change to conform to the preceding section. The current law amended here was enacted in 2006, to become effective August 1, 2007.
- 36 **Amounts.** Imposes the new technology surcharge created in section 0 on real estate brokers and salespersons, effective immediately but collected on renewals based upon the extended renewal date of August 31, 2007, as provided in section 0.
- 37 **Deposits of fees.** Says the amount collected under the preceding section must be deposited in the separate account created for the technology surcharges.
- 38 **Amounts.** Imposes the new technology surcharge created in section 0 on real estate appraisers, effective June 30, 2007.

- 39 **In lieu of surety bond.** Changes a law governing collateral that banks are required to post as collateral for bank deposits of local governments (that exceed FDIC coverage). Under current law, banks may post as collateral for a local government's deposits, the A-rated general obligation bonds of *any* local government. If the bank posts as collateral the general obligation bonds of *the same local government* that makes the deposit, the bank may use *unrated* general obligation bonds. This section changes that to also permit use of *rated* general obligation bonds of that same local government. The net effect is to permit use of the bonds rated lower than A as collateral for deposits of that same local government.
- 40 **Petroleum inspection fees.** Permits a portion of petroleum inspection fees, now used for grants for retrofit of oil burners, to be used for grants for installation of renewable energy equipment in households eligible for weatherization assistance.
- 41 **Discrimination prohibition.** Prohibits dealers or distributors of liquid propane or number 1 or number 2 fuel oil to discriminate against customers who receive grants under the low-income home energy assistance plan. This section applies only to dealers or distributors who have signed a vendor agreement with that program.
- 42 **Telephone solicitation.** Excludes nonprofit debt management services providers from the rights of other nonprofit companies to make unsolicited telephone calls in order to sell goods or services.
- 43 **Definitions.** Makes a conforming change to exclude debt management services providers from a definition of "foreclosure consultant."
- 44 **Fees.** Increases the annual registration fee paid to the Department of Commerce by credit services organizations ("credit repair" providers) from \$100 to \$1,000. This is the only section of the bill that affects this type of business. This is not the same type of business that is dealt with in the sections of this bill that deal with debt management services providers.
- 45 **Definitions.** Defines eleven terms used in the 16 sections that follow, relating to debt management services providers. These are businesses that serve debtors in severe financial difficulty, usually by negotiating with creditors and receiving a monthly debt payment from the debtor, to be distributed to creditors. Under current law, they are called "debt prorating agencies." The definition of "debt management services provider" provides eleven exemptions, including one for "debt settlement providers," as also defined in this section. Limits the applicable debtors to those whose debts are primarily personal and not business debts.
- 46 **Requirement of registration.** Requires debt management services providers who intend to provide services to Minnesota consumers to register with the commissioner of commerce. Current law requires licensure, but only for those who have a place of business in the state. This would now also include out-of-state debt management services providers that do business with Minnesota consumers by telephone, mail, or over the internet.
- 47 **Registration.** Specifies the information that must be provided on an application for registration as a debt management services provider. Provides that registration is good for one year. Requires a \$1,000 initial registration fee. Requires posting a surety bond in an amount not less than \$5,000, or a larger amount if required by the commissioner. Requires the commissioner to maintain a list of registrants and post it on the department's website.
- 48 **Nonassignment of registration.** Prohibits a debt management services provider from transferring a registration to a different company without the commissioner's consent.
- 49 **Renewal of registration.** Requires annual renewals of registration, for a fee of \$250, for debt management services providers.
- 50 **Other duties of registrant.** Requires debt management services providers to promptly update information required for registration. Requires them to allow a debtor, upon request, to see the registration.
- 51 **Denial of registration.** States the grounds upon which the commissioner may deny an application for registration of a debt management services provider.

- 52 **Suspending, revoking, or refusing to register.** States the process by which the commissioner may take disciplinary or other enforcement action, including imposing a civil penalty, against a debt management services provider.
- 53 **Written debt management services agreement.** Requires that debt management services be provided only under a written contract. Specifies what must be covered in the contract, and what must not be in the contract.
- 54 **Right to cancel.** Specifies a debtor's right to cancel a contract for debt management services.
- 55 **Books, records, and information.** Requires debt management services providers to create and maintain records sufficient for the commissioner to determine whether the registrant is complying with laws and to permit debtors to determine the amounts that were paid to creditors.
- 56 **Fees, payments, and consent of creditors.** Specifies the fees that may be charged by debt management services providers for their services and spells out their duties to the debtors they serve, especially in regard to obtaining consent of creditors to the debtor's debt management plan.
- 57 **Prohibitions.** Specifies the things a debt management services provider is forbidden to do.
- 58 **Advertisement of debt management services plans.** Prohibits false or misleading advertising by debt management services providers.
- 59 **Debt management services agreement rescission.** Permits a debtor to rescind a debt management services contract if the provider commits a material violation of this chapter. Requires a full refund of fees paid by the debtor in that case.
- 60 **Enforcement; penalties.** Provides enforcement of the preceding sections regarding debt management services providers through a private cause of action under section 8.31, a separate private cause of action under this section, injunctive relief, and enforcement by the attorney general under section 8.31.
- 61 **Investigation.** Gives the commissioner examination powers and the right to require a financial audit of debt management services providers.
- 62 **License renewal extension.** Extends the 2007 renewal date for current mortgage originator and servicer license holders, from July 31 to October 30, due to the changes made in this bill.
- 63 **Delayed license renewal date.** Delays the June 30, 2007, renewal date for real estate brokers and salespersons to August 31, 2007, due to the technology surcharge applied to them in section 0.
- 64 **Repealer.** (a) Repeals an obsolete law relating to organizational expenses of new banks. Repeals a law requiring financial institutions to notify the commissioner of commerce 15 days prior to their installation of a new ATM. Repeals a law requiring lower solvency requirements for mortgage originators than are required in section 0.
- (b) Repeals all the current laws regulating what will now be called debt management services providers, which are replaced in sections 0 to 0.