

HOUSE RESEARCH

Bill Summary

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Article 2: Energy

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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 Provides that this section is repealed July 1, 2009.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, 39, and 40 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 0to 0, 0, and 0), mortgage companies (sections 0to 0, 0, and 0), vehicle protection products warrantors (sections 0and 0to 0), insurance agents (sections 0, 0, and 0), mutual fund companies (sections 0and 0), real estate brokers and salespersons (sections 0, 0, 0, and 0), real estate appraisers (sections 0and 0), fuel dealers and distributors (sections 0and 0), credit repair services (section 0), and debt management services (sections 0, 0to 0, 0, 0, 0to 0, and 0).

- 1 Vehicle protection product warrantors. Provides a cross-reference for a data practices provision later in this bill, 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 0to 0of 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 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 0and 0to 0apply 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, 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.