

House Research Act Summary

CHAPTER: 1

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TOPIC: Agriculture, Environment, Natural Resources, Economic Development

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Article 1: Agriculture

Overview

Article 1 of Laws of Minnesota, 2005 Special Session, Chapter 1, appropriates \$87,228,000 in the 2006-2007 biennium for agriculture related programs of the Department of Agriculture, the Board of Animal Health, the Agricultural Utilization Research Institute, and the Minnesota Horticultural Society. The law also contains various fee adjustments and numerous policy provisions. The governor did not veto any provisions of Article 1.

1 Agriculture and rural development appropriations. Establishes funding levels for fiscal years 2006 (\$45,036,000) and 2007 (\$42,192,000) for the Department of Agriculture, the Board of Animal Health, the Agricultural Utilization Research Institute, and the Minnesota Horticultural Society.

2 Department of Agriculture appropriations.

Subd. 1. Total appropriations. General fund appropriations of \$39,789,000 and \$36,943,000 are for agriculture department activities. An additional \$388,000 in each year comes from the remediation fund.

Subd. 2. Protection services. The protection services division receives \$10,227,000 and \$10,278,000 from the general fund. \$388,000 in each year is from the remediation fund and is designated for administrative costs of the voluntary cleanup program.

The waste pesticide account in the agricultural fund is closed out and any balance in it is canceled to the pesticide regulatory account.

- \$150,000 each year is for increased monitoring of pesticides in groundwater.

Subd. 3. Agricultural marketing and development. Total funding for the Agricultural Marketing and Development Division is \$4,085,000 and 3,865,000.

- \$71,000 each year is for the Minnesota Grown Matching Account for Minnesota Grown registration grants.
- \$80,000 each year is for demonstration project grants involving sustainable agriculture.
- \$100,000 each year is for training and technical assistance for county and township officials involved in the zoning and siting of livestock facilities.
- \$220,000 is for a one-time contract with the University of Minnesota for research on livestock odor and air quality management.
- The commissioner of agriculture is instructed to lead a study of the

economic impact of a rail container load-out facility in west-central Minnesota.

Subd. 4. Value-added agricultural products. \$18,745,000 in fiscal year 2006 and \$15,268,000 in fiscal year 2007 are for ethanol producer payments. Ethanol producer payments in the two fiscal years must be disbursed at a payment rate of \$0.13 per gallon (rather than the statutory rate of \$0.20 per gallon). If the appropriation exceeds scheduled producer payments, the balance is to be used to pay deficiencies in earlier fiscal years.

- \$500,000 of this appropriation is for grants to service station operators for the installation of E85 dispensing equipment.
- \$100,000 in each fiscal year is for grants to study improvements in ethanol combustion efficiency.

Subd. 5. Administration and financial assistance. \$6,682,000 and \$7,532,000 are allocated to the Administration and Financial Assistance Division.

- \$1,005,000 each year is for continuation of the dairy profitability and dairy business planning grant programs. This appropriation may also be used for the department's expenses to administer the livestock equipment pilot loan program in section 76.
- \$50,000 each year is for the Northern Crops Institute.
- \$19,000 each year is for the Minnesota Livestock Breeders Association.
- \$2,000 each year is for payment adjustments on Family Farm Security Act loans. No new loans may be made in fiscal years 2006 or 2007.
- Aid payments to county and district agricultural societies and associations must be disbursed not later than July 15 of each year.
- \$150,000 is a one-time grant to Second Harvest Heartland for the purchase of milk for distribution to food banks and other qualified recipients.
- \$65,000 each fiscal year is for grants to the Northern Minnesota Forage-Turf Seed Advisory Committee for research.
- \$100,000 each fiscal year is for mental health counseling for farm families through Central Lakes College and Ridgewater College.
- \$17,000 in fiscal year 2006 and \$18,000 in fiscal year 2007 is for grants to the Minnesota Horticultural Society.

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Board of Animal Health. Total general fund appropriations for the work of the Board of Animal Health are \$3,259,000 and \$3,261,000. Of this appropriation \$300,000 in each

fiscal year is for one-time grants to the University of Minnesota Veterinary Diagnostic Laboratory to expand animal disease surveillance.

4 **Agricultural Utilization Research Institute.** \$1,600,000 each year is appropriated from the general fund to AURI.

5 **Fund transfer.** \$600,000 during the biennium is a cancellation from the environmental fund to the general fund.

6 **Minimizing energy use; renewable fuels.**

Subd. 1. Goals and actions. Establishes a goal of using 25 percent less gasoline in on-road state vehicles by 2010 and 50 percent by 2015. Diesel-fueled vehicles have a target of 10 percent reduction in 2010 and 25 percent in 2015.

Departments and agencies are to purchase at least 75 percent of on-road vehicles that are capable of using cleaner fuels or that have a fuel efficiency rating of over 30 miles per gallon city or 35 miles per gallon highway.

Vehicles should be using ethanol, biodiesel, or hydrogen created from agricultural products whenever legal and feasible.

Government services should be delivered to the public via web-based Internet applications whenever possible.

Subd. 2. Smartfleet committee. The commissioner of administration is to chair a committee with members from several agencies to implement the goals of reduced fuel consumption and greater use of renewables. The commissioner of administration is to also implement a fleet reporting and information management system to track progress toward meeting the fuel saving goals.

Subd. 3. Exclusion. Diesel-powered vehicles that have been retrofitted to burn ultra low sulfur diesel fuel or for emissions reduction are excluded from calculations when evaluating the fuel consumption goals.

7 **Semiannual reports.** The dates on which the commissioner of agriculture is to make semiannual reports on the Agricultural Fund are changed from October 15 and April 15 to February and November to coincide with revenue and expenditure forecasts.

8 **Agriculture best management practices loan program; application fee.** Authorizes the commissioner to impose a nonrefundable \$50.00 fee for each loan application. The fees are to be used for loan program administration.

9 **Loans issued to borrower.** Statutory language is amended so that the maximum term of a loan for a sewage treatment system is ten years rather than five, and the amount that can be loaned for a community sewage treatment system serving two or more households is increased from \$50,000 to \$100,000.

10 **Other applicable definitions.** The definitions related to cervidae from the new language in chapter 35 (Board of Animal Health) apply to chapter 17 also.

11 **Licensed food handlers; criminal penalties.** If a violation of law relating to licensed food handlers is not assigned a different penalty, it is deemed to be a misdemeanor offense.

12 **Administrative penalties; citation.** Adds chapter 28A to the list of chapters for which the commissioner of agriculture may issue a written citation in response to violations.

13 **Contested case.** Brings timelines for initiating a contested case proceeding into line with the standard procedure under chapter 14.

- 14 **Scale testing; commissioner's powers.** The Department of Commerce has turned over the duty for testing scale accuracy to the Department of Agriculture. This section is amended to give the commissioner authority to charge a fee for this service. The new fees must be equal to the fees formerly charged by Commerce.
- 15 **Pesticide regulatory account; establishment.** Allows for assessments to be credited to this fund, along with fees and penalties.
- 16 **Chemigation; application fee.** The nonrefundable application fee for a chemigation permit is increased from \$50.00 to \$250.00.
- 17 **Pesticide registration; application fee.** For each pesticide registered after March 1 of a license year, an additional late fee penalty of \$100.00 must be charged to the registrant.
- 18 **Pesticide dealer license; application fee.** The nonrefundable fee for a pesticide dealer license is increased from \$50.00 to \$150.00.
- 19 **Aquatic pest control license; fee.** The nonrefundable fee for an aquatic pest control license is increased from \$100.00 to \$200.00.
- 20 **Structural pest control license; fee.** The nonrefundable fee for a structural pest control license is increased from \$100.00 to \$200.00.
- 21 **Commercial pesticide applicator license; late renewal penalty.** The penalty fee for late renewal of a commercial pesticide applicator license is increased from \$10.00 to \$50.00.
- 22 **Non-commercial pesticide applicator license; late renewal penalty.** The penalty fee for late renewal of a non-commercial pesticide applicator license is increased from \$10.00 to \$50.00. Also, the fee for a noncommercial applicator license by an employee of the Minnesota Conservation Corps is set at \$10.00 – the same as for government employees.
- 23 **Testing laboratory certification; program establishment.** The program to certify soil and manure testing laboratories is changed from mandatory to voluntary.
- 24 **Testing laboratory certification; analysis reporting standards.** If a soil or manure testing laboratory offers a recommendation intended for use in Minnesota, the University of Minnesota or a land grant university in a contiguous state must offer a recommendation as well, and the source of the recommendation must be identified on the recommendation form.
- 25 **Testing laboratory certification; fees.** Instead of fixed fees of \$100.00 for application and \$100.00 for certification, the commissioner may charge the actual costs for administration of the certification program. Also, the commissioner may charge the actual costs for laboratory check sample preparation and shipping. The commissioner may accept voluntary donations to support soil and manure programs.
- 26 **Fertilizers; inspection fee.** The inspection fee for fertilizers, soil amendments, and plant amendments sold in the state is increased from \$0.15 per ton to \$0.30 per ton.
- 27 **Agricultural Chemical Response and Reimbursement Account; expenditures.** Increases the maximum reimbursement for ACRRA staff and administrative costs from \$175,000 to \$225,000.
- 28 **Entry and inspection.** Terminology of existing law is changed so that regulators are now authorized to look for “harmful” plant pest infestations that pose significant damage or harm rather than the term “dangerous.” Enforcement options are expanded to include compliance agreements and other directives and requests.
- 29 **Phytosanitary certificate fees.** Requires the commissioner to collect a fee adequate to recover laboratory analysis costs for issuing a phytosanitary certificate.
- 30 **Plant Health certificates and permits.** Provides for the issuance of supplemental, additional, or other certificates and permits assuring the health of exported plants.
- 31 **Shade tree pest control program; definitions.** The existing program for control of Dutch elm disease and oak wilt is expanded to cover all pests and pathogens affecting shade trees of the urban forest. Terms, including “pest,” are defined.

- 32 **Shade tree pest control program; commissioner to adopt rules.** Terminology is updated.
- 33 **Shade tree pest control program; diagnostic laboratory.** Terminology is updated.
- 34 **Shade tree pest control program; cooperation by the University of MN.** Terminology is updated.
- 35 **Shade tree pest control program; experimental programs.** Terminology is updated.
- 36 **Shade tree pest control program; removal of trees.** Terminology is updated.
- 37 **Shade tree pest control program; rules, applicability to municipalities.** Terminology is updated.
- 38 **Shade tree pest control program; grants to municipalities.** Terminology is updated.
- 39 **Shade tree pest control program; subsidies to certain owners.** Terminology is updated.
- 40 **Shade tree pest control program; municipal option to participate in program.** Terminology is updated.
- 41 **Definition; individual.** The term “individual” is defined as a human being.
- 42 **Nursery stock broker.** Clarifies that a nursery stock broker is selling or reselling “certified” nursery stock.
- 43 **Nursery stock dealer.** Clarifies that a nursery stock dealer handles “certified” nursery stock.
- 44 **Nursery stock grower.** Clarifies that a nursery stock grower deals in “certified” nursery stock.
- 45 **Sales location.** A sales location is a place where “certified” nursery stock is displayed or distributed.
- 46 **Tree spade operator.** A tree spade operator is a person (not necessarily a nursery stock dealer) who uses a tree spade in the selling and distribution of certified nursery stock.
- 47 **Nursery certificate requirements.** Adds new language prohibiting the issuance of a certificate to a person who does not sell certified nursery stock. Applicants for certification will be required to reveal the source or sources of all purchased nursery stock.
- 48 **Exempt nursery sales.** Not-for-profit organizations and individuals will be able to make sales or distributions on only ten days each calendar year rather than the current 14 days. Occasional sales by an individual may be made on only ten days per calendar year.
- 49 **Nursery law; establishment of fees.** Sets the date of January 1, 2006, for a change in nursery stock grower certificate fees.
- 50 **Nursery stock grower certificate.** Delinquent applications for certificate renewal will be charged a late fee not to exceed 30 percent of the application fee.
- 51 **Nursery stock dealer certificate.** Fees are increased for nursery stock dealer certificates and a late renewal penalty is imposed of up to 30 percent of the application fee.
- 52 **Nursery stock certification requirements.** Establishes circumstances under which growing nursery stock does not need to be inspected at least once in each 12-month period.
- 53 **Identification of origin.** Rewrites requirements that nursery stock be identified as to origin and assigns responsibility for examination of shipments.
- 54 **Violations.** The selling of nursery stock to an uncertified nursery stock dealer is added as a specific violation of nursery law.
- 55 **Restrictions on collecting; wildflowers.** Clarifies restrictions on the collecting of certain plant materials from public or private property without written permission of the property owner and authorization from the commissioner of agriculture.
- 56 **Apiary registration.** The annual registration fee of \$10.00 per beekeeper is changed to \$25.00 for hobbyist beekeepers with fewer than 50 colonies and \$50.00 for professional beekeepers with 50 or more colonies maintained in the state.
- 57 **Commercial feed license; application; fee; term.** Commercial feed licenses are not transferable from one person to another or one location to another.
- 58 **Commercial feed dealers; certificates, free sale.** A new section of statute imposes a

nonrefundable application fee of \$25.00 for each free sale certificate to facilitate movement of feeds for export from the state. Label review requires a nonrefundable application fee of \$50.00.

- 59 **Commercial feed dealers; fees.** Provides for location specific calendar year permits for certain feed dealers doing business with out-of-state customers in exchange for a \$100.00 application fee in lieu of the normal inspection fee of \$0.16 per ton.
- 60 **Commercial feed inspection account.** Clarifies which sections of statute regulate persons who contribute to the Commercial Feed Inspection Account.
- 61 **Commissioner duties.** Changes the statutory date for the expiration of the Organic Advisory Task Force from June 30, 2005 to June 30, 2007.
- 62 **Board of Animal Health: members; officers.** Amends existing statute to allow the director of the Veterinary Diagnostic Laboratory to be a consultant to the Board of Animal Health.
- 63 **Powers, duties, and reports.** Establishes the University of Minnesota Veterinary Diagnostic Laboratory as the official laboratory for the Board of Animal Health. Requires the director of the Veterinary Diagnostic Laboratory to report quarterly on the activities of the laboratory.
- 64 **Authority of state board.** Clarifies that when the governor declares an emergency the Board of Animal Health has authority to assume control of the Veterinary Diagnostic Laboratory and the resources of the laboratory.
- 65 **Other applicable definitions.** The definitions related to cervidae from several sections of new language in chapter 35 apply to chapter 17 also. The definitions to be repealed from chapter 17 and created in chapter 35, including “cervidae,” “farmed cervidae,” “owner,” and “herd.”
- 66 **Farmed cervidae.** Several sections of statute are moved from chapter 17 to chapter 35. These are the sections enforced by the Board of Animal Health and relate to cervidae running at large, the presence of wild cervidae inside a confinement area, requirements for cervidae fencing, disease control programs, systems of animal identification, inspection of facilities, registration of animals, and surveillance for control of chronic wasting disease.

The Board of Animal Health is instructed to adopt rules as necessary to implement its obligations and to control cervidae diseases.

- 67 **County agricultural societies; formation, powers.** General Laws of Minnesota for 1860, chapter XVII, authorized the citizens of any county or group of counties to organize an agricultural society or association for purposes of owning real property and improvements to the property where the society could hold an annual fair. New language makes it clear that the fairgrounds are exempt from local zoning ordinances throughout the year.
- 68 **Exemption from zoning ordinances.** The existing section of statute that exempted fairgrounds from zoning ordinances is amended to declare that “agricultural fair purposes” includes management of the fairgrounds property throughout the year.
- 69 **Definition; rural economic infrastructure.** Amends the current statute that provides for ethanol producer payments by adding a definition for “rural economic infrastructure,” which means activities that will enhance the value of agricultural commodities, by-products, or wastes through new and improved value-added conversion processes and technologies and the development of efficient marketing opportunities.
- 70 **Ethanol producer payments.** A new paragraph is added to existing statute to instruct the commissioner of agriculture to use appropriated funds not needed for ethanol producer payments or deficiency payments for payments to producers of rural economic infrastructure. Also adds language limiting eligibility for producer payments to the location where a plant was originally constructed.

- 71 **Motor vehicles; ethanol combustion efficiency grants.** Authorizes up to two grants per year, each up to \$50,000, for research on the effects of ethanol on fuel system components and materials and for improvements in the efficiency of ethanol fuel blend combustion.
- 72 **Ethanol grants; guidelines.** Instructs the commissioner of agriculture to establish guidelines for awarding grants under section 71.
- 73 **Loans; value-added agricultural products facility stock.** The funding source (and the directive for deposit of repayments) for the existing program to provide loans to farmers for the purchase of stock in value-added agricultural product processing facilities is changed to a newly created revolving loan account.
- 74 **Deposit of repayments.** Repayments on existing and future manure digester loans are directed to the new revolving fund account.
- 75 **Loans; methane digester loan program.** Current statutory language is amended to make all Rural Finance Authority loans for on-farm methane digesters no-interest loans.
- 76 **Livestock equipment pilot loan program.**

Subd. 1. Establishment. The Rural finance Authority is to establish a loan program to assist farmers' purchase of livestock-related equipment for the first time or to make improvements in an existing operation.

Subd. 2. Eligibility. A borrower must be a resident of Minnesota eligible to own and operate Minnesota farmland and have limited total net worth. The borrower must also be operating a properly registered feedlot.

Subd. 3. Livestock equipment loans. The RFA may purchase from a local lender up to 45 percent of the principal amount of a loan made to an eligible farmer for 90 percent of the value of qualifying livestock equipment. Also, the RFA participation is limited to \$40,000 per loan. Loans have a maximum term of seven years. The RFA may impose an application fee of \$50.

Subd. 4. Eligible expenditures. Lists a number of livestock-oriented facilities and equipment that qualify for the loan, including fences, feed storage and handling equipment, milking equipment, and pastures.

- 77 **Rural Finance Authority revolving loan account.** The new account is established and money from other accounts is transferred to it. Money in the account is available for the livestock equipment, manure digester, and value-added agricultural product facility stock purchase loan programs.
- 78 **Notice of application for livestock feedlot permit.** Adds a requirement that a person applying for a feedlot permit for 500 animal units or more must send a copy of the notice to the clerk of the town where the feedlot is proposed at least 20 business days before the permit is issued.
- 79 **AURI; board of directors.** Removes existing constraints on AURI board membership and compensation.
- 80 **Requirement for equine teeth floaters.** Defines several terms relating to the procedure of "floating" equine teeth and establishes procedures for a person to be certified to perform equine teeth floating services. Provides that a person may perform equine teeth floating services under the indirect supervision of a currently licensed veterinarian experienced in large animal medicine – specifying that the licensed vet must be available by telephone.
- 81 **Flexible fuel vehicle notice.** A dealer that sells a new flexible fuel vehicle must notify the purchaser in writing that the vehicle can use E85 fuel.
- 82 **Weight restrictions; vehicle transporting milk.** Extends by two years the exemption

from weight restrictions for milk trucks carrying milk from a single dairy farm to a processing plant or transfer point.

- 83 **Grant procedures and criteria (local roads of regional significance).** Adds “an appropriate state agency” to the list of interests that need to be consulted as procedures are established for distributing grants for local road improvements. Establishes the needs of new agricultural operations as one criteria to be considered when awarding grants or loans for local road work.
- 84 **Grain buyers and storage account; fees.** Fees are increased for licenses issued after June 30, 2005. Delinquent fees of not more than 10 percent per month may be imposed.
- 85 **Grain buyer financial statements.** A grain buyer who deals in less than 150,000 bushels of grain each year is allowed to use simplified financial reports when applying for a bond.
- 86 **Warehouse operator or household goods warehouse operator license.** Fees are increased for public storage buildings in sizes smaller than 200,000 square feet. A delinquent payment penalty of 10 percent per month may be imposed in addition to the fees.
- 87 **Fees; grain buyers and storage account.** Public grain warehouse license fees and examination fees, graduated for storage capacity at each licensed location, are imposed. A delinquent penalty payment of ten percent per month may be imposed in addition to the fees.
- 88 **Private grain warehouses; grain banks; fees.** A fee of \$140.00 is imposed for a city or town in which a private grain warehouse is operated as a grain bank. A delinquent penalty payment of 10 percent per month may be imposed in addition to the fees.
- 89 **Manufactured home park.** An amendment to existing law excludes from the definition of “manufactured home park” two or fewer manufactured homes that are maintained by an individual or company on premises associated with an agricultural operation and used only to house labor or other personnel engaged in the agricultural operation.

The manufactured homes still must meet the fire and safety standards of the National Electrical Code and the National Electrical Safety Code. Connections must be made to public water and sewer systems if these systems are reasonably accessible. Otherwise, the manufactured homes must use water source and plumbing systems that comply with the Minnesota Plumbing Code. Privies or water flush toilets must meet Health Department standards. The manufactured homes and home sites must be in compliance with the Health Department’s rules for control of insects, rodents, and weeds. Each manufactured home must be equipped with an automatic smoke detector outside each sleeping area.

- 90 **Feedlot zoning ordinances (counties).** Existing procedures for adopting or amending county feedlot ordinances are amended by requiring that the PCA and the commissioner of agriculture be notified no later than the notice of the first public hearing on the proposed ordinance adoption or amendment. Allows a county to submit a copy of the proposed ordinance to the PCA and the Department of Agriculture for review and recommendation by those agencies. Also requires that at the request of the county board, the county must prepare an economic analysis of the impact of the provisions on the ordinance on the local economy. Various state agencies must work together to prepare a template for measuring the local economic effects of a feedlot zoning ordinance.
- 91 **Interim ordinance (cities and towns).** A municipality (defined as a city or town) that proposes an interim ordinance, also called a moratorium ordinance, on livestock production must hold a public hearing not less than ten days after giving notice before the ordinance takes effect.
- 92 **Feedlot zoning controls (cities and towns).** Establishes procedures a municipality must follow when proposing a new or amended zoning control over feedlots. The PCA and the Department of Agriculture must be notified at the beginning of the process. A municipality

may submit a copy of the proposed ordinance to the PCA and the Department of Agriculture for review and recommendation by those agencies. If a municipality's governing body requests it, the municipality must prepare an economic analysis of the affect of the ordinance on the local economy. Several state agencies are required to work together to prepare a template for measuring the local economic effects of a feedlot zoning ordinance.

93 Transfer of funds; deposit of repayments. The remaining balances in the value added stock loan program and the manure digester loan program are deposited in the newly created revolving account. Any repayments to those programs are redirected for deposit in the new account.

94 Agricultural nutrient task force. A task force is created to review and make recommendations on the need for research, education, and training in the selection and application of agricultural fertilizer and soil nutrients; determine how fertilizers should be taxed; and identify changes that should be made in laws and rules related to fertilizer and soil nutrient management. The task force consists of two members each from the Senate and House agriculture committees, and 15 or more public members appointed by the commissioner of agriculture.

The commissioner must convene the first meeting and provide office support services as needed.

The commissioner is to report to the legislature on behalf of the task force by February 15, 2006.

95 Study; biodiesel fuel for residential and commercial heating. The Reliability Administrator in the Department of Commerce, is instructed to perform a comprehensive technical and economic analysis of the benefits of using biodiesel fuel or blends as a residential, commercial, and industrial heating fuel. By March 15, 2007, the administrator is required to report the results of the study and analysis to the appropriate legislative committees.

96 Continued support for sustainable and organic agriculture. Requests that the University of Minnesota continue to provide support for sustainable and organic agriculture, including alternative swine production systems.

97 Revisor's instruction. Instructs the Revisor of Statutes to correct references in statute and rule to reflect repealers and amendments in this act.

98 Repealer.

- Repeals section 41B.046, subdivision 3, the revolving fund for value-added agricultural product loan program.
- Repeals section 18B.065, subdivision 5, the waste pesticide collection account.
- Repeals section 19.64, subdivision 4a, the old schedule of apiary inspection fees.
- Repeals section 18H.02, subdivisions 15 and 19, the definitions of "landscaper" and "nursery hobbyist."
- Repeals section 17.983, subdivision 2, which established the procedure and penalty for failure to correct certain violations as ordered by the commissioner of agriculture.

- Repeals section 35.0661, subdivision 4, which provided that emergency powers of the Board of Animal Health related to disastrous animal disease outbreaks and the declaration of an emergency were to expire on July 31, 2005.
- Repeals sections 17.451 and several subdivisions of section 17.452, which related to farmed cervidae (these sections being transferred from the Agriculture Department to the Board of Animal Health).

Article 2: Environment and Natural Resources

Overview

The summary of Article 2 describes the appropriation amounts, fee and policy change sections of the bill for environment and natural resources related agencies. The appropriations listed do not reflect the line-item vetoes issued by the Governor on June 30, as summarized in sections 3 and 11.

- 1 **Appropriations.** Totals \$356,924,000 in fiscal year 2006 and \$355,228,000 in fiscal year 2007 for the following agencies.
- 2 **Appropriations.** Totals \$78,836,000 in FY 2006 and \$79,154,000 in FY 2007 for the new **Department of Environmental Protection.**
- 3 **Appropriations.** Totals \$226,157,000 in FY 2006 and \$225,980,000 in FY 2007 for the **Department of Natural Resources (DNR).** *[The FY 2006 appropriation does not reflect the Governor's veto of a \$325,000 grant from the game and fish fund to the Let's Go Fishing program.]*
- 4 **Appropriations.** Totals \$840,000 for each year of the biennium for the **Minnesota Conservation Corps.**
- 5 **Appropriations.** Totals \$15,440,000 in FY 2006 and \$15,231,000 in FY 2007 for the **Board of Water and Soil Resources.**
- 6 **Appropriations.** Totals \$6,574,000 each year for the **Minnesota Zoo Board.**
- 7 **Appropriations.** Totals \$750,000 each year for the **Science Museum of Minnesota.**
- 8 **Appropriations.** Totals \$7,870,000 each year for the **Metropolitan Council Regional Parks and Trails program.**
- 9 **Appropriations.** Directs the commissioner of the Pollution Control Agency to transfer \$1,459,000 from the environmental fund for cancellation to the general fund.
- 10 **Appropriations.** Directs the commissioner of finance to transfer, by the end of FY 2006 and 2007, any remaining unappropriated balance from the future resources fund to the general fund.
- 11 **Appropriations.** Totals \$20,457,000 in FY 2006 and \$18,829,000 in FY 2007 from the Environment and Natural Resources Trust Fund, LAWCON account monies, and the Great Lakes Protection account for projects recommended by the **Legislative Commission on Minnesota Resources.**

[These amounts do not reflect the Governor's vetoes of the following appropriations for Commission projects. Appropriations were from the trust fund, unless noted otherwise.]

- *\$450,000 in FY 2007 for administrative activities of the Commission*
- *\$250,000 in both FY 2006 and 2007 to the DNR for a land exchange revolving*

loan fund for Aitkin, Cass and Crow Wing counties

- *\$100,000 in both FY 2006 and 2007 to the DNR to enhance revenue generation in the state park and recreation system*
- *\$125,000 in both FY 2006 and 2007 to the UM and Natural Resources Research Institute to study climate, hydrologic, and ecological variability and trends and their impacts on the state's aquatic resources*
- *\$175,000 in both FY 2006 and 2007 to the DNR to install vegetated roofs on four commercial buildings and study the impact on stormwater management*
- *\$28,000 from the Great Lakes protection fund in FY 2006 and \$133,000 in FY 2006 and \$134,000 in FY 2007 from the trust fund to the UM to overhaul the Blue Lakes Research Vessel*
- *\$125,000 in FY 2006 and 2007 to the DNR for the development of GIS tools for Hennepin County to complete land cover classification mapping*
- *\$120,000 in FY 2006 and 2007 to the DNR for UM-Duluth to evaluate the socioeconomic benefits of renewable energy production*
- *\$450,000 in FY 2006 and 2007 to the DNR for equipment and construction costs for a biomass district energy system in the Phillips neighborhood in Minneapolis*
- *\$233,000 in FY 2006 and 2007 to the DNR for an agreement with Virginia Public Utilities to plant 1,000 acres of trees to support a biomass power plant*
- *\$75,000 in FY 2006 and 2007 to the DNR to create a statewide traveling groundwater exhibit and classroom program*
- *\$38,000 in FY 2006 and \$37,000 in FY 2007 to the DNR to train high school students and teachers in environmental problem solving*

These vetoes reduce the FY 2006 appropriation by \$2,077,000 (\$2,049,000 from the environmental trust fund, and \$28,000 from the Great Lakes Protection Fund) and the FY 2007 appropriation by \$2,049,000 (wholly from the environmental trust fund).]

- 12 **Forest trust lands.** Pertains to certain forest trust fund management costs to be transferred to the forest management investment account.
- 13 **DNR gift amounts.** Raises to \$50 the value limit of a gift that promotes conservation of natural resources the DNR commissioner may give to someone.
- 14 **Electronic transactions.** Adds certain items that can be paid via electronic means and allows a reasonable commission fee to do so.
- 15 **Nonprofit land transactions.** Allows the DNR and a nonprofit or government group to waive the provisions of section 84.0274, relating to the landowner's bill of rights, when mutually agreed upon.
- 16 **Landowner agreement.** Allows the DNR to enter into a right of first refusal agreement with a landowner over the value of the land.

- 17 Technical.
- 18 **Road easements across state lands.** Charges an applicant for a road easement across state land a sum up to \$2,000 for application costs incurred.
- 19 **OHV civil citations.** Adds 2004 law, for off-highway vehicle operation in restricted areas or certain wetland areas, for possible civil citation by a peace officer, with restitution possibly required too. Fines would double if using an outlawed snorkel device on the engine.
- 20 **Off-highway vehicle damage account.** Extends the account's expiration date from July 1, 2005 to July 1, 2008.
- 21 **Use of department resources.** Allows the commissioner to permit DNR personnel and equipment to assist local units of government on off-highway vehicle grant-in-aid trail work.
- 22 **Off-highway motorcycle decal.** Requires decals on public lands and prescribes where they must be affixed on the motorcycle.
- 23 **Refunds.** Allows the commissioner to issue a refund on a registration for an off-highway motorcycle.
- 24 **Sound emissions.** Mandates silencers with decibel limits for off-highway motorcycles on public lands after July 1, 2006.
- 25 **Safety program.** Requires an off-highway motorcycle law violator to complete the DNR safety program before continuing operation.
- 26 **Fees.** Allows collection of a \$1 issuing fee for licensing agents who issue an off-highway motorcycle safety certificate.
- 27 **Registration requirement.** Prohibits operation of an off-road vehicle on designated trails, land owned by the commissioner, or off-road vehicle grant-in-aid trails and areas funded under section 84.803 unless the vehicle has been registered under section 84.791.
- 28 **Education and training.** Requires the DNR to initiate a safety training program for off-road vehicle operators, including issuing certificates to those between 16 and 18 years-old. Allows a fee up to \$15 to be charged.
- 29 **Refunds.** Allows the commissioner to issue a refund on a registration for an off-highway vehicle.
- 30 **Permits.** Allows issuance of a temporary ten-day permit for snowmobiles.
- 31 **Refunds.** Allows refunds on fees charged in error for snowmobiles.
- 32 **Snowmobile stickers.** Requires purchase of a three-year snowmobile state trail sticker.
- 33 Technical.
- 34 **Issuance of stickers.** Allows agents to issue snowmobile state trail stickers.
- 35 **Duplicate state trail stickers.** Allows agents to issue duplicate snowmobile state trail stickers.
- 36 **Purposes for the account.** Adds several lakes to those on which snowmobile trails are eligible for a grant-in-aid program.
- 37 **Provisions applicable to funding recipients.** Extends immunity from liability to recipients of Minnesota trail assistance program funds who maintain ice trails on public waters of Voyageurs National Park.
- 38 **Duplicate snowmobile safety certificates.** Allows the commissioner to collect a \$1 issuing fee for licensing agents for issuing a duplicate snowmobile safety certificate.
- 39 **Temporary permit.** Allows ten-day temporary permits to be given by a dealer to a buyer purchasing an all-terrain vehicle.
- 40 **Refunds.** Allows refunds on fees charged in error for all-terrain vehicles.
- 41 **Duplicate all-terrain safety certificate.** Allows the commissioner to collect a \$1 issuing fee for licensing agents for issuing a duplicate all-terrain safety certificate.
- 42 **Training requirements.** Requires completion of an all-terrain vehicle safety training

course by any individual born after July 1, 1987 and who is at least 16 years old; or who is convicted of violating a law related to operating an all-terrain vehicle, or who is convicted of other specified violations.

43 **Youthful operators.** Requires children between 10 and 12 years-old to be accompanied by a parent or legal guardian if operating an ATV with an engine capacity up to 90cc on public property.

44 **ATV passengers.** Stipulates one passenger for an ATV vehicle operator, with helmet requirement for 16-17 years-old.

45 **ATV use exceptions.** Allows ATV use off-trail and in limited or managed forests, except in Dorer Memorial Forest, when hunting or retrieving big game, tending traps, or trapping minnows when possessing legal licenses.

46 **ATV utility work.** Allows ATV's working on utilities to operate on road shoulders and inside banks.

47 **ATV snorkels.** Prohibits certain ATV snorkel devices, except within OHV public recreation areas.

48 **Commercial fishing and turtle, frog, and crayfish harvesting.** Clarifies netting fish in waters that have aquatic invasive species, with certain requirements.

49 **Glacial lakes trail, Kandiyohi, Pope, and Douglas counties.** Allows the extension of the Glacial Lakes Trail system from New London to Cold Spring.

50 **State park permits.** Technical.

51 **State park permit display.** Allows the commissioner to establish by written order, an alternative means to display annual permits on motor vehicles.

52 **State park open house day.** Specifies that commissioner may designate an open house day at each state park.

53 **Big Bog State Recreation Area.** Specifies that a state park permit is not required and a fee may not be charged to motor vehicles entering or parking at the parking area north of the Tamarac River in the southern unit of the park.

54 **Discounts.** Allows the commissioner to waive or reduce state park entrance fees.

55 **Fee deposit and appropriation.** Specifies that money in the state parks account in the natural resources fund, except for the electronic licensing system commission, is available for appropriation to the commissioner to operate and maintain the state park system.

56 **Cross-country ski pass.** Increases the fee for an annual pass for individuals over 16 years of age from \$9 to \$14, and for a three-year pass from \$24 to \$39.

57 **Disposition of cross-country ski pass receipts.** Strikes language allowing revenues in the cross-country ski account to be used to maintain and groom trails and specifying a portion of revenues to be used to operate the electronic licensing system state commission.

58-63 **Watercraft license fees.** Raises the three-year fees as follows:

- **19 feet in length or less will be \$27, instead of \$18.**
- **Rentals at 19 feet or less will be \$9, instead of \$6.**
- **Canoes, kayaks, sailboats, sailboards or rowing shells 19 feet or less will be \$10.50, instead of \$7.**
- **Personal watercraft (jet skis) will be \$37.50, instead of \$25.**
- **17 feet in length or less, other than above, will be \$18, instead of \$12.**

- Above 19 feet up to 26 feet will be \$45, instead of \$30.
- Above 26 feet up to 40 feet will be \$67.50, instead of \$45.
- 40 feet and above will be \$90, instead of \$60.
- Rental watercraft over 19 feet will be \$75 each, instead of \$50.
- Nonprofit-owned watercraft used for teaching boat safety will be \$4.50, instead of \$3.
- Watercraft dealer's license will be \$67.50, instead of \$45.
- Transferring a watercraft license, or duplicate license, will be \$4.50, instead of \$3.

- 64 **Refunds.** Allows the commissioner to issue refunds for watercraft licenses under specified conditions.
- 65 **Water recreation account.** Establishes it in statutes, and delineates the fees going into it and the purposes the money can be spent on.
- 66-67 **Burning permits.** Authorizes electronic burning permits, besides the standard written ones that are free or up to a dollar can be charged, by fee and creates an account where the fee is deposited.
- 68 **Burning fees.** States that a noncommercial burning fee issued electronically is \$5.
- 69 **Forest bough account.** Creates an account within the natural resource fund for buying more than 100 pounds of decorative forest boughs on public land.
- 70-71 Technical.
- 72 **Planting stock.** States in purchasing planting stock that the DNR give preference to Minnesota grown.
- 73 **Planting funds.** Includes up to \$250,000 for forestry education and technical assistance purposes for use of the forest nursery account.
- 74 – 75 Technical.
- 76 **Land management account.** Creates an account within the natural resources fund for the road easement program.
- 77 **Minerals management account.** Creates the account within the natural resources fund. States that when the account balance is over \$3 million at the end of a fiscal year, the amount exceeding balance must be credited to the permanent school fund and permanent university fund.
- 78-82 **Technical.** Changes terminology for public land exchange categories.
- 83 **Land valuation.** Stipulates how the value of land may be determined in a land exchange.
- 84 **Land exchange.** Allows, except for school trust land, class A land to be exchanged for lesser value land, if the other party agrees to pay the difference in value.
- 85-86 **Land hearings.** States that the DNR, not the Land Exchange Board, holds the hearing and provides notice before any final approval of a DNR land exchange.
- 87 **Exchange fees.** Requires the fee to the landowner exchanging land with the DNR to be not less than one-half of the determination of value fee and survey fee.
- 88-89 Technical.
- 90-92 **County land exchange.** Authorizes exchanges of county-administered land for DNR managed land, except school trust land, or for U.S. owned land of greater value, if the

- county agrees to pay the difference in value.
- 93-94** Technical.
- 95** **Wildlife oversight committees.** Extends them until 2010, and requires their budget plans to go to the natural resources legislative committees on finance.
- 96** **PILT payments.** Providing payment in lieu of taxes on wildlife land at Camp Ripley for fiscal year 2007 and thereafter.
- 97** **Trout/salmon stamps.** Describes more detail on what money from these stamps may be used on by the DNR.
- 98-100** Technical.
- 101** **License applicants.** Requires a waiver request from state to federal government on requiring certain license applicant's social security numbers.
- 102** **Wildlife license issuance.** Allows a discretionary issuing fee of 50 cents by issuing agents when no issuing fee is contained in law.
- 103** Technical.
- 104** **Fish tagging.** Allows the DNR by rule to prescribe fish tagging and registration for certain fish species.
- 105-106** Technical.
- 107** **Required safety certificate.** Requires anyone born after December 31, 1979 to also have a firearm safety certificate in order to be issued a hunting license.
- 108** **Duplicate firearm certificate.** Authorizes a \$1 issuing fee for agents, and authorizes the DNR fees to be annually appropriated for firearms safety efforts.
- 109-113** **Lynx.** Removes lynx from wildlife statutory sections, as a protected animal.
- 114-115** **Fish management tags.** Charges \$5 application fee for a special fish management tag to be issued.
- 116** **BWSR conservation easements.** Allows the Board of Water and Soil Resources to receive and spend money to acquire conservation easements.
- 117-118** **Planting trees over tile.** States a person may not knowingly plant trees over public or private drain tile.
- 119** Technical.
- 120** **Beaver control.** Requires BWSR to provide grants to local government units and Indian tribal government to prevent beaver damage to public property.
- 121** **Water fees.** Raises the corporate once-through cooling water permit fee by \$100 to \$300 per one million gallons of water annually. Authorizes a surcharge of \$20 per million gallons for summer use of water that exceeds the January use for municipal, golf course and landscape users.
- 122** **Water permit application fees.** Doubles to \$150 certain application fees for water permit work.
- 123** **Aquatic plant fees.** Transfers the deposit of these fees to the water recreation account from the game and fish fund.
- 124** Technical.
- 125** **Citizen water quality monitoring.** Removes the 2005 sunset for citizen monitoring assistance to the Pollution Control Agency.
- 126** **Inspection.** Specifies that no system professional inspecting an individual sewage treatment system may use his or her government position, as employee or contractor, to solicit business for his or her private enterprise.
- 127** **Septic tank fee.** Limits the fee to \$25 per household installation for performance-based septic systems.
- 128** **Environmental education advisory board.** Delays the board's expiration date from June 30, 2003 to June 30, 2008.
- 129** **Advisory councils.** Consolidates two existing advisory councils on solid waste into the

Environmental Innovations Advisory Council, which is to focus on developing innovative programs to prevent waste and pollution.

- 130 **Authority of sanitary districts.** Adds purposes for which a sanitary district has authorities and duties of a county, including establishing a solid waste management program, inspecting mixed municipal solid waste facilities, and developing resource recovery systems.
- 131 **Fees; accounting.** Strikes language requiring political subdivisions to report annually all revenue collected from solid waste management fees, and accrued interest.
- 132 **Cathode-ray tube prohibition.** Delays the date after which a cathode-ray tube may not be placed in mixed municipal solid waste from July 1, 2005 to July 1, 2006.
- 133 **Full-time equivalence.** Defines “full-time equivalence” as working 2,000 hours or more, for the purpose of calculating fees paid to the dry cleaner environmental response and reimbursement account.
- 134 **Administration.** Specifies the scope of indemnification for grantees or contractors operating under the technical assistance program.
- 135 Technical.
- 136 **Real property report.** Requires a trust fund appropriation recipient using the money for real property acquisition to submit annual status reports, and allows transfer of this responsibility under certain conditions.
- 137 **Mowing ditches.** Requires commissioners of DNR and DOT to provide roadside habitat for small wildlife.
- 138 **Critical habitat plates.** Authorizes the owners of recreational equipment to purchase these license plates.
- 139 **Motorboat trailers.** Authorizes trailers for motorboats to also be seized and subject to forfeiture when used in the commission of a designated offense.
- 140-141 **Farm-grown biomass.** Makes certain requirements for the DNR and county auditors in the production or removal of farm-grown closed-loop biomass.
- 142 **Tax-forfeited land.** States that a county board having a balance of money remaining from the sale or rental of tax-forfeited land, after statutory apportionment in chapter 282, may use the funds to improve the health and management of county forests.
- 143-144 Technical.
- 145 **Revenue allocation.** Requires that \$33,760,000, or 70 percent, whichever is greater of the solid waste management tax, be credited to the environmental fund.
- 146 **Nonconforming use.** Requires municipalities to regulate nonconforming uses and structures in floodplain areas in order to retain eligibility in the federal flood insurance program.
- 147 **Metro area water supply.** Requires the Metropolitan Council to carry out planning activities to address water supply needs in the metro area, with an advisory committee and including a variety of tasks and recommendation duties.
- 148 **Debt reserve levy.** Allows the Metro Council to levy for a deficiency in the debt service fund.
- 149 **County trust fund.** Allows a county some flexibility in depositing or investing their own environmental trust fund money.
- 150 **Arboretum land acquisition.** Amends a 2003 law for an LCMR appropriation, allowing land acquisition from willing sellers by the Minnesota landscape arboretum.
- 151 Technical.
- 152 **OHV use north of highway 2.** Allows forest lands under DNR authority to maintain their present classification unless reclassified by rule, or seasonal trail closure under the authority of the commissioner.
- 153 **ATV rulemaking.** Requires the DNR to amend rules to allow an all-terrain vehicle to be

allowed on private land where deer hunting by firearms is permitted under certain conditions.

154 Minerals management. Mandates that 20 percent of all mineral lease payments must be credited to the mineral management account.

155 Waste management task force. Creates a waste management task force of five members each from the House and Senate, appointed by the chairs committees in each body with primary jurisdiction over environmental policy and finance.

The task force is charged to examine three issues:

- the management of organic waste, including the need for an organic waste hierarchy; the economics of managing organic waste; and current systems for transporting, processing and disposing of organic waste;.
- alternative methods of establishing a statewide system for the disposal of electronic waste, including collection and recycling systems that obtain funding from manufacturers, wholesalers and consumers; and
- prospects for expanding current landfills and siting new landfills.

The task force is to report findings and recommendations to the legislature by January 15, 2006, and will expire on July 1, 2006.

156 LCMR task force. Creates a 16 member legislative and citizen task force to make recommendations for changes in the environment and natural resources trust fund expenditure process. Report is due February 15, 2006, and LCMR duties in this regard terminate on June 30, 2006.

157 Agreement continuation. Provides that existing agreements between the Met Council and participants in the repealed credit enhancement program will be honored with respect to bonds issued prior to this act's effective date.

158 Program funds. Provides that any credit enhancement debt reserves that originated from proceeds of solid waste bonds will be transferred to the council's general fund for use in carrying out water supply planning functions.

159 Application for disability. Allows eligibility for a certain DNR employee suffering an unfortunate situation.

160 Merger. Moves office of Environmental Assistance duties to the PCA, with employees transferred.

161 Revisor instruction. Conforms to merger under section 160.

162 Repealers. Repeals:

- section 84.901, relating to the existing OHV safety and conservation program;
- sections 94.343, subd. 6; 93.344, subd. 6; 94.348; and 94.349, relating to the DNR's land exchange laws;
- sections 115A.03, subdivisions 8a and 22a; 115A.055, subdivision 1; 115D.03, subdivision 4; and 473.801, subdivision 6, relating to the office of environmental assistance; and
- sections 473.156, 473.197, subd. 1-3 and 5, relating to the metro council's bond

credit enhancement program.

Article 3: Jobs and Economic Development Appropriations

Overview

This article makes appropriations for the 2006-2007 biennium to the Department of Employment and Economic Development, the Department of Commerce, the Housing Finance Agency, Explore Minnesota Tourism, the Department of Labor and Industry, the Bureau of Mediation Services, the Workers' Compensation Court of Appeals, the Minnesota Historical Society, the Board of the Arts, the Board of Accountancy, the Board of Architecture, the Board of Barber and Cosmetologist Examiners, the Public Utilities Commission, and the Board of Electricity.

The governor vetoed the appropriation to the Minnesota Conservation Corps (§ 3) and certain items in section 2, subdivisions 2 and 3. These line-item vetoes reduce the general fund appropriations for the biennium by \$3,400,000 and the workforce development fund appropriations for the biennium by \$2,656,000.

1 Jobs and economic development appropriations. Appropriates \$201,380,000 in FY 06 and \$186,920,000 in FY 07 (\$388,300,000 for the biennium) for jobs and economic development programs. Of this amount,

- \$161,219,000 in FY 06 and \$146,559,000 in FY 07 is from the general fund.
- \$16,627,000 in FY 06 and \$16,827,000 in FY 07 is from the workforce development fund.
- \$700,000 in each year is from the remediation fund.
- \$1,084,000 in each year is from the petroleum tank cleanup fund.
- \$21,750,000 in each year is from the workers' compensation fund.

2 Employment and economic development.

Subd. 1. Total appropriation. Appropriates \$69,825,000 in FY 06 and \$54,549,000 in FY 07 to the Department of Employment and Economic Development (DEED) (\$54,448,000 from the general fund in FY 06 and \$38,972,000 from the general fund in FY 07; \$700,000 from the remediation fund in each year; and \$14,677,000 from the workforce development fund in FY 06 and \$14,877,000 from the workforce development fund in FY07). The amounts that may be spent for each program are specified in the following subdivisions.

Subd. 2. Business and community development. \$23,359,000 in FY 06 and \$7,883,000 in FY 07 (\$22,659,000 from the general fund in FY 06 and \$7,183,000 from the general fund in FY 07; \$700,000 from the remediation fund in each year) is for **business and community development**. Of this amount,

- \$150,000 in each year (from the general fund) is for a grant to the **Rural Policy**

and Development Center at St. Peter for:

- (1) research and policy analysis of rural economic and social issues;**
- (2) to serve as a policy resource center for rural communities;**
- (3) to encourage collaboration across higher education institutions;**
- (4) to provide interdisciplinary team approaches to research and problem-solving in rural communities; and**
- (5) to administer overall center operations.**

Makes the grant contingent upon dollar-for-dollar nonstate matching funds.
Makes funds not spent in FY 06 available in FY 07.

- \$155,000 in each year (from the general fund) is for a grant to the **Metropolitan Economic Development Association** for continuing minority business development programs in the metropolitan area.
- \$150,000 in each year (from the general fund) is for a grant to **WomenVenture** for women's business development programs.
- \$250,000 in each year (from the general fund) is to establish a **methamphetamine laboratory cleanup revolving loan fund**. Makes this a onetime appropriation that is available until spent.
- \$18,000 in FY 06 and \$17,000 in FY 07 are for onetime grants to the **Riverbend Center for Entrepreneurial Facilitation**. Requires each state-appropriated dollar to be matched with a nonstate dollar. Makes any balance in the first year available in the second year. Grant recipients must report the following information to the commissioner by February 1 in each of the two years after receiving the grant: (1) the number of customers served; (2) the number of businesses started, stabilized, or expanded; (3) the number of jobs created and retained; and (4) business success rates. The commissioner must report to the legislature on the program's effectiveness.
- \$15,000,000 in each year is a onetime appropriation for the expenses of the **University of Minnesota-Mayo Foundation** partnership for research in biotechnology and medical genomics. Makes the appropriation available until expended. Requires an annual report to the appropriate House and Senate committees by June 30 of each year until the appropriation is expended.
- \$100,000 in each year is to **help small businesses access federal funds** through the federal Small Business Innovation Program and the federal Small Business Technology Transfer Program. Adds this appropriation to the agency's base. Requires DEED to maintain connections to 11 federal programs, assess specific funding opportunities, review funding proposals, give referrals to consulting services, and conduct training workshops throughout the state.

- \$60,000 in each year is for grants to the **Minnesota Inventors Congress**. Of this amount, \$10,000 each year is for the **Student Inventors Congress**.
- \$125,000 the first year is for a onetime grant to the **Northwest Regional Development Commission** at Warren for field research on the planning and production of cold-hardy grape cultivars. Requires an annual report. *The governor vetoed this appropriation on June 30, 2005.*
- \$15,000 in FY 06 is for a onetime grant to **La Creche Early Childhood Centers, Inc.** of Minneapolis.
- \$250,000 the first year is for a onetime grant to the **Blandin Foundation** for the “get broadband program.” Requires equal matching from nonstate funds.
- \$100,000 the first year is for a onetime grant to the **Children’s Discovery Museum** in Grand Rapids.

Subd. 3. Workforce partnerships. \$15,229,000 in each year (\$8,347,000 from the general fund and \$6,882,000 from the workforce development fund) is for **workforce partnerships**. Of this amount,

- \$6,785,000 in each year (from the general fund) is for the **Minnesota Job Skills Partnership Program**. The appropriation for either year is available for the other year. The appropriation does not cancel.
- \$305,000 in each year (from the general fund) is for a grant to **Twin Cities RISE!** to provide training to hard-to-train individuals.
- \$875,000 in each year (from the workforce development fund) is for **Opportunities Industrialization Center** (OIC) programs.
- \$500,000 in each year (from the workforce development fund) is for a onetime grant to the **Minnesota OIC State Council** for training to American Indians on personal financial management and investment and to become small businesspersons. *The governor vetoed this appropriation on June 30, 2005.*
- \$500,000 in each year (from the workforce development fund) is for a onetime grant to the **Minnesota OIC State Council** to initiate and expand **health occupation training** at Minnesota OICs.
- The first \$1,450,000 deposited in the **contingent account** is transferred to the workforce development fund upon deposit. Deposits in the contingent account in excess of \$1,450,000 shall be transferred to the general fund.
- \$1,069,000 in each year (from the general fund) and \$3,000,000 in each year (from the workforce development fund) is for a onetime grant for the **Minnesota Youth Program**. *The governor vetoed the general fund appropriation for this item on June 30, 2005.*

- \$183,000 in each year is for a onetime grant to the **Learn-to-Earn** summer youth employment program. Makes the appropriation available until spent. *The governor vetoed this appropriation on June 30, 2005.*
- \$757,000 in each year (from the workforce development fund) is for a onetime grant for the **Youthbuild** program.
- \$1,000,000 in each year (from the workforce development fund) is for a onetime grant to the **Minnesota Alliance of Boys and Girls Clubs**.
- \$5,000 in each year is for a onetime grant to the **Northwest Regional Curfew Center** under the Youth Intervention Program. *The governor vetoed this appropriation on June 30, 2005.*
- \$8,500 in each year (from the department's base) is for a grant to the **Twin Cities Community Voicemail** to maintain the toll-free telephone number for the Greater Minnesota Project. *The governor vetoed this appropriation on June 30, 2005.*
- \$250,000 in each year (from the workforce development fund) is for a grant to **Lifetrack Resources** for its immigrant and refugee collaborative programs.

Subd. 4. Workforce services. \$27,960,000 in FY06 (\$20,165,000 from the general fund and \$7,795,000 from the workforce development fund) and \$28,160,000 (\$20,165,000 from the general fund and \$7,995,000 from the workforce development fund). Of this amount,

- \$12,284,000 in each year (\$4,864,000 from the general fund and \$7,420,000 from the workforce development fund) is for **extended employment services** for persons with severe disabilities or related conditions.
- \$1,690,000 in each year (from the general fund) is for grants for the eight **Centers for Independent Living**. Makes money not expended in FY 06 available in FY 07.
- \$325,000 in each year (\$150,000 from the general fund and \$175,000 from the workforce development fund) is for grants to the **Minnesota Employment Center for People Who Are Deaf or Hard-of-Hearing**. Money not expended in FY 06 is available in FY 07. Of the amount from the workforce development fund, \$150,000 each year is a onetime appropriation.
- \$1,000,000 in each year (from the general fund) and \$200,000 in FY06 and \$400,000 in FY07 (from the workforce development fund) is for grants for programs that provide **employment support services to persons with mental illness**. Up to \$77,000 each year can be used for administrative expenses. The amount from the workforce development fund is a onetime appropriation.
- \$4,940,000 in each year (from the general fund) is for **State Services for the**

Blind activities.

- \$7,521,000 in each year (from the general fund) is for the state's **Vocational Rehabilitation Program** for people with significant disabilities.

Requires the commissioner of finance to cancel the unencumbered balance in the contaminated site cleanup and development account to the unrestricted fund balance in the general fund.

Subd. 5. State-funded administration. \$3,277,000 in each year is for state-funded administration.

3 **Minnesota Conservation Corps.** \$1,200,000 in each year (from the workforce development fund). This is a onetime appropriation.

4 *The governor vetoed this appropriation on June 30, 2005.*
Commerce.

Subd. 1. Total appropriation. Appropriates \$22,065,000 in each year to the Commerce Department (\$20,146,000 from the general fund; \$1,084,000 from the petroleum cleanup fund; \$835,000 from the workers' compensation fund). The amounts that may be spent for each program are specified below.

Subd. 2. Financial examinations. \$5,994,000 in each year.

Subd. 3. Petroleum tank release cleanup board. \$1,084,000 in each year (from the petroleum tank cleanup fund).

Subd. 4. Administrative services. \$5,418,000 in each year.

Subd. 5. Market assurance. \$5,757,000 in each year (\$4,922,000 from the general fund and \$835,000 from the workers' compensation fund).

Subd. 6. Energy and telecommunications. \$3,812,000 in each year.

Subd. 7. Fair housing education. Cancels the unencumbered balance of the money appropriated for fair housing education (Laws 2001, ch. 208, § 28) and transfers it to the general fund.

Subd. 8. Mortgage consumer education. Transfers to the general fund \$200,000 of the unexpended balance in the consumer education account (§ 58.10, subd. 3).

Subd. 9. Liquefied petroleum gas account. Cancels the unexpended balance in the liquefied petroleum gas account and transfers it to the general fund.

5 **Housing Finance Agency.**

Subd. 1. Total appropriation. Appropriates \$35,235,000 in each year to the Minnesota Housing Finance Agency (MHFA). Makes this part of the agency's base, unless otherwise noted. The amounts that may be spent for each program are

specified below.

Subd. 2. Challenge program. \$10,907,000 in each year. Of this amount, \$1,285,000 each year shall be available exclusively for **housing projects for American Indians** for the first eight months of the fiscal year.

Subd. 3. Housing trust fund. \$6,305,000 in each year. Makes the base for the housing trust fund \$8,305,000 each year in the 2008-2009 biennium.

Subd. 4. Rental housing assistance program. \$1,638,000 in each year. The program is for persons with a mental illness or families with an adult member with a mental illness.

Subd. 5. Family homeless prevention and assistance programs. \$3,715,000 in each year. Makes any balance in FY 06 available in FY 07. Specifies that the MHFA may transfer unencumbered balances from one account to another as necessary to implement the business plan of the working group on **long-term homelessness**.

Subd. 6. Home ownership assistance fund. Makes the budget base \$885,000 in each year.

Subd. 7. Affordable rental investment fund program. \$8,996,000 in each year.

- Specifies that this appropriation is to finance the acquisition, rehabilitation, and debt restructuring of (1) federally assisted rental property, and (2) existing supportive housing properties (i.e., affordable rental housing with links to services needed for people to maintain housing stability).
- Authorizes use of the appropriation to make equity take-out loans.
- Requires owners of federally assisted rental property to participate in the applicable federally assisted housing program and to extend existing low-income affordability restrictions for the maximum term permitted. Also requires owners to give local governments, housing and redevelopment authorities, and nonprofit housing organizations a right of first refusal.
- Among comparable properties, gives priority to (1) properties with the longest remaining term under an agreement for federal rental assistance, and (2) developments that are or will be owned by a local government unit, a housing and redevelopment authority, or a nonprofit housing organization.

Subd. 8. Housing rehabilitation and accessibility program. \$2,654,000 in each year. Makes the budget base for the housing rehabilitation and accessibility program \$392,000 in FY 08 and FY09.

Subd. 9. Home ownership, education, counseling, and training program.

\$770,000 in each year.

- 6 Subd. 10. Nonprofit capacity building grants.** \$250,000 in each year.
Explore Minnesota Tourism. Appropriates \$8,701,000 in FY 06 and \$9,701,000 in FY 07 to Explore Minnesota Tourism. Requires \$4,000,000 each year to be matched from nonstate sources and specifies that no more than half of the total match may be in-kind contributions.

Provides that, for every dollar generated from nonstate sources in excess of \$4,000,000 in FY 06, an amount of up to \$1,000,000 is appropriated from the general fund to Explore Minnesota Tourism for marketing purposes. Requires the director to give priority for partnership marketing grants to (1) organizations with year-round tourism activities, and (2) programs and projects that either encompass two or more areas or attract nonresidents to Minnesota. Makes funding for the grants available either year of the biennium. Makes unexpended grants in FY 06 available in FY 07. Allows the director to use grant dollars or in-kind services to provide the state's contribution to the partnership grant program. Provides that unexpended appropriations do not cancel, but must be placed in a marketing account for Explore Minnesota Tourism.

Of this amount, \$50,000 (from the base) is for a onetime grant in FY 06 to the **Mississippi River Parkway Commission** to promote tourism along Great River Road. Makes the appropriation available until June 30, 2007.

\$250,000 in each year is for the **Minnesota Film Board**. Makes the appropriation contingent upon the board's receipt of one nonstate dollar for each three state dollars appropriated.

Of this amount, \$60,000 the first year is for a onetime grant to the city of Winona for the **Great River Shakespeare Festival**. Requires equal matching from nonstate sources.
7 Labor and Industry.

Subd. 1. Total appropriation. \$22,919,000 in each year (\$2,872,000 from the general fund, \$19,297,000 from the workers' compensation fund, and \$750,000 from the workforce development fund). The amounts that may be spent for each program are specified below.

Subd. 2. Workers compensation. \$10,371,000 in each year (from the workers' compensation fund).

- Up to \$150,000 in each year is for grants to the **Vinland Center** for rehabilitation services. Requires the grants to be distributed as the department refers injured workers to the Vinland Center to receive rehabilitation services.

Subd. 3. Workplace services. \$7,261,000 in each year (\$2,872,000 from the general fund, \$3,639,000 from the workers' compensation fund, and \$750,000 from the workforce development fund).

- \$650,000 in each year (from the workforce development fund) is for the

apprenticeship program.

- \$100,000 in each year (from the workforce development fund) is for **labor education and advancement program grants**.
- Requires a \$20 fee increase for journeyman high-pressure piping pipefitter licenses and high-pressure piping contracting pipefitters, a \$10 fee increase for inactive licenses, and a \$100 fee increase for high-pressure pipefitting business licenses.
- Requires a \$50 increase in the fee for filing a permit application, a \$50 increase for the minimum high-pressure piping inspection fee, and a 10 percent increase in the schedule of inspection fee rates.

Subd. 4. General support. \$5,287,000 in each year (from the workers' compensation fund).

8 Bureau of Mediation Services.

Subd. 1. Total appropriation. \$1,773,000 in each year.

Subd. 2. Mediation services. \$1,673,000 in each year.

Subd. 3. Labor management cooperation grants. \$100,000 in each year is for onetime grants to area labor-management committees.

9 Workers' Compensation Court of Appeals. \$1,618,000 in each year (from the workers' compensation fund).

10 Minnesota Historical Society (MHS).

Subd. 1. Total appropriation. \$23,317,000 in FY 06 and \$23,133,000 in FY 07. The amounts that may be spent for each program are specified below.

Subd. 2. Education and outreach. \$13,191,000 in each year.

- \$60,000 of this amount in each year is for **Capitol Tours**. Prohibits MHS from charging a fee for general tours at the Capitol and appropriates this money to offset the revenue loss from the prohibition on charging these fees. Adds this amount to MHS's base.
- \$700,000 in each year is for the operation of the following historical sites: **Kelley Farm, Hill House, Lower Sioux Agency, Fort Ridgely, Historic Forestville, the Forest History Center, and the Comstock House**. (Makes this appropriation effective the day following final enactment.)
- \$50,000 of this amount in each year is for a grant to the **Sesquicentennial Commission**, established in § 0. Makes this a onetime appropriation, available until January 30, 2009.

Subd. 3. Preservation and access. \$9,772,000 in each year.

Subd. 4. Pass-through appropriations. \$354,000 in FY 06 is for pass-through appropriations (\$43,000 for the Minnesota International Center; \$16,000 for the Minnesota Air National Guard Museum; \$67,000 for the Minnesota Military Museum; and \$128,000 for Farmamerica). \$170,000 in FY 07 is for pass-through appropriations (\$42,000 for the Minnesota International Center and \$128,000 for Farmamerica). Allows Farmamerica to use this money for operations. Appropriates \$100,000 for a onetime grant to Otter Tail County for the Perham **Veterans Museum**. Makes any unencumbered balance in FY 06 available in FY 07.

Subd. 5. Fund transfer. Authorizes MHS to reallocate for any program purposes funds appropriated for education and outreach and for preservation and access. Requires MHS's best efforts to avoid closing historic sites or substantially limiting public access to historic sites. Requires MHS to consult with groups and individuals who are willing to provide financial or in-kind support.

11 Board of the Arts.

Subd. 1. Total appropriation. \$8,593,000 in each year. Makes the appropriation for each year available for the other year. The amounts that may be spent for each program are specified below.

Subd. 2. Operations and services. \$404,000 in each year.

Subd. 3. Grants programs. \$5,767,000 in each year.

Subd. 4. Regional arts councils. \$2,422,000 in each year.

12 Board of Accountancy. \$487,000 in each year. Combines the administrative functions of the Board of Accountancy and the Board of Architecture, effective the day following final enactment (no later than June 30, 2006). (Both boards would remain intact and retain their status as separate agencies.)

13 Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design. \$785,000 in each year.

14 Board of Barber Examiners. \$699,000 in each year.

15 Public Utilities Commission. \$4,163,000 in each year.

16 Board of Electricity. Requires the Board of Electricity to transfer \$4,000,000 from the special revenue fund to the general fund by June 30, 2006.

17 Fund transfer. Requires the transfer of \$4,000,000 from the **metropolitan landfill contingency action trust account** in the remediation fund to the **renewable development account** by June 30, 2007.

Article 4: Jobs and Economic Development Policy Provisions

Overview

Among other things, this article modifies programs related to jobs and economic development; adjusts various license and inspection fees; updates weights and measures standards; delays the repeal of petroleum tank release cleanup provisions; authorizes additional uses of unemployment insurance data; modifies Minnesota redevelopment accounts; establishes an incumbent worker program; modifies provisions involving telephone service providers and the 911 emergency telecommunications system; establishes a sesquicentennial commission; and amends the qualifications for receiving job program training grants.

- 1 **Economic status of women.** Requires the legislative coordinating commission to study and report to the legislature, on an ongoing basis, about matters relating to the economic status of women in Minnesota.
- 2 **Definitions; ethanol development.** Updates the industry specification with which ethanol must comply.
- 3 **License education.** Establishes the following license fees which must be paid to the commissioner of commerce:
 - for initial course approval, \$10 for each hour or part of an hour of education course approval sought;
 - for renewal of course approval, \$10 per course;
 - for initial coordinator approval, \$100; and
 - for renewal of coordinator approval, \$10.
- 4 Provides that each form of approval expires after 24 months.
Fee to transact business. Sets a \$1,500 fee for domestic and foreign companies filing an initial certification of authority to be admitted to transact business in Minnesota. Requires the fee to be paid to the commissioner of commerce, for deposit in the general fund.
- 5 **Insurance producer licensing fees.** Sets the fees paid to the commissioner of commerce by licensed insurance producers as follows:
 - \$50 for an initial or renewal individual producer life, accident and health, property, or casualty license;
 - \$50 for an initial or renewal individual producer variable life and variable annuity license;
 - \$50 for an initial or renewal individual producer personal lines or limited lines license;
 - \$200 for an initial or renewal business entity license.
- 6 **Adjuster license and permit fees.** Reduces to \$50 (from \$80) the fee for each initial and

adjuster license and temporary permit and for each renewal or amendment to the license or permit.

7 **Members; Real Estate Appraiser Advisory Board.** Requires at least one member of the board to be certified to teach the uniform standards of Professional Appraisal Practice by the Appraisal Qualification Board of the Appraisal Foundation.

8 **Conduct of meetings.** Requires the Real Estate Appraiser Advisory Board to meet at least once every six months.

9 **Real estate appraiser license fees.** Sets a flat fee of \$150 for each initial individual real estate appraiser's license.

10 **Petroleum Tank Release Compensation Board rules.** Authorizes the board to use the expedited rulemaking process set forth in the Administrative Procedures Act (§ 14.389) to adopt rules specifying the competitive bidding requirements for consultant services proposals and the written proposal and invoice requirements for consultant services.

11 **Reimbursement; aboveground tanks in bulk plants.** Authorizes reimbursements for certain bulk plant work completed after November 1, 2003, under the following conditions: (1) the work was contracted for prior to that date; (2) an unanticipated situation prevented the work from being completed by that date; and (3) an application for reimbursement under this provision is submitted by December 31, 2005.

12 **Retail locations and transport vehicles.** Allows transport vehicles used to deliver gasoline into underground storage tanks during 2002 and 2003 to be reimbursed for retrofits.

13 **Repealer; Petroleum Tank Release Cleanup Act.** Extends the sunset on the Petroleum Tank Release Cleanup Act from June 30, 2007, to June 30, 2012.

14 **Renewable energy production incentive.** Requires \$10,900,000 to be annually allocated from the renewable development account to fund renewable energy production incentives until January 1, 2018. Also more than doubles the amount (to \$9,400,000) that must be used each year for incentives for electricity generated (up to 200 megawatts) by eligible wind energy conversion systems.

15 **Contaminated site cleanup and development grant account.** Makes appropriations to this account available for four years, notwithstanding other statutory requirements for unused appropriations.

16 **Creation of redevelopment accounts.** Strikes language specifying the redevelopment accounts are for "greater Minnesota." Also strikes language restricting the use of money in the bond proceeds fund to eligible costs and publicly owned property.

17 **Definitions.** Defines "metropolitan area" and "municipality;" clarifies the definition of "redevelopment cost or costs" and "development authority;" and strikes the definition of "redevelopment."

18 **Redevelopment grant applications.**

Subd. 1. Application required. Requires the governing body of a municipality to approve an application for a redevelopment grant by resolution.

Subd. 2. Required content. Modifies current requirements for the content of redevelopment grant applications to require: (1) a redevelopment plan for the site; (2) a detailed estimate (and supporting evidence) of total redevelopment costs for the site; (3) an assessment of development potential or likely use of the site after completion of the plan; and (4) an explanation of how the municipality will meet the local match requirement.

19 **Redevelopment grants.**

Subd. 1. Commissioner discretion. Deletes reference to “greater Minnesota.”

Subd. 1a. Priorities. Requires the commissioner to prioritize grants for sites that provide the highest return in public benefits for the public costs incurred. Lists a number of public benefits (e.g., job creation, environmental benefits, efficient use of existing infrastructure, provision of affordable housing). Specifically requires the commissioner to weigh the following factors when prioritizing redevelopment projects:

- the need for redevelopment and contamination remediation needs;
- whether the project meets current TIF requirements for a redevelopment district and tax increments will contribute to the project;
- redevelopment potential within the municipality;
- proximity to public transit (if in the metro area); and
- multijurisdictional projects that take into account the need for affordable housing, transportation, and environmental impact.

Subd. 2. Application cycles. No change.

Subd. 3. Match required. Requires municipalities to pay for at least one-half of the redevelopment costs as a local match in order to qualify for a redevelopment program grant.

20 Fees for pamphlets and publications. Creates an exception to the rule that fees for materials and services must be deposited in the general fund. Allows the commissioner of employment and economic development to sell marketing materials at cost to economic development organizations in quantities that would not be available through general fund appropriations. Directs the commissioner to place funds received from such sales in a special revolving account, and annually appropriates these funds to the commissioner to pay for the production of these materials.

21 Minnesota investment fund grant limits. Allows a community or tribal government to retain 20 percent of a grant (up to \$100,000) when it is repaid to the community or tribal government by the person/entity to which it was loaned. (A community or tribal government used to be allowed to retain \$100,000.)

22 Qualified job training program. Amends the requirements for a job training program to qualify for job program training grants under Minnesota Statutes, § 116J.8747. To be qualified to receive a grant under current law, among other things, (1) a program must have an education and training course that lasts for *an average of* at least six months (rather than for at least six months), and (2) individuals served by the program must have a federal adjusted gross income of no more than \$11,000 in *the calendar year* (rather than two calendar years) immediately before entering the program.

23 Reports by recipients to grantors. Requires a business subsidy recipient to report the number of employees who ceased to be employed by the recipient when the recipient relocated to become eligible for the subsidy.

24 Compilation and summary report. Requires DEED to compile and report:

- the number of part-time and full-time jobs within separate bands of wages for the state and for each development region of the state;
- the benefits paid within separate bands of wages for the state and each development region of the state; and
- the number of employees in the state and in each development region who ceased to be employed because their employers relocated to become eligible for a business subsidy.

25 Appointment to the Job Skills Partnership Board. Strikes language requiring the chair of the Workforce Development Council to serve on the Job Skills Partnership Board.

26 Use of workforce development funds. Permits the board, after March 1 of any fiscal year, to use workforce development funds for:

- the partnership program (§ 116L.04, subd. 1);
- the pathways program (§ 116L.04, subd. 1a); the hire education loan program (§ 116L.06);
- the health care and human services worker program (§§ 116L.10 to 116L.15);
- distance-work grants (§ 116L.16); or
- to provide incumbent worker training services (see § 0).

Provides that workforce development funds can be used for these programs only if the board:

- examines relevant economic indicators;
- accounts for all allocations made for grants to workforce service areas or other eligible organizations pursuant to § 116L.17, subd. 2.
- estimates future funding needs for services under § 116L.17 for the rest of the current fiscal year and for the next fiscal year;
- determines there will be unspent funds in the current fiscal year and that there is sufficient revenue in the next fiscal year to meet the needs of dislocated workers; *and*
- reports all of these findings to the chairs of the legislative committees with jurisdiction over the workforce development fund, the commissioner of revenue, the commissioner of finance, and the public.

27 Special incumbent worker training grants.

Subd. 1. Purpose. States that the purpose of the grants is to expand opportunities for businesses and workers to gain new skills that are in demand in

Minnesota. Requires the board to establish criteria for incumbent worker grants.

Subd. 2. Definitions. Defines “incumbent worker” “qualifying employer,” and “eligible organization.”

Subd. 3. Amount of grants. Caps each grant to an organization at \$400,000.

Subd. 4. Matching funds. Requires the board to require matching funds from qualifying employers in the form of funding, equipment, or faculty.

Subd. 5. Use of funds. Requires eligible organizations receiving funds to use them for direct training services that will measurably increase the job-related skills of participating incumbent workers. Also permits basic assessment, counseling, and preemployment training services. Provides that no funding may be used for support services (e.g., relocating, family care assistance, emergency financial assistance).

Subd. 6. Performance outcome measures. Requires the commissioner of employment and economic development and the board to consult with eligible organizations and jointly develop performance outcome measures and standards for the program. States that measures must include post-training retention, promotion, and wage increase. Requires eligible organizations to provide performance data in a timely manner and requires the board and commissioner to report to the legislature on performance in the previous fiscal year by March 1 of each year.

28 Determination and collection of special assessment. Sets the rate for the special assessment levied on employers at .10 percent for calendar years 2006 and 2007, and at .085 percent beginning on January 1, 2008. Effective January 1, 2006.

29 Disbursement of special assessment funds. Provides that all money in the workforce development fund that is not otherwise appropriated or transferred is appropriated to the board for the state dislocated worker program and as outlined in § 0.

30 Purpose; duties of local workforce council. Makes local workforce councils responsible for ensuring that local workforce centers provide meeting space, free of charge, for meetings of displaced homemaker programs.

31 School calendar. Prohibits a school district from commencing a school year before Labor Day, subject to certain exceptions. Effective August 1, 2006.

32 Compensation; Arts Board. Changes the per diem from \$35 to \$55 for the Arts Board by referencing the standard per diem language for state boards.

33 Members; Mississippi River Parkway Commission. Requires the director of Explore Minnesota Tourism, rather than the commissioner of employment and economic development, to serve on the Mississippi River Parkway Commission.

34 Gifts, grants, and endowments. Authorizes the Mississippi River Parkway Commission to accept gifts, grants, and endowments. Effective the day following final enactment.

35 Mud flaps. Amends law requiring mud flaps on all trucks and trailers by:

- deleting an exemption for military vehicles;
- deleting the requirement that mud flaps have clearance of not more than 1/5 of horizontal distance from center of back axle to the back flap, and substituting requirement that mud flaps have clearance of not more than 9 inches from

ground when the vehicle is empty;

- deleting the requirement that trucks and trailers carrying sand, gravel, aggregate, dirt, lime rock, silica, or similar materials must have flaps that are mounted to the rear of the axles and that cover the entire width of the vehicle, and substituting requirement that such trucks and trailers have a center flap between the wheel flaps with ground clearance of six inches or less when loaded; and
- deleting a prohibition against lamps or wiring being attached to fender flaps.

36 80,000-pound vehicles off designated routes. Allows a five-axle vehicle or combination that exceeds 73,280 pounds gross vehicle weight, but not 80,000 pounds, to operate on a highway that is not designated for 80,000-pound operation if the vehicle or combination needs reasonable access to food, fuel, repair, and rest facilities within three miles of such a designated highway.

37 Signs for portable scales. Specifies that any portable scales used for truck weight enforcement must have signs giving notice of the weighing operation must be posted within the highway right-of-way and adjacent to the roadway within two miles of the operation.

38 Peace officers. Defines "officer," in the law requiring vehicles to stop for weighing when required to do so by an officer, to include local peace officers that are trained for weight enforcement by the Department of Public Safety.

39 Special paper products vehicle permit. Authorizes the transportation commissioner to issue special permits for vehicles carrying rolls of finish paper on specified highways.

40 Relative value fee schedule. Requires the commissioner of labor and industry to remove scaling factors from relative value units and to establish separate conversion factors for medical/surgical service, pathology and laboratory service, physical medicine and rehabilitation services, and chiropractic services.

41 Misrepresentation of employment relationship. Prohibits false reporting by employers about the status of employees. Allows construction workers (or their representative) who are not independent contractors to bring an action for damages against the violator of this section if they are injured by a violation of this section. Requires reports of violations to state and federal labor and other authorities.

42 Annual boat permit. Adds a subdivision requiring the commissioner of labor and industry to issue annual permits to a boat carrying passengers for hire on inland waters of Minnesota, if the boat has passed inspection. Requires the registration of boats subject to inspection with the Division of Boiler Inspection.

43 Traction engine, show boiler, and show engine inspection fees. Sets a fee for these inspections according to § 0.

44 Licenses to operate traction engines, show engines, and show boilers. Sets a fee for these licenses according to § 0.

45 Inspection and registration of boilers and pressure vessels.

Subd. 1. Inspection. Eliminates language about boat inspections. Authorizes the commissioner of labor and industry to assess a \$250 penalty for each boiler or pressure vessel that is not inspected as required and to seal the boiler or pressure vessel for failure to allow a required inspection.

Subd. 2. Registration. Requires initial registration (and renewals) of boilers and pressure vessels with the Division of Boiler Inspection. Sets a fee according to § 0.

Subd. 3. Certificate of registration. Requires the Division of Boiler Inspection to issue a registration certificate listing boilers and pressure vessels at a location. Requires the certificate to state an expiration date and the maximum allowable working pressure for each boiler and pressure vessel.

46 **Masters.** Requires the commissioner or the commissioner's designee (rather than the Division of Boiler Inspection) to examine all masters of boats and vessels carrying passengers for hire on inland waters of Minnesota and issue licenses to qualified masters. Sets a fee of \$50 for initial license, or \$20, if the applicant has a U.S. Coast Guard master's or pilot's license. Sets a fee according to § 0. Deletes references to pilots.

47 **Engineer's license applications.** Requires submission of license applications at least 15 days before the requested examination date. Makes an application valid for one year from the date of receipt.

48 **Engineer's license examinations.** Requires each license applicant to pass an examination approved by the commissioner of labor and industry.

49 **Fees for inspection.** Changes various inspection fees, most of which are currently set by the commissioner of labor and industry.

Subd. 1. Fee amount; vessels operated on inland waters. Sets a \$200 fee for annual operating permit and safety inspections and a fee of \$80 per hour for other inspections.

Subd. 2. Fee amounts; masters. Sets a \$50 fee for a master's license, but if the applicant has a U.S. Coast Guard master's or pilot's license, the fee is \$20. Sets a \$20 fee for annual license renewal or replacement of a current license. Sets a \$35 fee for license renewal if it is paid more than 30 days after expiration.

Subd. 3. Boiler and pressure vessel inspection fees. Sets a \$55 fee for the annual inspection of boilers. Sets an \$80 fee for inspections of boilers with 2,000 or more square feet of heating surface and for boilers accessible for internal inspection that take a half-day or longer to inspect. Sets a \$35 fee for pressure vessel inspection.

Subd. 3a. Hourly rate. Establishes a rate of \$80 per hour for inspections if the fee is not set elsewhere. Permits billing for travel time and expenses under certain circumstances.

Subd. 4. Boiler engineer license fees. Sets a nonrefundable license and application fee of \$50 for chief engineers, first-class engineers, second-class engineers, and traction or hobby boiler engineers. Sets a \$20 fee for a special engineer's license. Sets a \$20 fee for renewal or replacement of a license, unless the fee is paid more than 30 days after expiration, in which case the fee is \$35.

Subd. 6. National board inspectors. Sets a \$100 fee for examination of an applicant for a National Board of Boiler and Pressure Vessel Inspectors commission.

Subd. 7. Nuclear endorsement. Sets a \$100 fee for examination of an applicant for a National Board of Boiler and Pressure Vessel Inspectors nuclear endorsement.

Subd. 8. Certificate of competency. Sets a fee of \$50 for an original certificate of competency for inspectors, but waives the fee for inspectors who pay the examination fee. Sets a \$35 fee for renewal of or replacement of the certificate.

Subd. 9. Deposit of fees. Eliminates an obsolete reference.

Subd. 10. Boiler and pressure vessel registration fee. Sets a \$10 fee for the annual registration of boilers and pressure vessels in use and required to be inspected.

50 Report of insurer; exemption from inspection.

Subd. 1. Report required. Clarifies statutory language. Gives insurance companies 21 days after inspection to file a copy with the chief boiler inspector. (Currently insurers have 15 days to mail the report to the chief boiler inspector.)

Subd. 2. Exemption. Clarifies exemptions from department inspections.

Subd. 4. Certificate of exemption. Strikes this subdivision.

Subd. 5. Notice of insurance coverage. Requires an insurer, within 30 days of the effective date of coverage, to give the commissioner written notice of its policy to insure and inspect boilers and pressure vessels and to give a copy to the insured.

Subd. 6. Notice of discontinued coverage. Adds a new subdivision requiring the insurer to give the commissioner written notice of the discontinuation of insurance coverage within 30 days of the effective date of discontinuation.

Subd. 7. Penalties. Requires the commissioner to assess an insurer: (1) a \$50 penalty for each boiler and pressure vessel for which the insurer fails to either submit an inspection report or submit notice of discontinuation of coverage, and (2) a \$100 penalty for failure to conduct an inspection within 120 days after it is due.

51 Renewable energy production incentive payment; appropriation. Makes incentive payments contingent upon the commissioner of commerce (rather than the commissioner of finance) having received an incentive payment application. Annually appropriates to the commissioner from the renewable development account sums sufficient to make the required incentive payments, in addition to the amounts funded by the renewable development account. (These used to be general fund appropriations.)

52 Amount of payment; wind facilities limit. Raises from 100 megawatts to 200 megawatts of nameplate capacity (for electricity generated by qualified wind energy conversion facilities) the limit on renewable energy production incentives.

53 Renewable development account. Requires the Commerce Department to authorize payment of the renewable energy production incentive to wind energy conversion systems for 200 megawatts of nameplate capacity.

54 Inspecting records and property; reports required. Creates an exception to the requirement that telephone companies must annually forward balance sheets with the Commerce Department and the Public Utilities Commission. Allows local exchange

carriers and competitive local exchange carriers to file annual reports including only the company's name, contact person, annual revenue, and status of its 911 update plan.

55 Filing fee for new authority. Strikes language authorizing the Department of Commerce and the Public Utilities Commission to assess companies for the costs of investigating the books, accounts, practices, and activities of the companies. Requires submission of a fee (capped at \$2,000) when an applicant seeks a new authority. (A new authority is a certificate authorizing the operation of a new telephone service in Minnesota.)

56 Assessment of costs related to telephone companies. Raises from 1/8 of one percent to 3/8 of one percent (of a company's gross jurisdictional operating revenues per calendar year) the statutory limit on how much the Department of Commerce and Public Utilities Commission can assess telephone companies for the costs of performing duties related to telephone companies.

57 Combined per number fee. Creates a new section of law to require the commissioner of commerce to make recommendations to the legislature about establishing a per telephone number fee for service providers by January 15, 2006. The fee would be based upon how many of a service provider's current customers use Minnesota telephone numbers and would be set at a level intended to fund the telecommunications access Minnesota program (TAM), the telephone assistance program (TAP), and the 911 emergency and public safety communications program. Defines terms. Establishes requirements for the report. Effective the day following final enactment.

58 Telephone assistance fund; authorized expenditures. Allows reimbursement from the telephone assistance fund to the public utilities commission for reasonable administrative activities, a portion of which may be used for periodic promotional activities.

59 Duties and powers of the director of weights and measures. Modifies the director's duties with respect to providing metrological services and support to U.S. business and individuals wishing to market products and services outside the U.S. by: (1) updating the measurement quality assurance standards cited in law; and (2) changing the source of the certification that the director should seek to maintain for the metrology laboratory.

60 Automotive fuel. Specifies that, for the purpose of gasoline octane requirements, "automotive fuel" is liquid fuel distributed for use in a motor vehicle, including gasoline and alternative liquid automotive fuels defined in federal regulations (16 C.F.R. § 306.0).

61 Ethanol blender. Defines "ethanol blender" as a person who blends and distributes, transports, sells, or offers to sell gasoline containing one percent ethanol by volume.

62 Special police powers of the director. Empowers the director, after written warning, to issue citations of \$100 to \$500 to any person violating chapter 239, rules adopted under chapter 239, or other statutes enforced by the Weights and Measures Division.

63 Petroleum inspection fee. Modifies the distribution of fee revenue. Appropriates 81 cents of each \$1 inspection fee to the commissioner of commerce for operation of the Weights and Measures Division, petroleum supply monitoring, and the oil burner retrofit program. Requires the remainder of the fee to be deposited in the general fund.

64 Petroleum product inspections. Modifies the requirements for petroleum products inspections:

- Increases to one-half gallon the sample size for octane tests (from .7 gallon samples) and for all other tests (from .2 gallon samples).
- Clarifies that the director shall publish test results to assist persons using, producing, distributing, and selling petroleum-based heating and engine fuels.

- Strikes language that required the director to register gasoline oxygenate blenders according to EPA requirements.
- Allows the director to grant, under some circumstances, temporary exemptions from gasoline-ethanol blending requirements if the ethanol supply is insufficient to produce gasoline-ethanol blends.

- 65 **Product quality, responsibility.** Changes reference to “gasoline product” to “petroleum-based engine fuel.” Permits blending of petroleum-based engine fuel with biodiesel fuel that complies with the specifications of chapter 239.
- 66 **Petroleum product specifications.** Updates the industry specifications with which a variety of petroleum products must comply.
- 67 **Disclosure.** Requires the provision of bills of lading or shipping manifests to persons receiving fuel upon selling or transferring diesel fuel. Requires additional disclosures for biodiesel-blended products if the transfer is not to a refinery or terminal.
- 68 **Sale of certain petroleum products on gross volume basis.** Provides that requirements for gross volume sales of certain petroleum products apply to biodiesel. Strikes language referring to oxygenate that is to be blended into gasoline.
- 69 **Minimum ethanol content required.** Replaces reference to “motor fuels” with reference to “engine fuels.”
- 70 **Ethanol records; state audit.** Replaces reference to “oxygenate blenders” with reference to “ethanol blenders.”
- 71 **Disclosure.** Deletes disclosure requirements for the sale or transfer of nonoxygenated gasoline before October 1, 1997.
- 72 **Exemption for certain blend pumps.** Clarifying language.
- 73 **Automotive fuel ratings, certification, posting.** Strikes current disclosure and dispenser requirements and instead requires compliance with the following federal regulations:
- Subd. 1. Refiners, importers, producers.** Requires automotive fuel refiners, importers and producers to comply with federal automotive fuel rating, certification, and recordkeeping requirements (see 16 C.F.R. §§ 306.5 to 306.7).
- Subd. 2. Distributors.** Requires licensed automotive fuel distributors to comply with federal certification and recordkeeping requirements (16 C.F.R. §§ 306.8, 306.9).
- Subd. 3. Retailers.** Requires persons selling or transferring automotive fuel to consumers to comply with federal automotive fuel rating posting and recordkeeping requirements and label specifications (see 16 C.F.R. § 306.12).
- Subd. 4. Director.** Provides that, upon request, the director shall provide any person with a copy of 16 C.F.R., part 306, and any distributors or retailers with the label specifications in 16 C.F.R. § 306.12.
- 74 **Use of unemployment insurance data.** Permits the dissemination of unemployment insurance data, without the consent of the subject of the data, to local and state welfare agencies for the purpose of identifying employment, wages, and other information that will assist in the collection of debt generated by overpayment in an assistance program.
- 75 **Explore Minnesota tourism tax report.** Requires the Revenue commissioner to provide Explore Minnesota tourism with a quarterly report containing specified information to

- assist EMT in measuring the impact of tourism on Minnesota tax revenues.
- 76 **Agricultural alcohol gasoline.** Updates the industry specification with which agricultural alcohol gasoline must comply.
- 77 **Aviation gasoline.** Updates the industry specification with which aviation gasoline must comply.
- 78 **Aviation turbine fuel and jet fuel.** Updates the industry specification with which aviation turbine fuel and jet fuel must comply.
- 79 **Diesel fuel oil.** Updates the industry specification with which diesel fuel must comply, by a date specified in the bill.
- 80 **E85.** Updates the industry specification with which E85 must comply.
- 81 **Ethanol, denatured.** Updates the industry specification with which denatured ethanol must comply.
- 82 **Gas turbine fuel oil.** Updates the industry specification with which gas turbine fuel oil must comply.
- 83 **Gasoline.** Updates the industry specification with which gasoline must comply.
- 84 **Gasoline blended with nonethanol oxygenate.** Updates the industry specification with which gasoline blended with nonethanol oxygenate must comply.
- 85 **Gasoline blended with ethanol.** Updates the industry specification with which gasoline blended with ethanol must comply.
- 86 **Heating fuel oil.** Updates the industry specification with which heating fuel oil must comply.
- 87 **Kerosene.** Updates the industry specification with which kerosene must comply.
- 88 **Sale or privatization of functions.** Provides that the commissioner of Iron Range Resources and Rehabilitation cannot sell or privatize Ironworld Discovery Center or Giants Ridge Golf and Ski Resort without prior approval by a majority vote of the Iron Range Resources and Rehabilitation Board.
- 89 **Taconite environmental fund.** Provides that the five-cent per ton distribution to the taconite environmental fund, which was terminated after 2003 distributions, will resume in 2005, and continue for later years.
- 90 **Increase.** Provides that beginning with distributions in 2005, except for distribution to certain school districts in current law, the amount of increased taconite production tax proceeds in 2005 that is attributable to the escalator that applies to the tax rate will be annually distributed to the grant and loan fund created in section 91.
- 91 **Grant and loan fund.** Establishes a new grant and loan fund to receive distributions (under § **Error! Unknown switch argument.**). The grants or loans from this fund must be approved by a majority of the members of the Iron Range Resources and Rehabilitation Board. Distributions in calendar year 2005 are allocated to the City of Virginia for improvements and repairs to the city's steam heating system. Distributions in 2006 are allocated to a project of the public utilities commissions of the cities of Virginia and Hibbing to convert their electrical generating plants to use of biomass products. Distributions in 2007 will be used for highway, bridge, and marina projects in the city of Tower. Distributions in 2008 and later years will be allocated to joint ventures with mining companies for reclamation of lands containing abandoned or worked out mines.
- 92 **Telephone solicitation.** Clarifies the definition of telephone solicitation and exempts from the definition of telephone solicitation calls from political parties meeting specified conditions.
- 93 **911 emergency phone service representations.** Creates a section of law that applies to service providers who do not route 911 calls through the 911 emergency system.

Subd. 1. Definitions. Defines "911 emergency telecommunications system,"

“person,” and “service provider.”

Subd. 2. Representations of a 911 service. Prohibits persons who do not route 911 calls through the 911 emergency system from representing that they do provide access to emergency service by dialing 911.

Subd. 3. Disclosure. Requires service providers that do not route 911 calls through the 911 emergency system to explicitly disclose that fact in advertisements, marketing materials, and contracts.

Subd. 4. Certain calls not 911 calls. Specifies that 911 calls routed to the general access number at a public safety answering point do not qualify as being routed through a 911 emergency system for purposes of this section.

Effective the day following final enactment.

- 94 **Contractor’s recovery fund.** Identifies a second purpose of the contractor’s recovery fund: to reimburse the Commerce Department for the costs of administering the fund.
- 95 **Securities.** Deletes language requiring the State Board of Investment to preapprove a method selected by the commissioner of commerce for selling abandoned securities.
- 96 **Holding period for securities.** Changes the requirements for how long the commissioner of commerce must hold securities presumed to be abandoned. Provides that if property is of a type customarily sold on a market or over the counter, the commissioner can sell it without notice after holding it for one year (except that securities held as a result of insurance company demutualization may be sold upon receipt). A proper claimant of stocks considered abandoned is entitled to either the securities or the net proceeds from the sale of the securities (but not appreciations in value after the sale occurred).
- 97 **Survivor benefits; police and fire fund.** Expands eligibility for survivor benefits from the police and fire fund. Broadens the definition of “line of duty” to include active military service, which means that the spouse of a decedent who died in the line of duty would not have to have been married to the decedent for at least a year (as is otherwise required) to receive survivor benefits. The section applies to members of the police and fire fund at any time on or after September 11, 2001, effective immediately.
- 98 **Iron Range Resources and Rehabilitation Board; Early Separation Incentive Program.** Allows the IRRRB to offer an early separation incentive program, which will expire on June 30, 2006. Effective the day following final enactment.
- 99 **Marriage Dissolution Filing Fee.** Requires \$30 of each fee collected in a marriage dissolution action to be appropriated to the commissioner of employment and economic development for the Displaced Homemaker Program.
- 100 **Fee Amounts.** Raises the court filing fee in civil actions by \$5 and in marriage dissolution actions by \$35.
- 101 **Capital improvement bonds; definitions.** Deletes definition of “commissioner.”
- 102 **Capital improvement plan.** Clarifies that a capital improvement plan and annual amendments to it are not effective until approved by a county board. Deletes procedures for approval by DEED.
- 103 **Refinancing; residential housing.** Allows the MHFA to refinance the debt of rental property owners (not just nonprofits, as under current law) under certain circumstances.
- 104 **Challenge grants; eligible recipients.** Makes American Indian tribes and tribal housing authorities eligible to receive challenge grants.
- 105 **Per diem; Port Authority.** Raises the per diem for commissioners attending a port authority meeting.

106 Authority to create; economic development authority. Deletes language prohibiting metropolitan-area counties from forming a county economic development authority. Prohibits counties that have granted economic development powers to a community development agency or a county housing and redevelopment authority from forming a county economic development authority.

107 Definition of qualified business in a JOBZ. Modifies the criteria for a business to be considered "qualified" for JOBZ purposes as follows:

- Specifies that a person is a qualified business only on parcels of land for which the person has entered into a business subsidy agreement with the appropriate local government;
- Requires the local government to consider several factors before executing a business subsidy agreement:
 - (a) how wages plus benefits compare to 110 percent of the statewide poverty rate for a family of four;
 - (b) how wages compare to the regional industry average;
 - (c) the number of jobs created relative to overall employment in the community; the economic outlook for the relevant industry;
 - (d) anticipated sales generated from outside Minnesota;
 - (e) how the business will diversify the regional economy or build on regional strengths;
 - (f) how the business will increase capital investment in the JOBZ; and
 - (g) any other criteria the commissioner deems necessary.
- Provides that a person relocating a trade or business into a JOBZ is not a qualified business unless the above requirements are met, *and* the trade or business increases full-time employment in the first full year of operation within the JOBZ by a minimum of five jobs, or 20 percent, whichever is greater. (Current law requires only a 20 percent job increase.) Permits the commissioner to waive this requirement upon determining that the qualified business will "substantially achieve" the factors stated above.
- Disqualifies a retailer from receiving JOBZ benefits if it is primarily engaged in retail sales to buyers physically present at the business's zone location.
- Requires qualifying businesses to pay each employee wages plus benefits that equal or exceed 110 percent of the federal poverty guideline for a family of four (\$21,285 in 2005).

Effective the day following final enactment for businesses entering a JOBZ business subsidy agreement after that date, except that the requirement that a person is a qualified business only on those parcels for which the person has entered a business subsidy agreement is effective retroactively from June 9, 2003.

108 Repayment obligation. Clarifies that "commissioner" refers to the commissioner of employment and economic development. Effective the day following final enactment.

109 Reconciliation. Clarifies that the JOBZ law controls regarding repayment of tax benefits

if there are inconsistencies between the JOBZ and business subsidies (§§ 116J.993 to 116J.995) laws.

- 110 **Remedies.** Eliminates the requirement for publishing orders modifying a JOBZ in the State Register and on the Internet.
- 111 **Definition of qualified business in a bioscience zone.** Modifies the criteria for a business to be considered "qualified" for bioscience zone purposes by specifying that a person is a qualified business only on parcels of land for which the person has entered into a business subsidy agreement with the appropriate local government.
- 112 **Repayment obligation.** Clarifies that "commissioner" refers to the commissioner of employment and economic development. Effective the day following final enactment.
- 113 **Pay equity; report to legislature.** Requires political subdivisions to report on pay equity compliance every three years (rather than every five years.)
- 114 **Marriage license fee.** Raises the marriage license fee for parties that have not completed premarital education from \$85 to \$100 and the fee for parties that have completed premarital education from \$20 to \$30.
- 115 **Disposition of marriage license fee.** Requires \$10 of the fee collected for every marriage license to be appropriated for the displaced homemaker program.
- 116 **Railroad that obstructs treatment of injured workers.** Modifies statutory language so that it is no longer criminal to *negligently* deny, delay or interfere with the treatment of a railroad employee injured during employment. Makes intentional denial, delay, or interference with the treatment of an injured railroad employee a misdemeanor (rather than a gross misdemeanor). Subjects persons convicted of violations to a fine of not more than \$1,000 (rather than up to a \$3,000 fine and up to one year of incarceration).
- 117 **Sunset on local telephone competition penalties.** Delays the sunset of civil and administrative penalties intended to protect and promote local telephone competition from August 1, 2005 to August 1, 2006. Effective the day following final enactment.
- 118 **Temporary petrofund fee exemption for Minnesota commercial airlines.** Extends until 2007 a petrofund fee exemption for commercial airlines headquartered in Minnesota.
- 119 **Hydrogen.** Modifies the definition of hydrogen to refer to "renewable" energy sources, rather than "native" energy sources.
- 120 **Early purchase and deployment of hydrogen, fuel cells, and related technologies.** Shifts responsibility for identifying and recommending opportunities for purchasing hydrogen, fuel cells, and related technology from the Department of Administration to the Department of Commerce, in conjunction with the Department of Administration.
- 121 **Sesquicentennial Commission.**

Subd. 1. Commission. Creates the Minnesota Sesquicentennial Commission to plan for activities relating to Minnesota's 150th anniversary of statehood.

Subd. 2. Membership. Specifies 17 members:

- nine appointed by the governor;
- two appointed by the speaker of the house and two by the minority leader of the house;
- two majority and two minority caucus members of the senate, appointed by the senate Subcommittee on Committees

Subd. 3. Compensation; operation. Requires the Minnesota Historical Society to provide office space and support. Allows the commission to create an advisory council. Provides that members will not be compensated for services, but that gubernatorial appointees may be reimbursed for expenses.

Subd. 4. Duties. Specifies duties, including a plan for grants for capital improvements and funding for activities to celebrate the 150th anniversary of statehood.

Subd. 5. Commemorative coin. Allows the commission to arrange for a commemorative coin. Appropriates proceeds from coin sales to the commission.

Subd. 6. Expiration. Provides for the commission's expiration on January 30, 2009.

122 Surplus state land; Redwood County. Gives the Redwood County Board of Commissioners and the Sherman Township Board of Supervisors until January 2, 2007 to approve a provision (Laws 2004, ch. 264, art. 3, § 26) that would allow the Minnesota Historical Society to convey surplus land to the Lower Sioux Indian community for operation of a history program.

123 Revisor instruction. Instructs the revisor to renumber § 239.05 as § 239.051, alphabetize definitions and correct cross-references accordingly.

124 Repealer. Repeals the following provisions:

- current fees for Commerce Department approval of courses and course coordinators (§ 45.0295);
- current statutory provisions establishing criteria for redevelopment accounts and grant projects (§ 116J.573);
- the authorization of agreements between DEED and other organizations to develop Minnesota's tourism potential (§ 116J.58, subd. 3);
- language requiring the Job Skills Partnership Board submit workforce development recommendations to the legislature every two years (§ 116L.05, subd. 4);
- apprenticeship fee (§ 178.12);
- the definitions of "carbon monoxide control area" and "carbon monoxide control period" (§ 239.05, subds. 6a and 6b);
- mortgage certificate credit aid (§ 462C.15); and
- the sunset of provisions related to the quasi-judicial authority of the public utilities commission, which will make Minnesota Statutes, § 216A.03, subds. 7, 8, and 9, permanent. These sections authorize the Public Utilities Commission to delegate powers to subcommittees and to designate lead commissioners; allow petitions to be considered approved unless set aside for action by the commission; and authorize a quorum of the commission to discuss a docket without complying with

certain statutory law when acting as an administrative court. (Laws 1999, ch. 125, § 4, as amended by Laws 2002, ch. 398, § 7).

Article 5: Regulation of Service Contracts

Overview

This article provides for regulation of certain types of service contracts by the Department of Commerce.

1 **Scope and purpose.** (b) Exempts from this article warranties, maintenance agreements, any similar type of product sold by public utilities or their affiliates, service contracts sold to persons other than consumers, service contracts on personal property purchased for \$250 or less, motor vehicle service contracts, and motor club membership contracts.

(c) Provides that the exempt products are not subject to the insurance laws, unless otherwise specifically provided by (other) law.

2 **Definitions.** Defines 12 terms used in the article, including “service contract.”

3 **Requirements for transacting business.**

Subd. 1. Appointment of administrator. Permits a seller of a service contract to appoint a person to administer it.

Subd. 2. Contract copies and receipts. Requires a service contract provider to give customers proof of purchase and a copy of the contract.

Subd. 3. Registration. Requires service contract providers to register with the commissioner of commerce. Sets an annual registration fee of \$750.

Subd. 4. Financial requirements. Requires service contract providers (hereafter “SCPs”) to meet financial solvency requirements by either insuring contracts, maintaining a funded reserve account monitored by the commissioner, or maintaining net worth or shareholder’s equity of at least \$100 million.

Subd. 5. Right of return. Specifies a 20-day right to return a service contract for a full refund.

Subd. 6. Premium tax. Exempts service contract (hereafter “SC”) revenues from insurance premium tax. Clarifies that premiums paid by SCs for insurance are taxable.

Subd. 7. Licensing exemption. Exempts SCs and related businesses from state licensure, except for registration under this section.

Subd. 8. Insurance exemption. Exempts SCs and related entities from the insurance laws of this state, except for § 12 of this article.

4 **Required disclosures; reimbursement insurance policy.**

Subd. 1. Right to payment or reimbursement. Specifies the obligation

required of a reimbursement insurance policy used to satisfy the financial solvency requirement.

Subd. 2. Right to apply to company. Requires the insurance policy to permit the customer to claim directly against the insurance company if the SCP does not respond within 60 days to a proof of loss.

5 Required disclosure; service contracts.

Subd. 1. Readability and general disclosure. Requires SCs to be readable and make the disclosures required in this section.

Subd. 2. Identities of the parties. Requires the contract to name the SCP, the administrator, the seller, and the SC holder.

Subd. 3. Total purchase price and sales terms. Requires the SC to state its total price and the terms upon which it was sold.

Subd. 4. Deductibles. Requires SCs to state the deductible, if any.

Subd. 5. Coverages, limits, and exclusions. Requires an SC to state what is covered and what is not.

Subd. 6. Restrictions on transferability. Requires the SC to state any restriction on the ability of the purchaser to transfer it to someone else.

Subd. 7. Cancellation terms. Requires an SC to state what permits either side to cancel the SC and to include the notification requirements.

Subd. 8. Duties of contract holder. The SC must state any duties of the contract holder.

Subd. 9. Exclusions, consequential damages and preexisting conditions. Permits SCs to exclude coverage for consequential damages and preexisting conditions.

6 Additional required disclosure; service contracts.

Subd. 1. Insurance disclosure. Requires an insured SC to say so and identify the insurer.

Subd. 2. Disclosure of no insurance. Requires an uninsured SC to say that it is backed by the full faith and credit of the provider.

7 Prohibited acts. Prohibits an SCP from using a deceptive name or making a misleading statement. Prohibits anyone, such as a lender, seller, or manufacturer of a product from requiring purchase of an SC.

8 Record-keeping requirements. Requires SCPs to keep complete records of their transactions and claims. The claims records must be complete enough to permit the commissioner to audit the SCPs handling of claims.

9 Termination of reimbursement insurance policy. Permits an insurer to terminate a reimbursement insurance policy issued to an SCP only with 30 days' advance notice to

the commissioner.

- 10 **Obligation of reimbursement insurance policy insurers.** Provides that insurers are deemed to have received premiums upon purchase of an SC by a consumer. Permits insureds to seek reimbursement from SCPs for claims paid that were the SCP's obligation.
- 11 **Severability provisions.** Makes the provisions of this article severable.
- 12 **Unfair claims service.** Specifies unfair claims settlement practices by SCPs and their administrators that violate the unfair insurance trade practices act, which is enforced by the commissioner.
- 13 **Effective date.** Makes this article effective January 1, 2006. Has a transition provision.