

STATE OF MINNESOTA

EIGHTY-EIGHTH SESSION — 2013

 THIRTY-FOURTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 11, 2013

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

Prayer was offered by Bishop Thomas M. Aitken, Northeastern Minnesota Synod, Evangelical Lutheran Church of America, Duluth, Minnesota.

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

The roll was called and the following members were present:

Abeler	Dettmer	Hansen	Lien	Newton	Selcer
Albright	Dill	Hausman	Lillie	Nornes	Simon
Allen	Dorholt	Hertaus	Loeffler	Norton	Simonson
Anderson, P.	Drazkowski	Hilstrom	Lohmer	O'Driscoll	Slocum
Anderson, S.	Erhardt	Holberg	Loon	O'Neill	Sundin
Anzelc	Erickson, R.	Hoppe	Mack	Paymar	Swedzinski
Atkins	Erickson, S.	Hornstein	Mahoney	Pelowski	Theis
Barrett	Fabian	Hortman	Marquart	Peppin	Torkelson
Beard	Falk	Howe	Masin	Persell	Uglen
Benson, J.	Faust	Huntley	McDonald	Petersburg	Urdahl
Benson, M.	Fischer	Isaacson	McNamar	Poppe	Wagenius
Bernardy	FitzSimmons	Johnson, B.	McNamara	Pugh	Ward, J.A.
Bly	Franson	Johnson, C.	Melin	Quam	Ward, J.E.
Brynaert	Freiberg	Johnson, S.	Metsa	Radinovich	Wills
Carlson	Fritz	Kahn	Moran	Rosenthal	Winkler
Clark	Garofalo	Kelly	Morgan	Runbeck	Woodard
Cornish	Green	Kiel	Mullery	Sanders	Yarusso
Daudt	Gruenhagen	Kresha	Murphy, E.	Savick	Zellers
Davids	Gunther	Laine	Murphy, M.	Sawatzky	Zerwas
Davnie	Hackbarth	Leidiger	Myhra	Schoen	Spk. Thissen
Dean, M.	Halverson	Lenczewski	Nelson	Schomacker	
Dehn, R.	Hamilton	Liebling	Newberger	Scott	

A quorum was present.

Anderson, M.; Kieffer and Lesch were excused.

Mariani was excused until 3:15 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. There being no objection, further reading of the Journal was dispensed with and the Journal was approved as corrected by the Chief Clerk.

REPORTS OF CHIEF CLERK

S. F. No. 953 and H. F. No. 1210, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Allen moved that S. F. No. 953 be substituted for H. F. No. 1210 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES AND DIVISIONS

Hilstrom from the Committee on Judiciary Finance and Policy to which was referred:

H. F. No. 80, A bill for an act relating to judgments; regulating assigned consumer debt default judgments; proposing coding for new law in Minnesota Statutes, chapter 548.

Reported the same back with the following amendments:

Page 1, line 16, delete "an itemization" and insert "a breakdown"

Page 1, line 24, before the semicolon, insert "in district court cases, or proof that a statement of claim and summons were properly served on the debtor in conciliation court cases"

Page 2, line 1, delete everything after the second "the" and insert "request, application, or motion for default judgment in district court cases, or proof that the debtor was provided notice of the trial date in conciliation court cases."

Page 2, delete line 2

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Carlson from the Committee on Ways and Means to which was referred:

H. F. No. 588, A bill for an act relating to health; requiring a hospital staffing report; requiring a study on nurse staffing levels and patient outcomes.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Hornstein from the Committee on Transportation Finance to which was referred:

H. F. No. 811, A bill for an act relating to taxation; modifying provisions related to aircraft sales taxes, jet and special fuel excise taxes, and aircraft registration taxes; amending Minnesota Statutes 2012, sections 296A.09, subdivision 2; 296A.17, subdivision 3; 297A.82, subdivision 4; 360.531, subdivisions 2, 4, by adding a subdivision; repealing Minnesota Statutes 2012, section 360.531, subdivisions 3, 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2012, section 296A.09, subdivision 2, is amended to read:

Subd. 2. **Jet fuel and special fuel tax imposed.** There is imposed an excise tax of ~~the same rate~~ 15 cents per gallon ~~as the aviation gasoline~~ on all jet fuel or special fuel received, sold, stored, or withdrawn from storage in this state, for use as substitutes for aviation gasoline and not otherwise taxed as gasoline. Jet fuel is defined in section 296A.01, subdivision 8.

Sec. 2. Minnesota Statutes 2012, section 296A.09, is amended by adding a subdivision to read:

Subd. 3a. **Excise tax for certain airline companies.** Subdivision 2 does not apply to jet fuel or special fuel purchased by an airline company that is engaged in air commerce in this state and is required to pay air flight property tax under section 270.072. An excise tax of five cents per gallon is imposed on fuel that is described in this subdivision.

Sec. 3. Minnesota Statutes 2012, section 296A.17, subdivision 3, is amended to read:

Subd. 3. **Refund on graduated basis.** Except as provided in subdivision 3a, any person who has directly or indirectly paid the excise tax on aviation gasoline or special fuel for aircraft use provided for by this chapter, shall, as to all such aviation gasoline and special fuel received, stored, or withdrawn from storage by the person in this state in any calendar year and not sold or otherwise disposed of to others, or intended for sale or other disposition to others, on which such tax has been so paid, be entitled to the following graduated reductions in such tax for that calendar year, to be obtained by means of the following refunds:

- (1) on each gallon of such aviation gasoline or special fuel up to 50,000 gallons, all but five cents per gallon;
- (2) on each gallon of such aviation gasoline or special fuel above 50,000 gallons and not more than 150,000 gallons, all but two cents per gallon;
- (3) on each gallon of such aviation gasoline or special fuel above 150,000 gallons and not more than 200,000 gallons, all but one cent per gallon;
- (4) on each gallon of such aviation gasoline or special fuel above 200,000, all but one-half cent per gallon.

Sec. 4. Minnesota Statutes 2012, section 296A.17, is amended by adding a subdivision to read:

Subd. 3a. **Nonrefundable excise tax.** Any person who has directly or indirectly paid the jet fuel or special fuel tax imposed under section 296A.09, subdivision 2, is not entitled to a tax refund under subdivision 3.

Sec. 5. Minnesota Statutes 2012, section 297A.82, subdivision 4, is amended to read:

Subd. 4. **Exemptions.** (a) The following transactions are exempt from the tax imposed in this chapter to the extent provided.

(b) The purchase or use of aircraft previously registered in Minnesota by a corporation or partnership is exempt if the transfer constitutes a transfer within the meaning of section 351 or 721 of the Internal Revenue Code.

(c) The sale to or purchase, storage, use, or consumption by a licensed aircraft dealer of an aircraft for which a commercial use permit has been issued pursuant to section 360.654 is exempt, if the aircraft is resold while the permit is in effect.

(d) Air flight equipment when sold to, or purchased, stored, used, or consumed by airline companies, as defined in section 270.071, subdivision 4, is exempt. For purposes of this subdivision, "air flight equipment" includes airplanes and parts necessary for the repair and maintenance of such air flight equipment, and flight simulators, but does not include airplanes with a gross weight of less than 30,000 pounds that are used on intermittent or irregularly timed flights.

(e) Sales of, and the storage, distribution, use, or consumption of aircraft, as defined in section 360.511 and approved by the Federal Aviation Administration, and which the seller delivers to a purchaser outside Minnesota or which, without intermediate use, is shipped or transported outside Minnesota by the purchaser are exempt, but only if the purchaser is not a resident of Minnesota and provided that the aircraft is not thereafter returned to a point within Minnesota, except in the course of interstate commerce or isolated and occasional use, and will be registered in another state or country upon its removal from Minnesota. This exemption applies even if the purchaser takes possession of the aircraft in Minnesota and uses the aircraft in the state exclusively for training purposes for a period not to exceed ten days prior to removing the aircraft from this state.

(f) The sale or purchase of the following items that relate to aircraft operated under Federal Aviation Regulations, parts 91 and 135, and associated installation charges: airflight equipment; parts necessary for repair and maintenance of aircraft; and equipment and parts to upgrade and improve aircraft.

Sec. 6. Minnesota Statutes 2012, section 297A.82, is amended by adding a subdivision to read:

Subd. 4a. **Deposit in state airports fund.** Tax revenue collected from the sale or purchase of an aircraft taxable under this chapter must be deposited in the state airports fund, established in section 360.017.

Sec. 7. Minnesota Statutes 2012, section 360.531, subdivision 2, is amended to read:

Subd. 2. **Rate.** ~~The tax shall be at the rate of one percent of value; provided that the minimum tax on an aircraft subject to the provisions of sections 360.511 to 360.67 shall not be less than 25 percent of the tax on said aircraft computed on its base price or \$50 whichever is the higher.~~ as follows:

<u>Base Price</u>	<u>Tax</u>
<u>\$499,999 and under</u>	<u>\$100</u>
<u>\$500,000 to \$999,999</u>	<u>\$200</u>
<u>\$1,000,000 to \$2,499,999</u>	<u>\$2,000</u>
<u>\$2,500,000 to \$4,999,999</u>	<u>\$4,000</u>
<u>\$5,000,000 to \$7,499,999</u>	<u>\$7,500</u>
<u>\$7,500,000 to \$9,999,999</u>	<u>\$10,000</u>
<u>\$10,000,000 to \$12,499,999</u>	<u>\$12,500</u>
<u>\$12,500,000 to \$14,999,999</u>	<u>\$15,000</u>
<u>\$15,000,000 to \$17,499,999</u>	<u>\$17,500</u>
<u>\$17,500,000 to \$19,999,999</u>	<u>\$20,000</u>
<u>\$20,000,000 to \$22,499,999</u>	<u>\$22,500</u>
<u>\$22,500,000 to \$24,999,999</u>	<u>\$25,000</u>
<u>\$25,000,000 to \$27,499,999</u>	<u>\$27,500</u>
<u>\$27,500,000 to \$29,999,999</u>	<u>\$30,000</u>
<u>\$30,000,000 to \$39,999,999</u>	<u>\$50,000</u>
<u>\$40,000,000 and over</u>	<u>\$75,000</u>

Sec. 8. Minnesota Statutes 2012, section 360.531, subdivision 4, is amended to read:

Subd. 4. **Base price for taxation.** For the purpose of fixing a base price for taxation ~~from which depreciation in value at a fixed percent per annum can be counted, such, the~~ base price is defined as follows:

(a) The base price for taxation of an aircraft shall be the manufacturer's list price.

(b) The commissioner shall have authority to fix the base value for taxation purposes of any aircraft of which no such similar or corresponding model has been manufactured, and of any rebuilt or foreign aircraft, any aircraft on which a record of the list price is not available, or any military aircraft converted for civilian use, using as a basis for ~~such~~ valuation the list price of aircraft with comparable performance characteristics, and taking into consideration the age and condition of the aircraft.

Sec. 9. Minnesota Statutes 2012, section 360.66, is amended to read:

360.66 STATE AIRPORTS FUND.

Subdivision 1. **Tax credited to fund.** The proceeds of the tax imposed on aircraft under sections ~~360.54 360.531~~ to 360.67 and all fees and penalties provided for therein shall be collected by the commissioner and paid into the state treasury and credited to the state airports fund created by other statutes of this state.

Subd. 2. **Reimbursement for expenses.** There shall be transferred by the commissioner of management and budget each year from the state airports fund to the general fund in the state treasury the amount expended from the latter fund for expenses of administering the provisions of sections ~~360.54 360.531~~ to 360.67.

Sec. 10. **REPORT.**

On or before June 30, 2016, and every four years thereafter, the commissioner of transportation, in consultation with the commissioner of revenue, shall prepare and submit to the chairs and ranking minority members of the senate and house of representatives committees with jurisdiction over transportation policy and budget, a report that identifies the amount and sources of annual revenues attributable to each type of aviation tax, along with annual expenditures from the state airports fund, and any other transfers out of the fund, during the previous four years. The report must include draft legislation for any recommended statutory changes to ensure the future adequacy of the state airports fund.

Sec. 11. **EFFECTIVE DATE.**

Sections 1 to 4 are effective July 1, 2014, and apply to sales and purchases made on or after that date. Sections 5 and 6 are effective July 1, 2013, and apply to sales and purchases made on or after that date. Sections 7 to 9 are effective July 1, 2014, and apply to aircraft tax due on or after that date. Section 10 is effective July 1, 2013.

Amend the title as follows:

Page 1, line 3, after "taxes;" insert "requiring a report;"

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Wagenius from the Committee on Environment, Natural Resources and Agriculture Finance to which was referred:

H. F. No. 976, A bill for an act relating to state government; appropriating money for environment, natural resources, and commerce; modifying and providing for certain fees; modifying and providing for disposition of certain revenue; creating accounts; modifying mining permit provisions; modifying provisions for taking game and fish; providing for wastewater laboratory certification; modifying certain permanent school fund provisions; providing for product stewardship programs; providing for sanitary districts; requiring rulemaking; amending Minnesota Statutes 2012, sections 13.7411, subdivision 4; 15A.0815, subdivision 3; 60A.14, subdivision 1; 85.052, subdivision 6; 85.054, by adding a subdivision; 85.055, subdivision 2; 89.0385; 89.17; 92.50; 93.17, subdivision 1; 93.1925, subdivision 2; 93.25, subdivision 2; 93.285, subdivision 3; 93.46, by adding a subdivision; 93.481, subdivisions 3, 5, by adding subdivisions; 93.482; 94.342, subdivision 5; 97A.045, subdivision 1; 97A.445, subdivision 1; 97A.451, subdivisions 3, 3b, 4, 5, by adding a subdivision; 97A.475, subdivisions 2, 3; 97A.485, subdivision 6; 103G.615, subdivision 2; 103I.601, by adding a subdivision; 127A.30, subdivision 1; 127A.351; 127A.352; 168.1296, subdivision 1; 239.101, subdivision 3; 275.066; proposing coding for new law in Minnesota Statutes, chapters 93; 115; 115A; proposing coding for new law as Minnesota Statutes, chapter 442A; repealing Minnesota Statutes 2012, sections 97A.451, subdivision 4a; 115.18, subdivisions 1, 3, 4, 5, 6, 7, 8, 9, 10; 115.19; 115.20; 115.21; 115.22; 115.23; 115.24; 115.25; 115.26; 115.27; 115.28; 115.29; 115.30; 115.31; 115.32; 115.33; 115.34; 115.35; 115.36; 115.37; 127A.353.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
AGRICULTURE APPROPRIATIONS

Section 1. **SUMMARY OF APPROPRIATIONS.**

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

	<u>2014</u>	<u>2015</u>	<u>Total</u>
General	\$39,504,000	\$39,646,000	\$79,150,000
Agricultural	\$1,240,000	\$1,240,000	\$2,480,000
Remediation	\$388,000	\$388,000	\$776,000
Total	<u>\$41,132,000</u>	<u>\$41,274,000</u>	<u>\$82,406,000</u>

Sec. 2. **AGRICULTURE APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2014" and "2015" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. "The first year" is fiscal year 2014. "The second year" is fiscal year 2015. "The biennium" is fiscal years 2014 and 2015.

<u>AGPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2014</u>	<u>2015</u>

Sec. 3. **DEPARTMENT OF AGRICULTURE.**

Subdivision 1. <u>Total Appropriation</u>	<u>\$33,620,000</u>	<u>\$33,736,000</u>
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Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>General</u>	31,992,000	32,102,000
<u>Agricultural</u>	1,240,000	1,240,000
<u>Remediation</u>	388,000	388,000

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

Subd. 2. Protection Services

12,883,000

12,883,000

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>General</u>	12,055,000	12,055,000
<u>Agricultural</u>	440,000	440,000
<u>Remediation</u>	388,000	388,000

\$388,000 the first year and \$388,000 the second year are from the remediation fund for administrative funding for the voluntary cleanup program.

\$75,000 the first year and \$75,000 the second year are for compensation for destroyed or crippled animals under Minnesota Statutes, section 3.737. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

\$75,000 the first year and \$75,000 the second year are for compensation for crop damage under Minnesota Statutes, section 3.7371. If the amount in the first year is insufficient, the amount in the second year is available in the first year.

If the commissioner determines that claims made under Minnesota Statutes, section 3.737 or 3.7371, are unusually high, amounts appropriated for either program may be transferred to the appropriation for the other program.

\$225,000 the first year and \$225,000 the second year are for an increase in retail food handler inspections.

\$25,000 the first year and \$25,000 the second year are for training manuals for licensure related to commercial manure application.

\$245,000 the first year and \$245,000 the second year are for an increase in the operating budget for the Laboratory Services Division.

The commissioner may spend up to \$10,000 of the amount appropriated each year under this subdivision to administer the agricultural water quality certification program.

Notwithstanding Minnesota Statutes, section 18B.05, \$90,000 the first year and \$90,000 the second year are from the pesticide regulatory account in the agricultural fund for an increase in the operating budget for the Laboratory Services Division.

Notwithstanding Minnesota Statutes, section 18B.05, \$100,000 the first year and \$100,000 the second year are from the pesticide regulatory account in the agricultural fund to update and modify applicator education and training materials. No later than January 15, 2015, the commissioner must report to the legislative committees with jurisdiction over agriculture finance regarding the agency's progress and a schedule of activities the commissioner will accomplish to update and modify additional materials by December 31, 2017.

Notwithstanding Minnesota Statutes, section 18B.05, \$100,000 the first year and \$100,000 the second year are from the pesticide regulatory account in the agricultural fund to monitor pesticides and pesticide degradates in surface water and groundwater in areas vulnerable to surface water impairments and groundwater degradation and to use data collected to improve pesticide use practices. This is a onetime appropriation.

Notwithstanding Minnesota Statutes, section 18B.05, \$150,000 the first year and \$150,000 the second year are from the pesticide regulatory account in the agricultural fund for transfer to the commissioner of natural resources for pollinator habitat restoration that is visible to the public, along state trails, and located in various parts of the state and that includes an appropriate diversity of native species selected to provide habitat for pollinators throughout the growing season. The commissioner of natural resources may use up to \$25,000 each year for pollinator habitat signage and public awareness. This is a onetime appropriation.

Subd. 3. Agricultural Marketing and Development

3,152,000

3,152,000

\$186,000 the first year and \$186,000 the second year are for transfer to the Minnesota grown account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.102. Grants may be made for one year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2015, for Minnesota grown grants in this paragraph are available until June 30, 2017.

\$190,000 the first year and \$190,000 the second year are for grants to farmers for demonstration projects involving sustainable agriculture as authorized in Minnesota Statutes, section 17.116, and for grants to small or transitioning farmers. Of the amount for grants, up to \$20,000 may be used for dissemination of information about demonstration projects. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2015, for sustainable agriculture grants in this paragraph are available until June 30, 2017.

The commissioner may use funds appropriated in this subdivision for annual cost-share payments to resident farmers or entities that sell, process, or package agricultural products in this state for the costs of organic certification. Annual cost-share payments must be two-thirds of the cost of the certification or \$350, whichever is less. A certified organic operation is eligible to receive annual cost-share payments for up to five years. In any year when federal organic cost-share program funds are available or when there is any excess appropriation in either fiscal year, the commissioner may allocate these funds for organic market and program development, including organic producer education efforts, assistance for persons transitioning from conventional to organic agriculture, or sustainable agriculture demonstration grants authorized under Minnesota Statutes, section 17.116, and pertaining to organic research or demonstration. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

The commissioner may spend up to \$25,000 of the amount appropriated each year under this subdivision for pollinator habitat education and outreach efforts.

Subd. 4. Bioenergy and Value-Added Agriculture

10,235,000

10,235,000

\$10,235,000 the first year and \$10,235,000 the second year are for the agricultural growth, research, and innovation program in Minnesota Statutes, section 41A.12. The commissioner shall consider creating a competitive grant program for small renewable energy projects for rural residents. No later than February 1, 2014, and February 1, 2015, the commissioner must report to the legislative committees with jurisdiction over agriculture policy and finance regarding the commissioner's accomplishments and anticipated accomplishments in the following areas: developing new markets for Minnesota farmers by providing more fruits and vegetables for Minnesota school children; facilitating the start-up, modernization, or expansion of livestock operations including beginning and transitioning livestock operations; facilitating the start-up, modernization, or expansion of other beginning and transitioning farms; research on conventional and cover crops; and biofuel and other renewable energy development including small renewable energy projects for rural residents.

The commissioner may use up to 4.5 percent of this appropriation for costs incurred to administer the program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2015, for agricultural growth, research, and innovation grants in this subdivision are available until June 30, 2017.

Funds in this appropriation may be used for bioenergy grants. The NextGen Energy Board, established in Minnesota Statutes, section 41A.105, shall make recommendations to the commissioner on

grants for owners of Minnesota facilities producing bioenergy; for organizations that provide for on-station, on-farm field scale research and outreach to develop and test the agronomic and economic requirements of diverse stands of prairie plants and other perennials for bioenergy systems; or for certain nongovernmental entities. For the purposes of this paragraph, "bioenergy" includes transportation fuels derived from cellulosic material, as well as the generation of energy for commercial heat, industrial process heat, or electrical power from cellulosic materials via gasification or other processes. Grants are limited to 50 percent of the cost of research, technical assistance, or equipment related to bioenergy production or \$500,000, whichever is less. Grants to nongovernmental entities for the development of business plans and structures related to community ownership of eligible bioenergy facilities together may not exceed \$150,000. The board shall make a good-faith effort to select projects that have merit and, when taken together, represent a variety of bioenergy technologies, biomass feedstocks, and geographic regions of the state. Projects must have a qualified engineer provide certification on the technology and fuel source. Grantees must provide reports at the request of the commissioner. No later than February 1, 2014, and February 1, 2015, the commissioner shall report on the projects funded under this appropriation to the legislative committees with jurisdiction over agriculture policy and finance.

Subd. 5. Administration and Financial Assistance

7,350,000

7,460,000

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>General</u>	<u>6,550,000</u>	<u>6,660,000</u>
<u>Agricultural</u>	<u>800,000</u>	<u>800,000</u>

\$634,000 the first year and \$634,000 the second year are for continuation of the dairy development and profitability enhancement and dairy business planning grant programs established under Laws 1997, chapter 216, section 7, subdivision 2, and Laws 2001, First Special Session chapter 2, section 9, subdivision 2. The commissioner may allocate the available sums among permissible activities, including efforts to improve the quality of milk produced in the state in the proportions that the commissioner deems most beneficial to Minnesota's dairy farmers. The commissioner must submit a detailed accomplishment report and a work plan detailing future plans for, and anticipated accomplishments from, expenditures under this program to the chairs and ranking minority members of the legislative committees with jurisdiction over agricultural policy and finance on or before the start of each fiscal year. If significant changes are made to the plans in the course of the year, the commissioner must notify the chairs and ranking minority members.

\$47,000 the first year and \$47,000 the second year are for the Northern Crops Institute. These appropriations may be spent to purchase equipment.

\$18,000 the first year and \$18,000 the second year are for a grant to the Minnesota Livestock Breeders' Association.

\$235,000 the first year and \$235,000 the second year are for grants to the Minnesota Agriculture Education Leadership Council for programs of the council under Minnesota Statutes, chapter 41D.

\$474,000 the first year and \$474,000 the second year are for payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1. Aid payments to county and district agricultural societies and associations shall be disbursed no later than July 15 of each year. These payments are the amount of aid from the state for an annual fair held in the previous calendar year.

\$1,000 the first year and \$1,000 the second year are for grants to the Minnesota State Poultry Association.

\$108,000 the first year and \$108,000 the second year are for annual grants to the Minnesota Turf Seed Council for basic and applied research on: (1) the improved production of forage and turf seed related to new and improved varieties; and (2) native plants, including plant breeding, nutrient management, pest management, disease management, yield, and viability. The grant recipient may subcontract with a qualified third party for some or all of the basic or applied research.

\$500,000 the first year and \$500,000 the second year are for grants to Second Harvest Heartland on behalf of Minnesota's six Second Harvest food banks for the purchase of milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Second Harvest food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture commodities under The Emergency Food Assistance Program (TEFAP). Second Harvest Heartland must submit quarterly reports to the commissioner on forms prescribed by the commissioner. The reports must include, but are not limited to, information on the expenditure of funds, the amount of milk purchased, and the organizations to which the milk was distributed. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank receiving money from this appropriation may use up to two percent of the grant for administrative expenses.

\$94,000 the first year and \$94,000 the second year are for transfer to the Board of Trustees of the Minnesota State Colleges and Universities for statewide mental health counseling support to farm families and business operators through farm business management programs at Central Lakes College and Ridgewater College.

\$17,000 the first year and \$17,000 the second year are for grants to the Minnesota State Horticultural Society.

Notwithstanding Minnesota Statutes, section 18C.131, \$800,000 the first year and \$800,000 the second year are from the fertilizer inspection account in the agricultural fund for grants for fertilizer research as awarded by the Minnesota Agricultural Fertilizer Research and Education Council under Minnesota Statutes, section 18C.71. The amount appropriated in either fiscal year must not exceed 57 percent of the inspection fee revenue collected under Minnesota Statutes, section 18C.425, subdivision 6, during the previous fiscal year. No later than February 1, 2015, the commissioner shall report to the legislative committees with jurisdiction over agriculture finance. The report must include the progress and outcome of funded projects as well as the sentiment of the council concerning the need for additional research funds.

Sec. 4. **BOARD OF ANIMAL HEALTH**

\$4,869,000

\$4,901,000

Sec. 5. **AGRICULTURAL UTILIZATION RESEARCH INSTITUTE**

\$2,643,000

\$2,643,000

Money in this appropriation is available for technical assistance and technology transfer to bioenergy crop producers and users.

ARTICLE 2
AGRICULTURE POLICY

Section 1. Minnesota Statutes 2012, section 17.03, subdivision 3, is amended to read:

Subd. 3. **Cooperation with federal agencies.** (a) The commissioner shall cooperate with the government of the United States, with financial agencies created to assist in the development of the agricultural resources of this state, and so far as practicable may use the facilities provided by the existing state departments and the various state and local organizations. This subdivision is intended to relate to every function and duty which devolves upon the commissioner.

(b) The commissioner may apply for, receive, and disburse federal funds made available to the state by federal law or regulation for any purpose related to the powers and duties of the commissioner. All money received by the commissioner under this paragraph shall be deposited in the state treasury and is appropriated to the commissioner for the purposes for which it was received. Money made available under this paragraph may be paid pursuant to applicable federal regulations and rate structures. Money received under this paragraph does not cancel and is available for expenditure according to federal law. The commissioner may contract with and enter into grant agreements with persons, organizations, educational institutions, firms, corporations, other state agencies, and any agency or instrumentality of the federal government to carry out agreements made with the federal government relating to the expenditure of money under this paragraph. Bid requirements under chapter 16C do not apply to contracts under this paragraph.

Sec. 2. Minnesota Statutes 2012, section 17.1015, is amended to read:

17.1015 PROMOTIONAL EXPENDITURES.

In order to accomplish the purposes of section 17.101, the commissioner may participate jointly with private persons in appropriate programs and projects and may enter into contracts to carry out those programs and projects. The contracts may not include the acquisition of land or buildings and are not subject to the provisions of chapter 16C relating to competitive bidding.

The commissioner may spend money appropriated for the purposes of section 17.101 in the same manner that private persons, firms, corporations, and associations make expenditures for these purposes, and expenditures made pursuant to section 17.101 for food, lodging, or travel are not governed by the travel rules of the commissioner of management and budget.

Sec. 3. Minnesota Statutes 2012, section 17.118, subdivision 2, is amended to read:

Subd. 2. **Definitions.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Livestock" means beef cattle, dairy cattle, swine, poultry, goats, mules, farmed cervidae, ratitae, bison, sheep, horses, and llamas.

(c) "Qualifying expenditures" means the amount spent for:

(1) the acquisition, construction, or improvement of buildings or facilities for the production of livestock or livestock products;

(2) the development of pasture for use by livestock including, but not limited to, the acquisition, development, or improvement of:

(i) lanes used by livestock that connect pastures to a central location;

(ii) watering systems for livestock on pasture including water lines, booster pumps, and well installations;

(iii) livestock stream crossing stabilization; and

(iv) fences; or

(3) the acquisition of equipment for livestock housing, confinement, feeding, and waste management including, but not limited to, the following:

(i) freestall barns;

(ii) watering facilities;

(iii) feed storage and handling equipment;

(iv) milking parlors;

(v) robotic equipment;

- (vi) scales;
- (vii) milk storage and cooling facilities;
- (viii) bulk tanks;
- (ix) computer hardware and software and associated equipment used to monitor the productivity and feeding of livestock;
- (x) manure pumping and storage facilities;
- (xi) swine farrowing facilities;
- (xii) swine and cattle finishing barns;
- (xiii) calving facilities;
- (xiv) digesters;
- (xv) equipment used to produce energy;
- (xvi) on-farm processing facilities equipment;
- (xvii) fences; and
- (xviii) livestock pens and corrals and sorting, restraining, and loading chutes.

Except for qualifying pasture development expenditures under clause (2), qualifying expenditures only include amounts that are allowed to be capitalized and deducted under either section 167 or 179 of the Internal Revenue Code in computing federal taxable income. Qualifying expenditures do not include an amount paid to refinance existing debt.

~~(d) "Qualifying period" means, for a grant awarded during a fiscal year, that full calendar year of which the first six months precede the first day of the current fiscal year. For example, an eligible person who makes qualifying expenditures during calendar year 2008 is eligible to receive a livestock investment grant between July 1, 2008, and June 30, 2009.~~

Sec. 4. **[17.9891] PURPOSE.**

The commissioner, in consultation with the commissioner of natural resources, commissioner of the Pollution Control Agency, and Board of Water and Soil Resources, may implement a Minnesota agricultural water quality certification program whereby a producer who demonstrates practices and management sufficient to protect water quality is certified for up to ten years and presumed to be contributing the producer's share of any targeted reduction of water pollutants during the certification period. The program is voluntary. The program will first be piloted in selected watersheds across the state, until such time as the commissioner, in consultation with the commissioner of natural resources, commissioner of the Pollution Control Agency, and Board of Water and Soil Resources, determines the program is ready for expansion.

Sec. 5. **[17.9892] DEFINITIONS.**

Subdivision 1. **Application.** The definitions in this section apply to sections 17.9891 to 17.993.

Subd. 2. **Certification.** "Certification" means a producer has demonstrated compliance with all applicable environmental rules and statutes for all of the producer's owned and rented agricultural land and has achieved a satisfactory score through the certification instrument as verified by a certifying agent.

Subd. 3. **Certifying agent.** "Certifying agent" means a person who is authorized by the commissioner to assess producers to determine whether a producer satisfies the standards of the program.

Subd. 4. **Effective control.** "Effective control" means possession of land by ownership, written lease, or other legal agreement and authority to act as decision maker for the day-to-day management of the operation at the time the producer achieves certification and for the required certification period.

Subd. 5. **Eligible land.** "Eligible land" means all acres of a producer's agricultural operation, whether contiguous or not, that are under the effective control of the producer at the time the producer enters into the program and that the producer operates with equipment, labor, and management.

Subd. 6. **Program.** "Program" means the Minnesota agricultural water quality certification program.

Subd. 7. **Technical assistance.** "Technical assistance" means professional, advisory, or cost-share assistance provided to individuals in order to achieve certification.

Sec. 6. **[17.9893] CERTIFICATION INSTRUMENT.**

The commissioner, in consultation with the commissioner of natural resources, commissioner of the Pollution Control Agency, and Board of Water and Soil Resources, shall develop an analytical instrument to assess the water quality practices and management of agricultural operations. This instrument shall be used to certify that the water quality practices and management of an agricultural operation are consistent with state water quality goals and standards. The commissioner shall define a satisfactory score for certification purposes. The certification instrument tool shall:

- (1) integrate applicable existing regulatory requirements;
- (2) utilize technology and prioritize ease of use;
- (3) utilize a water quality index or score applicable to the landscape;
- (4) incorporate a process for updates and revisions as practices, management, and technology changes become established and approved; and
- (5) comprehensively address water quality impacts.

Sec. 7. **[17.9894] CERTIFYING AGENT LICENSE.**

Subdivision 1. License. A person who offers certification services to producers as part of the program must satisfy all criteria in subdivision 2 and be licensed by the commissioner. A certifying agent is ineligible to provide certification services to any producer to whom the certifying agent has also provided technical assistance. Notwithstanding section 16A.1283, the commissioner may set license fees.

Subd. 2. **Certifying agent requirements.** In order to be licensed as a certifying agent, a person must:

- (1) be an agricultural conservation professional employed by the state of Minnesota, a soil and water conservation district, or the Natural Resources Conservation Service or a Minnesota certified crop advisor as recognized by the American Society of Agronomy;
- (2) have passed a comprehensive exam, as set by the commissioner, evaluating knowledge of water quality, soil health, best farm management techniques, and the certification instrument; and
- (3) maintain continuing education requirements as set by the commissioner.

Sec. 8. **[17.9895] DUTIES OF A CERTIFYING AGENT.**

Subdivision 1. **Duties.** A certifying agent shall conduct a formal certification assessment utilizing the certification instrument to determine whether a producer meets program criteria. If a producer satisfies all requirements, the certifying agent shall notify the commissioner of the producer's eligibility and request that the commissioner issue a certificate. All records and documents used in the assessment shall be compiled by the certifying agent and submitted to the commissioner.

Subd. 2. **Violations.** (a) In the event a certifying agent violates any provision of sections 17.9891 to 17.993 or an order of the commissioner, the commissioner may issue a written warning or a correction order and may suspend or revoke a license.

(b) If the commissioner suspends or revokes a license, the certifying agent has ten days from the date of suspension or revocation to appeal. If a certifying agent appeals, the commissioner shall hold an administrative hearing within 30 days of the suspension or revocation of the license, or longer by agreement of the parties, to determine whether the license is revoked or suspended. The commissioner shall issue an opinion within 30 days. If a person notifies the commissioner that the person intends to contest the commissioner's opinion, the Office of Administrative Hearings shall conduct a hearing in accordance with the applicable provisions of chapter 14 for hearings in contested cases.

Sec. 9. **[17.9896] CERTIFICATION PROCEDURES.**

Subdivision 1. **Producer duties.** A producer who seeks certification of eligible land shall conduct an initial assessment using the certification instrument, obtain technical assistance if necessary to achieve a satisfactory score on the certification instrument, and apply for certification from a licensed certifying agent.

Subd. 2. **Additional land.** Once certified, if a producer obtains effective control of additional agricultural land, the producer must notify a certifying agent and obtain certification of the additional land within one year in order to retain the producer's original certification.

Subd. 3. **Violations.** (a) The commissioner may revoke a certification if the producer fails to obtain certification on any additional land for which the producer obtains effective control.

(b) The commissioner may revoke a certification and seek reimbursement of any monetary benefit a producer may have received due to certification from a producer who fails to maintain certification criteria.

(c) If the commissioner revokes a certification, the producer has ten days from the date of suspension or revocation to appeal. If a producer appeals, the commissioner shall hold an administrative hearing within 30 days of the suspension or revocation of the certification, or longer by agreement of the parties, to determine whether the certification is revoked or suspended. The commissioner shall issue an opinion within 30 days. If the producer notifies the commissioner that the producer intends to contest the commissioner's opinion, the Office of Administrative Hearings shall conduct a hearing in accordance with the applicable provisions of chapter 14 for hearings in contested cases.

Sec. 10. **[17.9897] CERTIFICATION CERTAINTY.**

(a) Once a producer is certified, the producer:

(1) retains certification for up to ten years from the date of certification if the producer complies with the certification agreement, even if the producer does not comply with new state water protection laws or rules that take effect during the certification period;

(2) is presumed to be meeting the producer's contribution to any targeted reduction of pollutants during the certification period;

(3) is required to continue implementation of practices that maintain the producer's certification; and

(4) is required to retain all records pertaining to certification.

(b) Paragraph (a) does not preclude enforcement of a local rule or ordinance by a local unit of government.

Sec. 11. **[17.9898] AUDITS.**

The commissioner shall perform random audits of producers and certifying agents to ensure compliance with the program. All producers and certifying agents shall cooperate with the commissioner during these audits, and provide all relevant documents to the commissioner for inspection and copying. Any delay, obstruction, or refusal to cooperate with the commissioner's audit or falsification of or failure to provide required data or information is a violation subject to the provisions of section 17.9895, subdivision 2, or 17.9896, subdivision 3.

Sec. 12. **[17.9899] DATA.**

All data collected under the program that identifies a producer or a producer's location are considered nonpublic data as defined in section 13.02, subdivision 9, or private data on individuals as defined in section 13.02, subdivision 12. The commissioner shall make available summary data of program outcomes on data classified as private or nonpublic under this section.

Sec. 13. **[17.991] RULEMAKING.**

The commissioner may adopt rules to implement the program.

Sec. 14. **[17.992] REPORTS.**

The commissioner, in consultation with the commissioner of natural resources, commissioner of the Pollution Control Agency, and Board of Water and Soil Resources, shall issue a biennial report to the chairs and ranking minority members of the legislative committees with jurisdiction over agricultural policy on the status of the program.

Sec. 15. **[17.993] FINANCIAL ASSISTANCE.**

The commissioner may use contributions from gifts or other state accounts, provided that the purpose of the expenditure is consistent with the purpose of the accounts, for grants, loans, or other financial assistance.

Sec. 16. Minnesota Statutes 2012, section 18.77, subdivision 3, is amended to read:

Subd. 3. **Control.** "Control" means to ~~destroy all or part of the aboveground growth of noxious weeds~~ manage or prevent the maturation and spread of propagating parts of noxious weeds from one area to another by a lawful method that does not cause unreasonable adverse effects on the environment as defined in section 18B.01, subdivision 31, ~~and prevents the maturation and spread of noxious weed propagating parts from one area to another.~~

Sec. 17. Minnesota Statutes 2012, section 18.77, subdivision 4, is amended to read:

Subd. 4. **Eradicate.** "Eradicate" means to destroy the aboveground ~~growth and the roots~~ and belowground plant parts of noxious weeds by a lawful method ~~that, which~~ prevents the maturation and spread of noxious weed propagating parts from one area to another.

Sec. 18. Minnesota Statutes 2012, section 18.77, subdivision 10, is amended to read:

Subd. 10. **Permanent pasture, hay meadow, woodlot, and or other noncrop area.** "Permanent pasture, hay meadow, woodlot, ~~and or~~ other noncrop area" means an area of predominantly native or seeded perennial plants that can be used for grazing or hay purposes but is not harvested on a regular basis and is not considered to be a growing crop.

Sec. 19. Minnesota Statutes 2012, section 18.77, subdivision 12, is amended to read:

Subd. 12. **Propagating parts.** "Propagating parts" means all plant parts, including seeds, that are capable of producing new plants.

Sec. 20. **18.771 NOXIOUS WEED CATEGORIES.**

(a) For purposes of this section, noxious weed category includes each of the following categories.

(b) "Prohibited noxious weeds" includes noxious weeds that must be controlled or eradicated on all lands within the state. Transportation of a prohibited noxious weed's propagating parts is restricted by permit except as allowed by section 18.82. Prohibited noxious weeds may not be sold or propagated in Minnesota. There are two regulatory listings for prohibited noxious weeds in Minnesota:

(1) the noxious weed eradicate list is established. Prohibited noxious weeds placed on the noxious weed eradicate list are plants that are not currently known to be present in Minnesota or are not widely established. These species must be eradicated; and

(2) the noxious weed control list is established. Prohibited noxious weeds placed on the noxious weed control list are plants that are already established throughout Minnesota or regions of the state. Species on this list must at least be controlled.

(c) "Restricted noxious weeds" includes noxious weeds that are widely distributed in Minnesota, but for which the only feasible means of control is to prevent their spread by prohibiting the importation, sale, and transportation of their propagating parts in the state, except as allowed by section 18.82.

(d) "Specially regulated plants" includes noxious weeds that may be native species or have demonstrated economic value, but also have the potential to cause harm in noncontrolled environments. Plants designated as specially regulated have been determined to pose ecological, economical, or human or animal health concerns. Species specific management plans or rules that define the use and management requirements for these plants must be developed by the commissioner of agriculture for each plant designated as specially regulated. The commissioner must also take measures to minimize the potential for harm caused by these plants.

(e) "County noxious weeds" includes noxious weeds that are designated by individual county boards to be enforced as prohibited noxious weeds within the county's jurisdiction and must be approved by the commissioner of agriculture, in consultation with the Noxious Weed Advisory Committee. Each county board must submit newly proposed county noxious weeds to the commissioner of agriculture for review. Approved county noxious weeds shall also be posted with the county's general weed notice prior to May 15 each year. Counties are solely responsible for developing county noxious weed lists and their enforcement.

Sec. 21. Minnesota Statutes 2012, section 18.78, subdivision 3, is amended to read:

Subd. 3. **Cooperative Weed control agreement.** The commissioner, municipality, or county agricultural inspector or county-designated employee may enter into a ~~cooperative~~ weed control agreement with a landowner or weed management area group to establish a mutually agreed-upon noxious weed management plan for up to three years duration, whereby a noxious weed problem will be controlled without additional enforcement action. If a property owner fails to comply with the noxious weed management plan, an individual notice may be served.

Sec. 22. Minnesota Statutes 2012, section 18.79, subdivision 6, is amended to read:

Subd. 6. **Training for control or eradication of noxious weeds.** The commissioner shall conduct initial training considered necessary for inspectors and county-designated employees in the enforcement of the Minnesota Noxious Weed Law. The director of ~~the~~ University of Minnesota Extension Service may conduct educational programs for the general public that will aid compliance with the Minnesota Noxious Weed Law. Upon request, the commissioner may provide information and other technical assistance to the county agricultural inspector or county-designated employee to aid in the performance of responsibilities specified by the county board under section 18.81, subdivisions 1a and 1b.

Sec. 23. Minnesota Statutes 2012, section 18.79, subdivision 13, is amended to read:

Subd. 13. **Noxious weed designation.** The commissioner, in consultation with the Noxious Weed Advisory Committee, shall determine which plants are noxious weeds subject to ~~control~~ regulation under sections 18.76 to 18.91. The commissioner shall prepare, publish, and revise as necessary, but at least once every three years, a list of noxious weeds and their designated classification. The list must be distributed to the public by the commissioner who may request the help of ~~the~~ University of Minnesota Extension, the county agricultural inspectors, and any other organization the commissioner considers appropriate to assist in the distribution. The commissioner may, in consultation with the Noxious Weed Advisory Committee, accept and consider noxious weed designation petitions from Minnesota citizens or Minnesota organizations or associations.

Sec. 24. Minnesota Statutes 2012, section 18.82, subdivision 1, is amended to read:

Subdivision 1. **Permits.** Except as provided in section 21.74, if a person wants to transport along a public highway materials or equipment containing the propagating parts of weeds designated as noxious by the commissioner, the person must secure a written permit for transportation of the material or equipment from an inspector or county-designated employee. Inspectors or county-designated employees may issue permits to persons residing or operating within their jurisdiction. ~~If the noxious weed propagating parts are removed from materials and equipment or devitalized before being transported, a permit is not needed. A permit is not required for the transport of noxious weeds for the purpose of destroying propagating parts at a Department of Agriculture-approved disposal site. Anyone transporting noxious weed propagating parts for this purpose shall ensure that all materials are contained in a manner that prevents escape during transport.~~

Sec. 25. Minnesota Statutes 2012, section 18.91, subdivision 1, is amended to read:

Subdivision 1. **Duties.** The commissioner shall consult with the Noxious Weed Advisory Committee to advise the commissioner concerning responsibilities under the noxious weed control program. The committee shall ~~also~~ evaluate species for invasiveness, difficulty of control, cost of control, benefits, and amount of injury caused by them. For each species evaluated, the committee shall recommend to the commissioner on which noxious weed list or lists, if any, the species should be placed. Species ~~currently~~ currently designated as prohibited or restricted noxious weeds or specially regulated plants must be reevaluated every three years for a recommendation on whether or not they need to remain on the noxious weed lists. The committee shall also advise the commissioner on the implementation of the Minnesota Noxious Weed Law and assist the commissioner in the development of management criteria for each noxious weed category. Members of the committee are not entitled to reimbursement of expenses nor payment of per diem. Members shall serve two-year terms with subsequent reappointment by the commissioner.

Sec. 26. Minnesota Statutes 2012, section 18.91, subdivision 2, is amended to read:

Subd. 2. **Membership.** The commissioner shall appoint members, which shall include representatives from the following:

- (1) horticultural science, agronomy, and forestry at the University of Minnesota;

- (2) the nursery and landscape industry in Minnesota;
- (3) the seed industry in Minnesota;
- (4) the Department of Agriculture;
- (5) the Department of Natural Resources;
- (6) a conservation organization;
- (7) an environmental organization;
- (8) at least two farm organizations;
- (9) the county agricultural inspectors;
- (10) city, township, and county governments;
- (11) the Department of Transportation;
- (12) ~~the~~ University of Minnesota Extension;
- (13) the timber and forestry industry in Minnesota;
- (14) the Board of Water and Soil Resources; ~~and~~
- (15) soil and water conservation districts;
- (16) Minnesota Association of County Land Commissioners; and
- (17) members as needed.

Sec. 27. Minnesota Statutes 2012, section 18B.01, is amended by adding a subdivision to read:

Subd. 4a. **Bulk pesticide storage facility.** "Bulk pesticide storage facility" means a facility that is required to have a permit under section 18B.14.

Sec. 28. Minnesota Statutes 2012, section 18B.065, subdivision 2a, is amended to read:

Subd. 2a. **Disposal site requirement.** (a) For agricultural waste pesticides, the commissioner must designate a place in each county of the state that is available at least every other year for persons to dispose of unused portions of agricultural pesticides. The commissioner shall consult with the person responsible for solid waste management and disposal in each county to determine an appropriate location and to advertise each collection event. The commissioner may provide a collection opportunity in a county more frequently if the commissioner determines that a collection is warranted.

(b) For nonagricultural waste pesticides, the commissioner must provide a disposal opportunity each year in each county or enter into a contract with a group of counties under a joint powers agreement or contract for household hazardous waste disposal.

(c) As provided under subdivision 7, the commissioner may enter into cooperative agreements with local units of government to provide the collections required under paragraph (a) or (b) and shall provide a local unit of government, as part of the cooperative agreement, with funding for reasonable costs incurred including, but not limited to, related supplies, transportation, advertising, and disposal costs as well as reasonable overhead costs.

(d) A person who collects waste pesticide under this section shall, on a form provided or in a method approved by the commissioner, record information on each waste pesticide product collected including, but not limited to, the quantity collected and either the product name and its active ingredient or ingredients or the United States Environmental Protection Agency registration number. The person must submit this information to the commissioner at least annually by January 30.

(e) Notwithstanding the recording and reporting requirements of paragraph (d), persons are not required to record or report agricultural or nonagricultural waste pesticide collected in the remainder of 2013, 2014, and 2015. The commissioner shall analyze existing collection data to identify trends that will inform future collection strategies to better meet the needs and nature of current waste pesticide streams. By January 15, 2015, the commissioner shall report analysis, recommendations, and proposed policy changes to this program to legislative committees with jurisdiction over agriculture finance and policy.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to waste pesticide collected on or after that date through the end of 2015.

Sec. 29. Minnesota Statutes 2012, section 18B.07, subdivision 4, is amended to read:

Subd. 4. **Pesticide storage safeguards at application sites.** A person may not allow a pesticide, rinsate, or unrinsed pesticide container to be stored, kept, or to remain in or on any site without safeguards adequate to prevent an incident. Pesticides may not be stored in any location with an open drain.

Sec. 30. Minnesota Statutes 2012, section 18B.07, subdivision 5, is amended to read:

Subd. 5. **Use of public water supplies for filling application equipment.** (a) A person may not fill pesticide application equipment directly from a public water supply, as defined in section 144.382, or from public waters, as defined in section 103G.005, subdivision 15, unless the outlet from the public equipment or water supply is equipped with a backflow prevention device that complies with the Minnesota Plumbing Code under Minnesota Rules, parts 4715.2000 to 4715.2280.

(b) Cross connections between a water supply used for filling pesticide application equipment are prohibited.

(c) This subdivision does not apply to permitted applications of aquatic pesticides to public waters.

Sec. 31. Minnesota Statutes 2012, section 18B.07, subdivision 7, is amended to read:

Subd. 7. **Cleaning equipment in or near surface water Pesticide handling restrictions.** (a) A person may not: fill or clean pesticide application equipment where pesticides or materials contaminated with pesticides could enter ditches, surface water, groundwater, wells, drains, or sewers. For wells, the setbacks established in Minnesota Rules, part 4725.4450, apply.

(1) clean pesticide application equipment in surface waters of the state; or

(2) fill or clean pesticide application equipment adjacent to surface waters, ditches, or wells where, because of the slope or other conditions, pesticides or materials contaminated with pesticides could enter or contaminate the surface waters, groundwater, or wells, as a result of overflow, leakage, or other causes.

(b) This subdivision does not apply to permitted application of aquatic pesticides to public waters.

Sec. 32. Minnesota Statutes 2012, section 18B.26, subdivision 3, is amended to read:

Subd. 3. **Registration application and gross sales fee.** (a) For an agricultural pesticide, a registrant shall pay an annual registration application fee for each agricultural pesticide of \$350. The fee is due by December 31 preceding the year for which the application for registration is made. The fee is nonrefundable.

(b) For a nonagricultural pesticide, a registrant shall pay a minimum annual registration application fee for each nonagricultural pesticide of \$350. The fee is due by December 31 preceding the year for which the application for registration is made. The fee is nonrefundable. The registrant of a nonagricultural pesticide shall pay, in addition to the \$350 minimum fee, a fee of 0.5 percent of annual gross sales of the nonagricultural pesticide in the state and the annual gross sales of the nonagricultural pesticide sold into the state for use in this state. ~~The commissioner may not assess a fee under this paragraph if the amount due based on percent of annual gross sales is less than \$10~~ No fee is required if the fee due amount based on percent of annual gross sales of a nonagricultural pesticide is less than \$10. The registrant shall secure sufficient sales information of nonagricultural pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of nonagricultural pesticides in this state and sales of nonagricultural pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under paragraph (g), and fees shall be paid by the registrant based upon those reported sales. Sales of nonagricultural pesticides in the state for use outside of the state are exempt from the gross sales fee in this paragraph if the registrant properly documents the sale location and distributors. A registrant paying more than the minimum fee shall pay the balance due by March 1 based on the gross sales of the nonagricultural pesticide by the registrant for the preceding calendar year. A pesticide determined by the commissioner to be a sanitizer or disinfectant is exempt from the gross sales fee.

(c) For agricultural pesticides, a licensed agricultural pesticide dealer or licensed pesticide dealer shall pay a gross sales fee of 0.55 percent of annual gross sales of the agricultural pesticide in the state and the annual gross sales of the agricultural pesticide sold into the state for use in this state.

(d) In those cases where a registrant first sells an agricultural pesticide in or into the state to a pesticide end user, the registrant must first obtain an agricultural pesticide dealer license and is responsible for payment of the annual gross sales fee under paragraph (c), record keeping under paragraph (i), and all other requirements of section 18B.316.

(e) If the total annual revenue from fees collected in fiscal year 2011, 2012, or 2013, by the commissioner on the registration and sale of pesticides is less than \$6,600,000, the commissioner, after a public hearing, may increase proportionally the pesticide sales and product registration fees under this chapter by the amount necessary to ensure this level of revenue is achieved. The authority under this section expires on June 30, 2014. The commissioner shall report any fee increases under this paragraph 60 days before the fee change is effective to the senate and house of representatives agriculture budget divisions.

(f) An additional fee of 50 percent of the registration application fee must be paid by the applicant for each pesticide to be registered if the application is a renewal application that is submitted after December 31.

(g) A registrant must annually report to the commissioner the amount, type and annual gross sales of each registered nonagricultural pesticide sold, offered for sale, or otherwise distributed in the state. The report shall be filed by March 1 for the previous year's registration. The commissioner shall specify the form of the report or approve the method for submittal of the report and may require additional information deemed necessary to determine the amount and type of nonagricultural pesticide annually distributed in the state. The information required shall include the brand name, United States Environmental Protection Agency registration number, and amount of each nonagricultural pesticide sold, offered for sale, or otherwise distributed in the state, but the information collected, if made public, shall be reported in a manner which does not identify a specific brand name in the report.

(h) A licensed agricultural pesticide dealer or licensed pesticide dealer must annually report to the commissioner the amount, type, and annual gross sales of each registered agricultural pesticide sold, offered for sale, or otherwise distributed in the state or into the state for use in the state. The report must be filed by January 31 for the previous year's sales. The commissioner shall specify the form, contents, and approved electronic method for submittal of the report and may require additional information deemed necessary to determine the amount and type of agricultural pesticide annually distributed within the state or into the state. The information required must include the brand name, United States Environmental Protection Agency registration number, and amount of each agricultural pesticide sold, offered for sale, or otherwise distributed in the state or into the state.

(i) A person who registers a pesticide with the commissioner under paragraph (b), or a registrant under paragraph (d), shall keep accurate records for five years detailing all distribution or sales transactions into the state or in the state and subject to a fee and surcharge under this section.

(j) The records are subject to inspection, copying, and audit by the commissioner and must clearly demonstrate proof of payment of all applicable fees and surcharges for each registered pesticide product sold for use in this state. A person who is located outside of this state must maintain and make available records required by this subdivision in this state or pay all costs incurred by the commissioner in the inspecting, copying, or auditing of the records.

(k) The commissioner may adopt by rule regulations that require persons subject to audit under this section to provide information determined by the commissioner to be necessary to enable the commissioner to perform the audit.

(l) A registrant who is required to pay more than the minimum fee for any pesticide under paragraph (b) must pay a late fee penalty of \$100 for each pesticide application fee paid after March 1 in the year for which the license is to be issued.

Sec. 33. Minnesota Statutes 2012, section 18B.305, is amended to read:

18B.305 PESTICIDE EDUCATION AND TRAINING.

Subdivision 1. **Education and training.** (a) The commissioner, as the lead agency, shall develop, implement or approve, and evaluate, in conjunction with ~~the~~ University of Minnesota Extension ~~Service, the Minnesota State Colleges and Universities system, and other educational institutions,~~ innovative educational and training programs addressing pesticide concerns including:

- (1) water quality protection;
- (2) endangered species protection;
- (3) minimizing pesticide residues in food and water;
- (4) worker protection and applicator safety;
- (5) chronic toxicity;
- (6) integrated pest management and pest resistance; ~~and~~
- (7) pesticide disposal;
- (8) pesticide drift;
- (9) relevant laws including pesticide labels and labeling and state and federal rules and regulations; and

(10) current science and technology updates.

(b) The commissioner shall appoint educational planning committees which must include representatives of industry and applicators.

(c) Specific current regulatory concerns must be discussed and, if appropriate, incorporated into each training session. Relevant changes to pesticide product labels or labeling or state and federal rules and regulations may be included.

(d) The commissioner may approve programs from private industry, higher education institutions, and nonprofit organizations that meet minimum requirements for education, training, and certification.

Subd. 2. **Training manual and examination development.** The commissioner, in conjunction with ~~the~~ University of Minnesota Extension ~~Service~~ and other higher education institutions, shall continually revise and update pesticide applicator training manuals and examinations. The manuals and examinations must be written to meet or exceed the minimum standards required by the United States Environmental Protection Agency and pertinent state specific information. Questions in the examinations must be determined by the commissioner in consultation with other responsible agencies. Manuals and examinations must include pesticide management practices that discuss prevention of pesticide occurrence in ~~groundwaters~~ groundwater and surface water of the state.

Sec. 34. Minnesota Statutes 2012, section 18B.316, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) A person must not ~~distribute~~ offer for sale or sell an agricultural pesticide in the state or into the state without first obtaining an agricultural pesticide dealer license.

(b) Each location or place of business from which an agricultural pesticide is ~~distributed~~ offered for sale or sold in the state or into the state is required to have a separate agricultural pesticide dealer license.

(c) A person who is a licensed pesticide dealer under section 18B.31 is not required to also be licensed under this subdivision.

Sec. 35. Minnesota Statutes 2012, section 18B.316, subdivision 3, is amended to read:

Subd. 3. **Resident agent.** A person required to be licensed under subdivisions 1 and 2, or a person licensed as a pesticide dealer pursuant to section 18B.31 and who operates from a location or place of business outside the state and who ~~distributes~~ offers for sale or sells an agricultural pesticide into the state, must continuously maintain in this state the following:

(1) a registered office; and

(2) a registered agent, who may be either a resident of this state whose business office or residence is identical with the registered office under clause (1), a domestic corporation or limited liability company, or a foreign corporation of limited liability company authorized to transact business in this state and having a business office identical with the registered office.

A person licensed under this section or section 18B.31 shall annually file with the commissioner, either at the time of initial licensing or as part of license renewal, the name, address, telephone number, and e-mail address of the licensee's registered agent.

For licensees under section 18B.31 who are located in the state, the licensee is the registered agent.

Sec. 36. Minnesota Statutes 2012, section 18B.316, subdivision 4, is amended to read:

Subd. 4. **Responsibility.** The resident agent is responsible for the acts of a licensed agricultural pesticide dealer, or of a licensed pesticide dealer under section 18B.31 who operates from a location or place of business outside the state and who ~~distributes~~ offers for sale or sells an agricultural pesticide into the state, as well as the acts of the employees of those licensees.

Sec. 37. Minnesota Statutes 2012, section 18B.316, subdivision 8, is amended to read:

Subd. 8. **Report of sales and payment to commissioner.** A person who is an agricultural pesticide dealer, or is a licensed pesticide dealer under section 18B.31, who ~~distributes~~ offers for sale or sells an agricultural pesticide in or into the state, and a pesticide registrant pursuant to section 18B.26, subdivision 3, paragraph (d), shall no later than January 31 of each year report and pay applicable fees on annual gross sales of agricultural pesticides to the commissioner pursuant to requirements under section 18B.26, subdivision 3, paragraphs (c) and (h).

Sec. 38. Minnesota Statutes 2012, section 18B.316, subdivision 9, is amended to read:

Subd. 9. **Application.** (a) A person must apply to the commissioner for an agricultural pesticide dealer license on forms and in a manner approved by the commissioner.

(b) The applicant must be the person in charge of each location or place of business from which agricultural pesticides are ~~distributed~~ offered for sale or sold in or into the state.

(c) The commissioner may require that the applicant provide information regarding the applicant's proposed operations and other information considered pertinent by the commissioner.

(d) The commissioner may require additional demonstration of licensee qualification if the licensee has had a license suspended or revoked, or has otherwise had a history of violations in another state or violations of this chapter.

(e) A licensed agricultural pesticide dealer who changes the dealer's address or place of business must immediately notify the commissioner of the change.

(f) Beginning January 1, 2011, an application for renewal of an agricultural pesticide dealer license is complete only when a report and any applicable payment of fees under subdivision 8 are received by the commissioner.

Sec. 39. Minnesota Statutes 2012, section 18B.37, subdivision 4, is amended to read:

Subd. 4. ~~**Storage, handling, incident response, and disposal plan.**~~ A pesticide dealer, agricultural pesticide dealer, or a commercial, noncommercial, or structural pest control applicator ~~or the business that the applicator is employed by~~ business must develop and maintain a an incident response plan that describes ~~its pesticide storage, handling, incident response, and disposal practices~~ the actions that will be taken to prevent and respond to pesticide incidents. The plan must contain the same information as forms provided by the commissioner. The plan must be kept at a principal business site or location within this state and must be submitted to the commissioner upon request ~~on forms provided by the commissioner. The plan must be available for inspection by the commissioner.~~

Sec. 40. Minnesota Statutes 2012, section 18C.430, is amended to read:

18C.430 COMMERCIAL ANIMAL WASTE TECHNICIAN.

Subdivision 1. **Requirement.** ~~(a) Except as provided in paragraph (c), after March 1, 2000, A person may not manage or apply animal wastes to the land for hire without a valid commercial animal waste technician license. This section does not apply to a person managing or applying animal waste on land managed by the person's employer.;~~

(1) without a valid commercial animal waste technician applicator license;

(2) without a valid commercial animal waste technician site manager license; or

(3) as a sole proprietorship, company, partnership, or corporation unless a commercial animal waste technician company license is held and a commercial animal waste technical site manager is employed by the entity.

(b) A person managing or applying animal wastes for hire must have a valid license identification card when managing or applying animal wastes for hire and must display it upon demand by an authorized representative of the commissioner or a law enforcement officer. The commissioner shall prescribe the information required on the license identification card.

~~(c) A person who is not a licensed commercial animal waste technician who has had at least two hours of training or experience in animal waste management may manage or apply animal waste for hire under the supervision of a commercial animal waste technician. A commercial animal waste technician applicator must have a minimum of two hours of certification training in animal waste management and may only manage or apply animal waste for hire under the supervision of a commercial animal waste technician site manager. The commissioner shall prescribe the conditions of the supervision and the form and format required on the certification training.~~

(d) This section does not apply to a person managing or applying animal waste on land managed by the person's employer.

Subd. 2. **Responsibility.** A person required to be licensed under this section who performs animal waste management or application for hire or who employs a person to perform animal waste management or application for compensation is responsible for proper management or application of the animal wastes.

Subd. 3. **License.** (a) A commercial animal waste technician license, including applicator, site manager, and company:

(1) is valid for ~~three years~~ one year and expires on December 31 of the ~~third~~ year for which it is issued, unless suspended or revoked before that date;

(2) is not transferable to another person; and

(3) must be prominently displayed to the public in the commercial animal waste technician's place of business.

(b) The commercial animal waste technician company license number assigned by the commissioner must appear on the application equipment when a person manages or applies animal waste for hire.

Subd. 4. **Application.** (a) A person must apply to the commissioner for a commercial animal waste technician license on forms and in the manner required by the commissioner and must include the application fee. The commissioner shall prescribe and administer an examination or equivalent measure to determine if the applicant is eligible for the commercial animal waste technician license, site manager license, or applicator license.

(b) The commissioner of agriculture, in cooperation with ~~the~~ University of Minnesota Extension Service and appropriate educational institutions, shall establish and implement a program for training and licensing commercial animal waste technicians.

Subd. 5. **Renewal application.** (a) A person must apply to the commissioner of agriculture to renew a commercial animal waste technician license and must include the application fee. The commissioner may renew a commercial animal waste technician applicator or site manager license, subject to reexamination, attendance at workshops approved by the commissioner, or other requirements imposed by the commissioner to provide the animal waste technician with information regarding changing technology and to help ensure a continuing level of competence and ability to manage and apply animal wastes properly. The applicant may renew a commercial animal waste technician license within 12 months after expiration of the license without having to meet initial testing requirements. The commissioner may require additional demonstration of animal waste technician qualification if a person has had a license suspended or revoked or has had a history of violations of this section.

(b) An applicant who meets renewal requirements by reexamination instead of attending workshops must pay a fee for the reexamination as determined by the commissioner.

Subd. 6. **Financial responsibility.** (a) A commercial animal waste technician license may not be issued unless the applicant furnishes proof of financial responsibility. The financial responsibility may be demonstrated by (1) proof of net assets equal to or greater than \$50,000, or (2) a performance bond or insurance of the kind and in an amount determined by the commissioner of agriculture.

(b) The bond or insurance must cover a period of time at least equal to the term of the applicant's license. The commissioner shall immediately suspend the license of a person who fails to maintain the required bond or insurance.

(c) An employee of a licensed person is not required to maintain an insurance policy or bond during the time the employer is maintaining the required insurance or bond.

(d) Applications for reinstatement of a license suspended under paragraph (b) must be accompanied by proof of satisfaction of judgments previously rendered.

Subd. 7. **Application fee.** ~~(a) A person initially applying for or renewing a commercial animal waste technician applicator license must pay a nonrefundable application fee of \$50 and a fee of \$10 for each additional identification card requested. \$25. A person initially applying for or renewing a commercial animal waste technician site manager license must pay a nonrefundable application fee of \$50. A person initially applying for or renewing a commercial animal waste technician company license must pay a nonrefundable application fee of \$100.~~

(b) A license renewal application received after March 1 in the year for which the license is to be issued is subject to a penalty fee of 50 percent of the application fee. The penalty fee must be paid before the renewal license may be issued.

(c) An application for a duplicate commercial animal waste technician license must be accompanied by a nonrefundable fee of \$10.

Sec. 41. Minnesota Statutes 2012, section 18C.433, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** Beginning January 1, 2006, only a commercial animal waste technician, site manager or commercial animal waste technician applicator may apply animal waste from a feedlot that:

(1) has a capacity of 300 animal units or more; and

(2) does not have an updated manure management plan that meets the requirements of Pollution Control Agency rules.

Sec. 42. Minnesota Statutes 2012, section 31.94, is amended to read:

31.94 COMMISSIONER DUTIES.

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

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

(2) work with the University of Minnesota to demonstrate the on-farm applicability of organic agriculture practices to conditions in this state;

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

(4) inform agencies of how state or federal programs could utilize and support organic agriculture practices; and

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

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

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

- (1) three organic farmers ~~using organic agriculture methods~~;
- (2) one wholesaler or distributor of organic products;
- (3) one representative of organic certification agencies;
- (4) two organic processors;
- (5) one representative from University of Minnesota Extension;
- (6) one University of Minnesota faculty member;
- (7) one representative from a nonprofit organization representing producers;
- (8) two public members;
- (9) one representative from the United States Department of Agriculture;
- (10) one retailer of organic products; and
- (11) one organic consumer representative.

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

Compensation and removal of members are governed by section 15.059, subdivision 6. The task force must meet at least twice each year and expires on June 30, ~~2013~~ 2016.

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

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

Sec. 43. Minnesota Statutes 2012, section 41A.10, subdivision 2, is amended to read:

Subd. 2. **Cellulosic biofuel production goal.** The state cellulosic biofuel production goal is one-quarter of the total amount necessary for ~~ethanol~~ biofuel use required under section 239.791, subdivision ~~4a~~ 1, by 2015 or when cellulosic biofuel facilities in the state attain a total annual production level of 60,000,000 gallons, whichever is first.

Sec. 44. Minnesota Statutes 2012, section 41A.10, is amended by adding a subdivision to read:

Subd. 3. **Expiration.** This section expires January 1, 2015.

Sec. 45. Minnesota Statutes 2012, section 41A.105, subdivision 1a, is amended to read:

Subd. 1a. **Definitions.** For the purpose of this section:

(1) "biobased content" means a chemical, polymer, monomer, or plastic that is not sold primarily for use as food, feed, or fuel and that has a biobased percentage of at least 51 percent as determined by testing representative samples using American Society for Testing and Materials specification D6866;

(2) "biobased formulated product" means a product that is not sold primarily for use as food, feed, or fuel and that has a biobased content percentage of at least ten percent as determined by testing representative samples using American Society for Testing and Materials specification D6866, or that contains a biobased chemical constituent that displaces a known hazardous or toxic constituent previously used in the product formulation;

~~(3)~~ (3) "biobutanol facility" means a facility at which biobutanol is produced; and

~~(4)~~ (4) "biobutanol" means fermentation isobutyl alcohol that is derived from agricultural products, including potatoes, cereal grains, cheese whey, and sugar beets; forest products; or other renewable resources, including residue and waste generated from the production, processing, and marketing of agricultural products, forest products, and other renewable resources.

Sec. 46. Minnesota Statutes 2012, section 41A.105, subdivision 3, is amended to read:

Subd. 3. **Duties.** The board shall research and report to the commissioner of agriculture and to the legislature recommendations as to how the state can invest its resources to most efficiently achieve energy independence, agricultural and natural resources sustainability, and rural economic vitality. The board shall:

(1) examine the future of fuels, such as synthetic gases, biobutanol, hydrogen, methanol, biodiesel, and ethanol within Minnesota;

(2) examine the opportunity for biobased content and biobased formulated product production at integrated biorefineries or stand alone facilities using agricultural and forestry feedstocks;

~~(2)~~ (3) develop equity grant programs to assist locally owned facilities;

~~(3)~~ (4) study the proper role of the state in creating financing and investing and providing incentives;

~~(4)~~ (5) evaluate how state and federal programs, including the Farm Bill, can best work together and leverage resources;

~~(5)~~ (6) work with other entities and committees to develop a clean energy program; and

~~(6)~~ (7) report to the legislature before February 1 each year with recommendations as to appropriations and results of past actions and projects.

Sec. 47. Minnesota Statutes 2012, section 41A.105, subdivision 5, is amended to read:

Subd. 5. **Expiration.** This section expires June 30, ~~2014~~ 2015.

Sec. 48. Minnesota Statutes 2012, section 41A.12, is amended by adding a subdivision to read:

Subd. 3a. **Grant awards.** Grant projects may continue for up to three years. Multiyear projects must be reevaluated by the commissioner before second- and third-year funding is approved. A project is limited to one grant for its funding.

Sec. 49. Minnesota Statutes 2012, section 41B.04, subdivision 9, is amended to read:

Subd. 9. **Restructured loan agreement.** (a) For a deferred restructured loan, all payments on the primary and secondary principal, all payments of interest on the secondary principal, and an agreed portion of the interest payable to the eligible agricultural lender on the primary principal must be deferred to the end of the term of the loan.

(b) Interest on secondary principal must accrue at a below market interest rate.

(c) At the conclusion of the term of the restructured loan, the borrower owes primary principal, secondary principal, and deferred interest on primary and secondary principal. However, part of this balloon payment may be forgiven following an appraisal by the lender and the authority to determine the current market value of the real estate subject to the mortgage. If the current market value of the land after appraisal is less than the amount of debt owed by the borrower to the lender and authority on this obligation, that portion of the obligation that exceeds the current market value of the real property must be forgiven by the lender and the authority in the following order:

(1) deferred interest on secondary principal;

- (2) secondary principal;
- (3) deferred interest on primary principal;
- (4) primary principal as provided in an agreement between the authority and the lender; and
- (5) accrued but not deferred interest on primary principal.

(d) For an amortized restructured loan, payments must include installments on primary principal and interest on the primary principal. An amortized restructured loan must be amortized over a time period and upon terms to be established by the authority by rule.

(e) A borrower may prepay the restructured loan, with all primary and secondary principal and interest and deferred interest at any time ~~without prepayment penalty~~.

(f) The authority may not participate in refinancing a restructured loan at the conclusion of the restructured loan.

Sec. 50. Minnesota Statutes 2012, section 41D.01, subdivision 4, is amended to read:

Subd. 4. **Expiration.** This section expires on June 30, ~~2013~~ 2018.

Sec. 51. Minnesota Statutes 2012, section 116J.437, subdivision 1, is amended to read:

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

(b) "Green economy" means products, processes, methods, technologies, or services intended to do one or more of the following:

(1) increase the use of energy from renewable sources, including through achieving the renewable energy standard established in section 216B.1691;

(2) achieve the statewide energy-savings goal established in section 216B.2401, including energy savings achieved by the conservation investment program under section 216B.241;

(3) achieve the greenhouse gas emission reduction goals of section 216H.02, subdivision 1, including through reduction of greenhouse gas emissions, as defined in section 216H.01, subdivision 2, or mitigation of the greenhouse gas emissions through, but not limited to, carbon capture, storage, or sequestration;

(4) monitor, protect, restore, and preserve the quality of surface waters, including actions to further the purposes of the Clean Water Legacy Act as provided in section 114D.10, subdivision 1;

(5) expand the use of biofuels, including by expanding the feasibility or reducing the cost of producing biofuels or the types of equipment, machinery, and vehicles that can use biofuels, including activities to achieve the ~~biofuels 25 by 2025 initiative in sections 41A.10, subdivision 2, and 41A.11~~ petroleum replacement goal in section 239.7911; or

(6) increase the use of green chemistry, as defined in section 116.9401.

For the purpose of clause (3), "green economy" includes strategies that reduce carbon emissions, such as utilizing existing buildings and other infrastructure, and utilizing mass transit or otherwise reducing commuting for employees.

Sec. 52. Minnesota Statutes 2012, section 216E.12, subdivision 4, is amended to read:

Subd. 4. **Contiguous land.** (a) When private real property that is an agricultural or nonagricultural homestead, nonhomestead agricultural land, rental residential property, and both commercial and noncommercial seasonal residential recreational property, as those terms are defined in section 273.13 is proposed to be acquired for the construction of a site or route for a high-voltage transmission line with a capacity of 200 kilovolts or more by eminent domain proceedings, the fee owner, or when applicable, the fee owner with the written consent of the contract for deed vendee, or the contract for deed vendee with the written consent of the fee owner, shall have the option to require the utility to condemn a fee interest in any amount of contiguous, commercially viable land which the owner or vendee wholly owns or has contracted to own in undivided fee and elects in writing to transfer to the utility within 60 days after receipt of the notice of the objects of the petition filed pursuant to section 117.055. Commercial viability shall be determined without regard to the presence of the utility route or site. Within 60 days after receipt by the utility of an owner's election to exercise this option, the utility shall provide written notice to the owner of any objection the utility has to the owner's election, and if no objection is made within that time, any objection shall be deemed waived. Within 90 days of the service of an objection by the utility, the district court having jurisdiction over the eminent domain proceeding shall hold a hearing to determine whether the utility's objection is upheld or rejected. The owner or, when applicable, the contract vendee shall have only one such option and may not expand or otherwise modify an election without the consent of the utility. The required acquisition of land pursuant to this subdivision shall be considered an acquisition for a public purpose and for use in the utility's business, for purposes of chapter 117 and section 500.24, respectively; provided that a utility shall divest itself completely of all such lands used for farming or capable of being used for farming not later than the time it can receive the market value paid at the time of acquisition of lands less any diminution in value by reason of the presence of the utility route or site. Upon the owner's election made under this subdivision, the easement interest over and adjacent to the lands designated by the owner to be acquired in fee, sought in the condemnation petition for a right-of-way for a high-voltage transmission line with a capacity of 200 kilovolts or more shall automatically be converted into a fee taking.

(b) All rights and protections provided to an owner under chapter 117, including in particular sections 117.031, 117.036, 117.186, and 117.52, apply to acquisition of land or an interest in land under this section.

(c) Within 90 days of an owner's election under this subdivision to require the utility to acquire land, or 90 days after a district court decision overruling a utility objection to an election made pursuant to paragraph (a), the utility must make a written offer to acquire that land and amend its condemnation petition to include the additional land.

(d) For purposes of this subdivision, "owner" means the fee owner or, when applicable, the fee owner with the written consent of the contract for deed vendee or the contract for deed vendee with the written consent of the fee owner.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to eminent domain proceedings or actions pending or commenced on or after that date. "Commenced" means when service of notice of the petition under Minnesota Statutes, section 117.055, is made.

Sec. 53. **[216E.121] PROPERTY RIGHTS OMBUDSMAN.**

The Department of Agriculture shall provide a property rights ombudsman to assist landowners who may be affected by a proposed high-voltage transmission line of 100 kilovolts or more, or ancillary substations, or a natural gas, petroleum, or petroleum products pipeline, or ancillary compressor stations or pump stations that require a certificate of need under chapter 216B or a site or route permit under this chapter. The ombudsman shall provide impartial information to landowners or others facing a potential right-of-way acquisition from a project described in this section, including, but not limited to:

(1) the steps and procedures an acquiring authority must comply with in seeking to obtain a right-of-way by negotiation or eminent domain;

(2) the timelines associated with various procedures under clause (1);

(3) options and rights of property owners and other persons faced with a right-of-way acquisition under the law, including rights for reimbursement of costs of appraisals and relocation costs; and

(4) how to find appraisers and attorneys specializing in right-of-way acquisition to assist landowners or others.

The department's cost of providing a property rights ombudsman shall be reimbursed on a prorated basis by the proposers whose projects generate inquiries to the property rights ombudsman.

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

Sec. 54. Minnesota Statutes 2012, section 223.17, is amended by adding a subdivision to read:

Subd. 7a. **Bond requirements; claims.** For entities licensed under this chapter and chapter 232, the bond requirements and claims against the bond are governed under section 232.22, subdivision 6a.

Sec. 55. Minnesota Statutes 2012, section 232.22, is amended by adding a subdivision to read:

Subd. 6a. **Bond determinations.** If a public grain warehouse operator is licensed under both this chapter and chapter 223, the warehouse shall have its bond determined by its gross annual grain purchase amount or its annual average grain storage value, whichever is greater. For those entities licensed under this chapter and chapter 223, the entire bond shall be available to any claims against the bond for claims filed under this chapter and chapter 223.

Sec. 56. Minnesota Statutes 2012, section 239.051, is amended by adding a subdivision to read:

Subd. 1a. **Advanced biofuel.** "Advanced biofuel" has the meaning given in Public Law 110-140, title 2, subtitle A, section 201.

Sec. 57. Minnesota Statutes 2012, section 239.051, is amended by adding a subdivision to read:

Subd. 5a. **Biofuel.** "Biofuel" means a renewable fuel with an approved pathway under authority of the federal Energy Policy Act of 2005, Public Law 109-58, as amended by the federal Energy Independence and Security Act of 2007, Public Law 110-140, and approved for sale by the United States Environmental Protection Agency. As such, biofuel includes both advanced and conventional biofuels.

Sec. 58. Minnesota Statutes 2012, section 239.051, is amended by adding a subdivision to read:

Subd. 7a. **Conventional biofuel.** "Conventional biofuel" means ethanol derived from cornstarch, as defined in Public Law 110-140, title 2, subtitle A, section 201.

Sec. 59. Minnesota Statutes 2012, section 239.791, subdivision 1, is amended to read:

Subdivision 1. **Minimum ethanol biofuel content required.** (a) Except as provided in subdivisions 10 to 14, a person responsible for the product shall ensure that all gasoline sold or offered for sale in Minnesota must contain at least the quantity of ~~ethanol~~ biofuel required by clause (1) or (2), ~~whichever is greater~~ at the option of the person responsible for the product:

(1) the greater of:

(i) 10.0 percent ~~denatured ethanol~~ conventional biofuel by volume; or

(2) (ii) the maximum percent of ~~denatured ethanol~~ conventional biofuel by volume authorized in a waiver granted by the United States Environmental Protection Agency; or

(2) 10.0 percent of a biofuel, other than a conventional biofuel, by volume authorized in a waiver granted by the United States Environmental Protection Agency or a biofuel formulation registered by the United States Environmental Protection Agency under United States Code, title 42, section 7545.

(b) For purposes of enforcing the ~~minimum ethanol~~ requirement of paragraph (a), clause (1), ~~item (i), or clause (2), a gasoline/ethanol~~ gasoline/biofuel blend will be construed to be in compliance if the ~~ethanol biofuel~~ content, exclusive of denaturants and other permitted components, comprises not less than 9.2 percent by volume and not more than 10.0 percent by volume of the blend as determined by an appropriate United States Environmental Protection Agency or American Society of Testing Materials standard method of analysis ~~of alcohol/ether content in engine fuels.~~

(c) ~~The provisions of this subdivision are suspended during any period of time that subdivision 1a, paragraph (a), is in effect. The aggregate amount of biofuel blended pursuant to this subdivision may be any biofuel; however, conventional biofuel must comprise no less than the portion specified on and after the specified dates:~~

<u>(1)</u>	<u>July 1, 2013</u>	<u>90 percent</u>
<u>(2)</u>	<u>January 1, 2015</u>	<u>80 percent</u>
<u>(3)</u>	<u>January 1, 2017</u>	<u>70 percent</u>
<u>(4)</u>	<u>January 1, 2020</u>	<u>60 percent</u>
<u>(5)</u>	<u>January 1, 2025</u>	<u>no minimum</u>

Sec. 60. Minnesota Statutes 2012, section 239.791, subdivision 2a, is amended to read:

Subd. 2a. **Federal Clean Air Act waivers; conditions.** (a) Before a waiver granted by the United States Environmental Protection Agency under ~~section 211(f)(4) of the Clean Air Act, United States Code, title 42, section 7545, subsection (f), paragraph (4),~~ may alter the minimum content level required by subdivision 1, paragraph (a), clause (2), ~~or subdivision 1a, paragraph (a), clause (2) (1), item (ii),~~ the waiver must:

(1) apply to all gasoline-powered motor vehicles irrespective of model year; and

(2) allow for special regulatory treatment of Reid vapor pressure under Code of Federal Regulations, title 40, section 80.27, paragraph (d), for blends of gasoline and ethanol up to the maximum percent of denatured ethanol by volume authorized under the waiver.

(b) The minimum ~~ethanol biofuel~~ requirement in subdivision 1, paragraph (a), clause (2), ~~or subdivision 1a, paragraph (a), clause (2),~~ shall, upon the grant of the federal waiver or authority specified in United States Code, title 42, section 7545, that allows for greater blends of gasoline and biofuel in this state, be effective the day after the commissioner of commerce publishes notice in the State Register. In making this determination, the commissioner shall consider the amount of time required by refiners, retailers, pipeline and distribution terminal companies, and other fuel suppliers, acting expeditiously, to make the operational and logistical changes required to supply fuel in compliance with the minimum ~~ethanol biofuel~~ requirement.

Sec. 61. Minnesota Statutes 2012, section 239.791, subdivision 2b, is amended to read:

Subd. 2b. **Limited liability waiver.** No motor fuel shall be deemed to be a defective product by virtue of the fact that the motor fuel is formulated or blended pursuant to the requirements of subdivision 1, paragraph (a), clause (2), ~~or subdivision 1a,~~ under any theory of liability except for simple or willful negligence or fraud. This subdivision does not preclude an action for negligent, fraudulent, or willful acts. This subdivision does not affect a person whose liability arises under chapter 115, water pollution control; 115A, waste management; 115B, environmental response and liability; 115C, leaking underground storage tanks; or 299J, pipeline safety; under public nuisance law for damage to the environment or the public health; under any other environmental or public health law; or under any environmental or public health ordinance or program of a municipality as defined in section 466.01.

Sec. 62. Minnesota Statutes 2012, section 239.7911, is amended to read:

239.7911 PETROLEUM REPLACEMENT PROMOTION.

Subdivision 1. **Petroleum replacement goal.** The tiered petroleum replacement goal of the state of Minnesota is that biofuel comprises at least the specified portion of total gasoline sold or offered for sale in this state by each specified year:

(1) ~~at least 20 percent of the liquid fuel sold in the state is derived from renewable sources by December 31, 2015; and~~

(2) ~~at least 25 percent of the liquid fuel sold in the state is derived from renewable sources by December 31, 2025.~~

<u>(1)</u>	<u>2015</u>	<u>14 percent</u>
<u>(2)</u>	<u>2017</u>	<u>18 percent</u>
<u>(3)</u>	<u>2020</u>	<u>25 percent</u>
<u>(4)</u>	<u>2025</u>	<u>30 percent</u>

Subd. 2. **Promotion of renewable liquid fuels.** (a) The commissioner of agriculture, in consultation with the commissioners of commerce and the Pollution Control Agency, shall identify and implement activities necessary ~~for the widespread use of renewable liquid fuels in the state to achieve the goals in subdivision 1.~~ Beginning November 1, 2005, and continuing through 2015, the commissioners, or their designees, shall ~~work with~~ convene a task force pursuant to section 15.014 that includes representatives from the renewable fuels industry, petroleum retailers, refiners, automakers, small engine manufacturers, and other interested groups, ~~to~~. The task force shall assist the commissioners in carrying out the activities in paragraph (b) and eliminating barriers to the use of greater biofuel blends in this state. The task force must coordinate efforts with the NextGen Energy Board, the biodiesel task force, and the Renewable Energy Roundtable and develop annual recommendations for administrative and legislative action.

(b) The activities of the commissioners under this subdivision shall include, but not be limited to:

(1) developing recommendations for specific, cost-effective incentives necessary to expedite the use of greater biofuel blends in this state including, but not limited to, incentives for retailers to install equipment necessary ~~for dispensing to dispense~~ renewable liquid fuels to the public;

(2) expanding the renewable-fuel options available to Minnesota consumers by obtaining federal approval for the use of ~~E20 and~~ additional blends that contain a greater percentage of ~~ethanol, including but not limited to E30 and E50,~~ as gasoline biofuel;

(3) developing recommendations ~~for ensuring~~ to ensure that motor vehicles and small engine equipment have access to an adequate supply of fuel;

(4) working with the owners and operators of large corporate automotive fleets in the state to increase their use of renewable fuels; ~~and~~

(5) working to maintain an affordable retail price for liquid fuels;

(6) facilitating the production and use of advanced biofuels in this state; and

(7) developing procedures for reporting the amount and type of biofuel under subdivision 1 and section 239.791, subdivision 1, paragraph (c).

(c) Notwithstanding section 15.014, the task force required under paragraph (a) expires on December 31, 2015.

Sec. 63. Minnesota Statutes 2012, section 296A.01, is amended by adding a subdivision to read:

Subd. 8b. **Biobutanol.** "Biobutanol" means isobutyl alcohol produced by fermenting agriculturally generated organic material that is to be blended with gasoline and meets either:

(1) the initial ASTM Standard Specification for Butanol for Blending with Gasoline for Use as an Automotive Spark-Ignition Engine Fuel once it has been released by ASTM for general distribution; or

(2) in the absence of an ASTM standard specification, the following list of requirements:

(i) visually free of sediment and suspended matter;

(ii) clear and bright at the ambient temperature of 21 degrees Celsius or the ambient temperature, whichever is higher;

(iii) free of any adulterant or contaminant that can render it unacceptable for its commonly used applications;

(iv) contains not less than 96 volume percent isobutyl alcohol;

(v) contains not more than 0.4 volume percent methanol;

(vi) contains not more than 1.0 volume percent water as determined by ASTM standard test method E203 or E1064;

(vii) acidity (as acetic acid) of not more than 0.007 mass percent as determined by ASTM standard test method D1613;

(viii) solvent washed gum content of not more than 5.0 milligrams per 100 milliliters as determined by ASTM standard test method D381;

(ix) sulfur content of not more than 30 parts per million as determined by ASTM standard test method D2622 or D5453; and

(x) contains not more than four parts per million total inorganic sulfate.

Sec. 64. Minnesota Statutes 2012, section 296A.01, subdivision 19, is amended to read:

Subd. 19. **E85.** "E85" means a petroleum product that is a blend of agriculturally derived denatured ethanol and gasoline or natural gasoline that ~~typically~~ contains not more than 85 percent ethanol by volume, but at a minimum must contain ~~60~~ 51 percent ethanol by volume. For the purposes of this chapter, the energy content of E85 will be considered to be 82,000 BTUs per gallon. E85 produced for use as a motor fuel in alternative fuel vehicles as defined in subdivision 5 must comply with ASTM specification ~~D5798-07~~ D5798-11.

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

Sec. 65. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall renumber Minnesota Statutes, section 18B.01, subdivision 4a, as subdivision 4b and correct any cross-references.

Sec. 66. **REPEALER.**

Minnesota Statutes 2012, sections 18.91, subdivisions 3 and 5; 18B.07, subdivision 6; and 239.791, subdivision 1a, are repealed.

ARTICLE 3 ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS

Section 1. **SUMMARY OF APPROPRIATIONS.**

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

	<u>2014</u>	<u>2015</u>	<u>Total</u>
<u>General</u>	<u>\$87,464,000</u>	<u>\$87,843,000</u>	<u>\$175,307,000</u>
<u>State Government Special Revenue</u>	<u>75,000</u>	<u>75,000</u>	<u>150,000</u>
<u>Environmental</u>	<u>68,680,000</u>	<u>68,825,000</u>	<u>137,505,000</u>
<u>Natural Resources</u>	<u>91,724,000</u>	<u>94,184,000</u>	<u>185,908,000</u>
<u>Game and Fish</u>	<u>91,372,000</u>	<u>91,372,000</u>	<u>182,744,000</u>
<u>Remediation</u>	<u>10,596,000</u>	<u>10,596,000</u>	<u>21,192,000</u>
<u>Permanent School</u>	<u>200,000</u>	<u>200,000</u>	<u>400,000</u>
<u>Special Revenue</u>	<u>1,422,000</u>	<u>1,377,000</u>	<u>2,799,000</u>
<u>Total</u>	<u>\$351,533,000</u>	<u>\$354,472,000</u>	<u>\$706,005,000</u>

Sec. 2. **ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2014" and "2015" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. "The first year" is fiscal year 2014. "The second year" is fiscal year 2015. "The biennium" is fiscal years 2014 and 2015. Appropriations for the fiscal year ending June 30, 2013, are effective the day following final enactment.

APPROPRIATIONS
Available for the Year
Ending June 30
2014 **2015**

Sec. 3. **POLLUTION CONTROL AGENCY**

Subdivision 1. **Total Appropriation** **\$85,806,000** **\$85,931,000**

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>General</u>	5,133,000	5,158,000
<u>State Government Special</u>		
<u>Revenue</u>	75,000	75,000
<u>Special Revenue</u>	1,422,000	1,377,000
<u>Environmental</u>	68,680,000	68,825,000
<u>Remediation</u>	10,496,000	10,496,000

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

Subd. 2. **Water** **24,697,000** **24,697,000**

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>General</u>	3,737,000	3,737,000
<u>State Government Special</u>		
<u>Revenue</u>	75,000	75,000
<u>Environmental</u>	20,885,000	20,885,000

\$1,378,000 the first year and \$1,378,000 the second year are for water program operations.

\$1,959,000 the first year and \$1,959,000 the second year are for grants to delegated counties to administer the county feedlot program under Minnesota Statutes, section 116.0711, subdivisions 2 and 3. By January 15, 2016, the commissioner shall submit a report detailing the results achieved with this appropriation to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over environment and natural resources policy and finance. Money remaining after the first year is available for the second year.

\$740,000 the first year and \$740,000 the second year are from the environmental fund to address the need for continued increased activity in the areas of new technology review, technical assistance for local governments, and enforcement under Minnesota Statutes, sections 115.55 to 115.58, and to complete the requirements of Laws 2003, chapter 128, article 1, section 165.

\$400,000 the first year and \$400,000 the second year are for the clean water partnership program. Any unexpended balance in the first year does not cancel but is available in the second year. Priority shall be given to projects preventing impairments and degradation of lakes, rivers, streams, and groundwater according to Minnesota Statutes, section 114D.20, subdivision 2, clause (4).

\$664,000 the first year and \$664,000 the second year are from the environmental fund for subsurface sewage treatment system (SSTS) program administration and community technical assistance and education, including grants and technical assistance to communities for water quality protection. Of this amount, \$80,000 each year is for assistance to counties through grants for SSTS program administration. A county receiving a grant from this appropriation shall submit a report detailing the results achieved with the grant to the commissioner. The county is not eligible for funds from the second year appropriation until the commissioner receives the report. Any unexpended balance in the first year does not cancel but is available in the second year.

\$105,000 the first year and \$105,000 the second year are from the environmental fund for registration of wastewater laboratories.

\$50,000 the first year is from the environmental fund for providing technical assistance to local units of government to address the water quality impacts from polycyclic aromatic hydrocarbons resulting from the use of coal tar products as regulated under Minnesota Statutes, section 116.201.

\$313,000 the first year and \$313,000 the second year are from the environmental fund to be transferred to the commissioner of health to continue perfluorochemical biomonitoring in eastern metropolitan communities, as recommended by the Environmental Health Tracking and Biomonitoring Advisory Panel.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2015, as grants or contracts for SSTS's, surface water and groundwater assessments, total maximum daily loads, storm water, and water quality protection in this subdivision are available until June 30, 2018.

Subd. 3. **Air**

15,031,000

15,201,000

Appropriations by Fund

2014

2015

Environmental

15,031,000

15,201,000

\$200,000 the first year and \$200,000 the second year are from the environmental fund for a monitoring program under Minnesota Statutes, section 116.454.

Up to \$150,000 the first year and \$150,000 the second year may be transferred from the environmental fund to the small business environmental improvement loan account established in Minnesota Statutes, section 116.993.

\$125,000 the first year and \$125,000 the second year are from the environmental fund for monitoring ambient air for hazardous pollutants in the metropolitan area.

\$360,000 the first year and \$360,000 the second year are from the environmental fund for systematic, localized monitoring efforts in the state that:

- (1) sample ambient air for a period of one to three months at various sites;
- (2) analyze the samples and compare the data to the agency's fixed air monitoring sites; and
- (3) determine whether significant localized differences exist.

The commissioner, when selecting areas to monitor, shall give priority to areas where low income, indigenous American Indians, and communities of color are disproportionately impacted by pollution from highway traffic, air traffic, and industrial sources to assist with efforts to ensure environmental justice for those areas. For the purposes of this paragraph, "environmental justice" means the fair treatment of people of all races, cultures, and income levels in the development, adoption, implementation, and enforcement of environmental laws and policies.

\$540,000 the first year and \$540,000 the second year are from the environmental fund for emission reduction activities and grants to small businesses and other nonpoint emission reduction efforts. Any unexpended balance in the first year does not cancel but is available in the second year.

Subd. 4. Land

17,412,000

17,412,000

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>Environmental</u>	<u>6,916,000</u>	<u>6,916,000</u>
<u>Remediation</u>	<u>10,496,000</u>	<u>10,496,000</u>

All money for environmental response, compensation, and compliance in the remediation fund not otherwise appropriated is appropriated to the commissioners of the Pollution Control Agency and agriculture for purposes of Minnesota Statutes, section 115B.20, subdivision 2, clauses (1), (2), (3), (6), and (7). At the beginning of each fiscal year, the two commissioners shall jointly submit an annual spending plan to the commissioner of management and budget that maximizes the utilization of resources and appropriately allocates the money between the two departments. This appropriation is available until June 30, 2015.

\$3,616,000 the first year and \$3,616,000 the second year are from the remediation fund for purposes of the leaking underground storage tank program to protect the land. These same annual amounts are transferred from the petroleum tank fund to the remediation fund.

\$252,000 the first year and \$252,000 the second year are from the remediation fund for transfer to the commissioner of health for private water supply monitoring and health assessment costs in areas contaminated by unpermitted mixed municipal solid waste disposal facilities and drinking water advisories and public information activities for areas contaminated by hazardous releases.

Subd. 5. Environmental Assistance and Cross-Media

28,271,000

28,201,000

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
Special Revenue	<u>1,422,000</u>	<u>1,377,000</u>
Environmental	<u>25,848,000</u>	<u>25,823,000</u>
General	<u>1,001,000</u>	<u>1,001,000</u>

\$14,450,000 the first year and \$14,450,000 the second year are from the environmental fund for SCORE grants to counties. Of this amount, \$14,250,000 each year is for SCORE block grants and \$200,000 each year is for competitive grants.

\$119,000 the first year and \$119,000 the second year are from the environmental fund for environmental assistance grants or loans under Minnesota Statutes, section 115A.0716. Any unencumbered grant and loan balances in the first year do not cancel but are available for grants and loans in the second year.

\$89,000 the first year and \$89,000 the second year are from the environmental fund for duties related to harmful chemicals in products under Minnesota Statutes, sections 116.9401 to 116.9407. Of this amount, \$57,000 each year is transferred to the commissioner of health.

\$600,000 the first year and \$600,000 the second year are from the environmental fund to address environmental health risks. Of this amount, \$499,000 the first year and \$499,000 the second year are for transfer to the Department of Health.

\$312,000 the first year and \$312,000 the second year are from the general fund and \$188,000 the first year and \$188,000 the second year are from the environmental fund for Environmental Quality Board operations and support.

\$75,000 the first year and \$50,000 the second year are from the environmental fund for transfer to the Office of Administrative Hearings to establish sanitary districts.

\$1,422,000 the first year and \$1,377,000 the second year are from the special revenue fund for the Environmental Quality Board to lead an interagency team to provide technical assistance regarding the mining, processing, and transporting of silica sand and develop the model standards and criteria required under Minnesota Statutes, section 116C.99. Of this amount, \$266,000 the first year and \$263,000 the second year are for transfer to the commissioner of health, \$447,000 the first year and \$420,000 the second year are for transfer to the commissioner of natural resources, \$5,000 the first year and \$10,000 the second year are for transfer to the Board of Water and Soil Resources, and \$150,000 the first year and \$140,000 the second year are for transfer to the commissioner of transportation.

\$5,000 the first year is from the environmental fund to prepare and submit a report to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over the environment and natural resources, by December 1, 2013, with recommendations for a statewide recycling refund program for beverage containers that achieves an 80 percent recycling rate.

All money deposited in the environmental fund for the metropolitan solid waste landfill fee in accordance with Minnesota Statutes, section 473.843, and not otherwise appropriated, is appropriated for the purposes of Minnesota Statutes, section 473.844.

Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2015, as contracts or grants for surface water and groundwater assessments; environmental assistance awarded under Minnesota Statutes, section 115A.0716; technical and research assistance under Minnesota Statutes, section 115A.152; technical assistance under Minnesota Statutes, section 115A.52; and pollution prevention assistance under Minnesota Statutes, section 115D.04, are available until June 30, 2017.

Subd. 6. Administrative Support395,000420,000

The commissioner shall submit the agency's budget for fiscal years 2016 and 2017 to the legislature in a manner that allows the legislature and public to understand the outcomes that will be achieved with the appropriations. The budget must be structured so that a significantly larger portion of the revenues from solid waste taxes are spent on solid waste activities.

Sec. 4. NATURAL RESOURCES**Subdivision 1. Total Appropriation****\$236,483,000****\$239,514,000**Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>General</u>	<u>59,707,000</u>	<u>59,978,000</u>
<u>Natural Resources</u>	<u>85,104,000</u>	<u>87,864,000</u>
<u>Game and Fish</u>	<u>91,372,000</u>	<u>91,372,000</u>
<u>Remediation</u>	<u>100,000</u>	<u>100,000</u>
<u>Permanent School</u>	<u>200,000</u>	<u>200,000</u>

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

Subd. 2. Land and Mineral Resources Management6,073,0006,073,000Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>General</u>	<u>722,000</u>	<u>722,000</u>
<u>Natural Resources</u>	<u>3,700,000</u>	<u>3,700,000</u>
<u>Game and Fish</u>	<u>1,451,000</u>	<u>1,451,000</u>
<u>Permanent School</u>	<u>200,000</u>	<u>200,000</u>

\$68,000 the first year and \$68,000 the second year are for minerals cooperative environmental research, of which \$34,000 the first year and \$34,000 the second year are available only as matched by \$1 of nonstate money for each \$1 of state money. The match may be cash or in-kind.

\$251,000 the first year and \$251,000 the second year are for iron ore cooperative research. Of this amount, \$200,000 each year is from the minerals management account in the natural resources fund. \$175,000 the first year and \$175,000 the second year are available only as matched by \$1 of nonstate money for each \$1 of state money. The match may be cash or in-kind. Any unencumbered balance from the first year does not cancel and is available in the second year.

\$2,779,000 the first year and \$2,779,000 the second year are from the minerals management account in the natural resources fund for use as provided in Minnesota Statutes, section 93.2236, paragraph (c), for mineral resource management, projects to enhance future mineral income, and projects to promote new mineral resource opportunities.

\$200,000 the first year and \$200,000 the second year are from the state forest suspense account in the permanent school fund to accelerate land exchanges, land sales, and commercial leasing of school trust lands and to identify, evaluate, and lease construction aggregate located on school trust lands. This appropriation is to be used for securing long-term economic return from the school trust lands consistent with fiduciary responsibilities and sound natural resources conservation and management principles.

\$145,000 the first year and \$145,000 the second year are from the minerals management account in the natural resources fund for transfer to the commissioner of administration for the school trust lands director.

The appropriations in Laws 2007, chapter 57, article 1, section 4, subdivision 2, as amended by Laws 2009, chapter 37, article 1, section 60, and as extended in Laws 2011, First Special Session chapter 2, article 1, section 4, subdivision 2, for support of the land records management system are available until spent.

Subd. 3. Ecological and Water Resources

28,227,000

30,987,000

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>General</u>	<u>11,262,000</u>	<u>11,262,000</u>
<u>Natural Resources</u>	<u>12,902,000</u>	<u>15,662,000</u>
<u>Game and Fish</u>	<u>4,063,000</u>	<u>4,063,000</u>

\$2,942,000 the first year and \$2,942,000 the second year are from the invasive species account in the natural resources fund and \$3,706,000 the first year and \$3,706,000 the second year are from the general fund for management, public awareness, assessment and monitoring research, and water access inspection to prevent the spread of invasive species; management of invasive plants in public waters; and management of terrestrial invasive species on state-administered lands. Of this amount, up to \$200,000 each year is from the invasive species account in the natural resources fund for liability insurance coverage for Asian carp deterrent barriers.

\$5,000,000 the first year and \$5,000,000 the second year are from the water management account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 103G.27.

subdivision 2. Of this amount, \$190,000 the first year and \$170,000 the second year are for enhancements to the online system for water appropriation permits to account for preliminary approval requirements and related water appropriation permit activities.

\$53,000 the first year and \$53,000 the second year are for a grant to the Mississippi Headwaters Board for up to 50 percent of the cost of implementing the comprehensive plan for the upper Mississippi within areas under the board's jurisdiction. By January 15, 2016, the board shall submit a report detailing the results achieved with this appropriation to the commissioner and the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over environment and natural resources policy and finance.

\$5,000 the first year and \$5,000 the second year are for payment to the Leech Lake Band of Chippewa Indians to implement the band's portion of the comprehensive plan for the upper Mississippi.

\$264,000 the first year and \$264,000 the second year are for grants for up to 50 percent of the cost of implementation of the Red River mediation agreement. The commissioner shall submit a report by January 15, 2015, to the chairs of the legislative committees having primary jurisdiction over environment and natural resources policy and finance on the accomplishments achieved with the grants.

\$1,643,000 the first year and \$1,643,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

\$1,223,000 the first year and \$1,223,000 the second year are from the nongame wildlife management account in the natural resources fund for the purpose of nongame wildlife management. Notwithstanding Minnesota Statutes, section 290.431, \$100,000 the first year and \$100,000 the second year may be used for nongame wildlife information, education, and promotion.

\$2,500,000 the first year and \$5,260,000 the second year are from the water management account in the natural resources fund for the following activities:

(1) installation of additional groundwater monitoring wells;

(2) increased financial reimbursement and technical support to soil and water conservation districts or other local units of government for groundwater level monitoring;

(3) additional surface water monitoring and analysis, including installation of monitoring gauges;

(4) additional groundwater analysis to assist with water appropriation permitting decisions;

(5) additional permit application review incorporating surface water and groundwater technical analysis;

(6) enhancement of precipitation data and analysis to improve the use of irrigation;

(7) enhanced information technology, including electronic permitting and integrated data systems; and

(8) increased compliance and monitoring.

\$1,000,000 the first year and \$1,000,000 the second year are for grants to local units of government and tribes to prevent the spread of aquatic invasive species, including inspection and decontamination programs.

Subd. 4. Forest Management

34,310,000

34,260,000

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
General	<u>21,900,000</u>	<u>21,850,000</u>
Natural Resources	<u>11,123,000</u>	<u>11,123,000</u>
Game and Fish	<u>1,287,000</u>	<u>1,287,000</u>

\$7,145,000 the first year and \$7,145,000 the second year are for prevention, presuppression, and suppression costs of emergency firefighting and other costs incurred under Minnesota Statutes, section 88.12. The amount necessary to pay for presuppression and suppression costs during the biennium is appropriated from the general fund.

By January 15 of each year, the commissioner of natural resources shall submit a report to the chairs and ranking minority members of the house of representatives and senate committees and divisions having jurisdiction over environment and natural resources finance, identifying all firefighting costs incurred and reimbursements received in the prior fiscal year. These appropriations may not be transferred. Any reimbursement of firefighting expenditures made to the commissioner from any source other than federal mobilizations shall be deposited into the general fund.

\$11,123,000 the first year and \$11,123,000 the second year are from the forest management investment account in the natural resources fund for only the purposes specified in Minnesota Statutes, section 89.039, subdivision 2.

\$1,287,000 the first year and \$1,287,000 the second year are from the game and fish fund to advance ecological classification systems (ECS) scientific management tools for forest and invasive species management. This appropriation is from revenue deposited in the game and fish fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

\$580,000 the first year and \$580,000 the second year are for the Forest Resources Council for implementation of the Sustainable Forest Resources Act.

\$250,000 the first year and \$250,000 the second year are for the FORIST system.

\$50,000 the first year is for development of a plan and recommendations, in consultation with the University of Minnesota, Department of Forest Resources, on utilizing the state forest nurseries to: ensure the long-term availability of ecologically appropriate and genetically diverse native forest seed and seedlings to support state conservation projects and initiatives; protect the genetic fitness and resilience of native forest ecosystems; and support tree improvement research to address evolving pressures such as invasive species and climate change. By December 31, 2013, the commissioner shall submit a report with the plan and recommendations to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over natural resources. The report shall address funding to improve state forest nursery and tree improvement capabilities. The report shall also provide updated recommendations from those contained in the budget and financial plan required under Laws 2011, First Special Session chapter 2, article 4, section 30.

Subd. 5. Parks and Trails Management

68,202,000

67,902,000

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>General</u>	<u>20,130,000</u>	<u>20,130,000</u>
<u>Natural Resources</u>	<u>45,813,000</u>	<u>45,513,000</u>
<u>Game and Fish</u>	<u>2,259,000</u>	<u>2,259,000</u>

\$1,075,000 the first year and \$1,075,000 the second year are from the water recreation account in the natural resources fund for enhancing public water access facilities. This appropriation is not available until the commissioner develops and implements design standards and best management practices for public water access sites that maintain and improve water quality by avoiding shoreline erosion and runoff.

\$300,000 the first year is from the water recreation account in the natural resources fund for construction of restroom facilities at the public water access for Crane Lake on Handberg Road. This is a onetime appropriation and is available until the construction is completed.

\$5,740,000 the first year and \$5,740,000 the second year are from the natural resources fund for state trail, park, and recreation area operations. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (2).

\$1,005,000 the first year and \$1,005,000 the second year are from the natural resources fund for trail grants to local units of government on land to be maintained for at least 20 years for the purposes of the grants. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (4). Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$8,424,000 the first year and \$8,424,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for the snowmobile grants-in-aid program. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$1,460,000 the first year and \$1,460,000 the second year are from the natural resources fund for the off-highway vehicle grants-in-aid program. Of this amount, \$1,210,000 each year is from the all-terrain vehicle account; \$150,000 each year is from the off-highway motorcycle account; and \$100,000 each year is from the off-road vehicle account. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$75,000 the first year and \$75,000 the second year are from the cross-country ski account in the natural resources fund for grooming and maintaining cross-country ski trails in state parks, trails, and recreation areas.

\$350,000 the first year and \$350,000 the second year are for prairie restorations in state parks and trails located in various parts of the state that are visible to the public under the pollinator habitat program established under Minnesota Statutes, section 84.973.

\$250,000 the first year and \$250,000 the second year are from the state land and water conservation account (LAWCON) in the natural resources fund for priorities established by the commissioner for eligible state projects and administrative and planning activities consistent with Minnesota Statutes, section 84.0264, and the federal Land and Water Conservation Fund Act. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

The appropriation in Laws 2009, chapter 37, article 1, section 4, subdivision 5, from the natural resources fund from the revenue deposited under Minnesota Statutes, section 297A.94, paragraph (e), clause (4), for local grants is available until June 30, 2014.

Subd. 6. Fish and Wildlife Management

62,775,000

62,775,000

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
Natural Resources	1,906,000	1,906,000
Game and Fish	60,869,000	60,869,000

\$8,167,000 the first year and \$8,167,000 the second year are from the heritage enhancement account in the game and fish fund only for activities specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1). Notwithstanding Minnesota Statutes, section 297A.94, five percent of this appropriation may be used for expanding hunter and angler recruitment and retention activities that emphasize the recruitment and retention of underrepresented groups.

Notwithstanding Minnesota Statutes, section 84.943, \$13,000 the first year and \$13,000 the second year from the critical habitat private sector matching account may be used to publicize the critical habitat license plate match program.

Subd. 7. Enforcement

36,558,000

36,558,000

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
General	5,375,000	5,375,000
Natural Resources	9,640,000	9,640,000
Game and Fish	21,443,000	21,443,000
Remediation	100,000	100,000

\$1,638,000 the first year and \$1,638,000 the second year are from the general fund for enforcement efforts to prevent the spread of aquatic invasive species.

\$1,450,000 the first year and \$1,450,000 the second year are from the heritage enhancement account in the game and fish fund for only the purposes specified in Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

\$250,000 the first year and \$250,000 the second year are for the conservation officer pre-employment education program. Of this amount, \$30,000 each year is from the water recreation account, \$13,000 each year is from the snowmobile account, and \$20,000

each year is from the all-terrain vehicle account in the natural resources fund; and \$187,000 each year is from the game and fish fund, of which \$17,000 each year is from revenue deposited to the game and fish fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (1).

\$1,082,000 the first year and \$1,082,000 the second year are from the water recreation account in the natural resources fund for grants to counties for boat and water safety. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$315,000 the first year and \$315,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for grants to local law enforcement agencies for snowmobile enforcement activities. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$250,000 the first year and \$250,000 the second year are from the all-terrain vehicle account for grants to qualifying organizations to assist in safety and environmental education and monitoring trails on public lands under Minnesota Statutes, section 84.9011. Grants issued under this paragraph: (1) must be issued through a formal agreement with the organization; and (2) must not be used as a substitute for traditional spending by the organization. By December 15 each year, an organization receiving a grant under this paragraph shall report to the commissioner with details on expenditures and outcomes from the grant. Of this appropriation, \$25,000 each year is for administration of these grants. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$510,000 the first year and \$510,000 the second year are from the natural resources fund for grants to county law enforcement agencies for off-highway vehicle enforcement and public education activities based on off-highway vehicle use in the county. Of this amount, \$498,000 each year is from the all-terrain vehicle account; \$11,000 each year is from the off-highway motorcycle account; and \$1,000 each year is from the off-road vehicle account. The county enforcement agencies may use money received under this appropriation to make grants to other local enforcement agencies within the county that have a high concentration of off-highway vehicle use. Of this appropriation, \$25,000 each year is for administration of these grants. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

\$719,000 the first year and \$719,000 the second year are for development and maintenance of a records management system capable of providing real time data with global positioning system information. Of this amount, \$480,000 each year is from the

general fund, \$119,000 each year is from the game and fish fund, and \$120,000 each year is from the heritage enhancement account in the game and fish fund.

Subd. 8. Operations Support

638,000

959,000

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>General Fund</u>	<u>318,000</u>	<u>639,000</u>
<u>Natural Resources</u>	<u>320,000</u>	<u>320,000</u>

\$320,000 the first year and \$320,000 the second year are from the natural resources fund for grants to be divided equally between the city of St. Paul for the Como Park Zoo and Conservatory and the city of Duluth for the Duluth Zoo. This appropriation is from the revenue deposited to the fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (5).

\$300,000 the first year and \$300,000 the second year are from the special revenue fund to improve data analytics. The commissioner may bill the divisions of the agency an appropriate share of costs associated with this project. Any information technology development, support, or costs necessary for this project shall be incorporated into the agency's service level agreement with and paid to the Office of Enterprise Technology.

Sec. 5. BOARD OF WATER AND SOIL RESOURCES

\$13,472,000

\$13,502,000

\$3,423,000 the first year and \$3,423,000 the second year are for natural resources block grants to local governments. Grants must be matched with a combination of local cash or in-kind contributions. The base grant portion related to water planning must be matched by an amount as specified by Minnesota Statutes, section 103B.3369. The board may reduce the amount of the natural resources block grant to a county by an amount equal to any reduction in the county's general services allocation to a soil and water conservation district from the county's previous year allocation when the board determines that the reduction was disproportionate.

\$3,116,000 the first year and \$3,116,000 the second year are for grants requested by soil and water conservation districts for general purposes, nonpoint engineering, and implementation of the reinvest in Minnesota reserve program. Upon approval of the board, expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts. Any district requesting a grant under this paragraph shall maintain a Web site that publishes, at a minimum, its annual report, annual audit, annual budget, and meeting notices and minutes.

\$1,602,000 the first year and \$1,662,000 the second year are for the following cost-share programs:

(1) \$302,000 each year is for feedlot water quality grants for feedlots under 300 animal units in areas where there are impaired waters;

(2) \$1,200,000 each year is for soil and water conservation district cost-sharing contracts for erosion control, nutrient and manure management, vegetative buffers, and water quality management; and

(3) \$100,000 each year is for county cooperative weed management programs and to restore native plants in selected invasive species management sites by providing local native seeds and plants to landowners for implementation.

The board shall submit a report to the commissioner of the Pollution Control Agency on the status of subsurface sewage treatment systems in order to ensure a single, comprehensive inventory of the systems for planning purposes.

\$386,000 the first year and \$386,000 the second year are for implementation, enforcement, and oversight of the Wetland Conservation Act.

\$166,000 the first year and \$166,000 the second year are to provide technical assistance to local drainage management officials and for the costs of the Drainage Work Group.

\$100,000 the first year and \$100,000 the second year are for a grant to the Red River Basin Commission for water quality and floodplain management, including administration of programs. This appropriation must be matched by nonstate funds. If the appropriation in either year is insufficient, the appropriation in the other year is available for it.

\$120,000 the first year and \$60,000 the second year are for grants to Area II Minnesota River Basin Projects for floodplain management. The area shall transition to a watershed district by July 1, 2015.

Notwithstanding Minnesota Statutes, section 103C.501, the board may shift cost-share funds in this section and may adjust the technical and administrative assistance portion of the grant funds to leverage federal or other nonstate funds or to address high-priority needs identified in local water management plans or comprehensive water management plans.

\$450,000 the first year and \$450,000 the second year are for assistance and grants to local governments to transition local water management plans to a watershed approach as provided for in Minnesota Statutes, chapters 103B, 103C, 103D, and 114D.

\$125,000 the first year and \$125,000 the second year are to implement internal control policies and provide related oversight and accountability for agency programs.

\$310,000 the first year and \$310,000 the second year are to evaluate performance, financial, and activity information for local water management entities as prescribed in Minnesota Statutes, section 103B.102.

The appropriations for grants in this section are available until expended. If an appropriation for grants in either year is insufficient, the appropriation in the other year is available for it.

Sec. 6. **METROPOLITAN COUNCIL**

\$8,890,000

\$8,890,000

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>General</u>	<u>3,220,000</u>	<u>3,220,000</u>
<u>Natural Resources</u>	<u>5,670,000</u>	<u>5,670,000</u>

\$2,870,000 the first year and \$2,870,000 the second year are for metropolitan area regional parks operation and maintenance according to Minnesota Statutes, section 473.351.

\$5,670,000 the first year and \$5,670,000 the second year are from the natural resources fund for metropolitan area regional parks and trails maintenance and operations. This appropriation is from the revenue deposited in the natural resources fund under Minnesota Statutes, section 297A.94, paragraph (e), clause (3).

\$350,000 the first year and \$350,000 the second year are for grants to implementing agencies to acquire and install solar energy panels made in Minnesota in metropolitan regional parks and trails. An implementing agency receiving a grant under this appropriation shall provide signage near the solar equipment installed that provides education on solar energy.

Sec. 7. **CONSERVATION CORPS MINNESOTA**

\$945,000

\$945,000

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>General</u>	<u>455,000</u>	<u>455,000</u>
<u>Natural Resources</u>	<u>490,000</u>	<u>490,000</u>

Conservation Corps Minnesota may receive money appropriated from the natural resources fund under this section only as provided in an agreement with the commissioner of natural resources.

Sec. 8. **ZOOLOGICAL BOARD****\$5,637,000****\$5,690,000**Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>General</u>	<u>5,477,000</u>	<u>5,530,000</u>
<u>Natural Resources</u>	<u>160,000</u>	<u>160,000</u>

\$160,000 the first year and \$160,000 the second year are from the natural resources fund from the revenue deposited under Minnesota Statutes, section 297A.94, paragraph (e), clause (5).

ARTICLE 4
ENVIRONMENT AND NATURAL RESOURCES POLICY

Section 1. Minnesota Statutes 2012, section 84.027, is amended by adding a subdivision to read:

Subd. 19. **Federal law compliance.** Notwithstanding any law to the contrary, the commissioner may establish, by written order, policies for the use and operation of other power-driven mobility devices, as defined under Code of Federal Regulations, title 28, section 35.104, on lands and in facilities administered by the commissioner for the purposes of implementing the Americans with Disabilities Act, United States Code, title 42, section 12101 et seq. These policies are exempt from the rulemaking provisions of chapter 14 and section 14.386 does not apply.

Sec. 2. **[84.633] EXCHANGE OF ROAD EASEMENTS.**

Subdivision 1. **Authority.** The commissioner of natural resources, on behalf of the state, may convey a road easement according to this section for access across state land under the commissioner's jurisdiction in exchange for a road easement for access to property owned by the United States, the state of Minnesota or any of its subdivisions, or a private party. The exercise of the easement across state land must not cause significant adverse environmental or natural resources management impacts.

Subd. 2. **Substantially equal acres.** The acres covered by the state easement conveyed by the commissioner must be substantially equal to the acres covered by the easement being received by the commissioner. For purposes of this section, "substantially equal" means that the acres do not differ by more than 20 percent. The commissioner's finding of substantially equal acres is in lieu of an appraisal or other determination of value of the lands.

Subd. 3. **School trust lands.** If the commissioner conveys a road easement over school trust land to a nongovernmental entity, the term of the road easement is limited to 50 years. The easement exchanged with the state may be limited to 50 years or may be perpetual.

Subd. 4. **Terms and conditions.** The commissioner may impose terms and conditions of use as necessary and appropriate under the circumstances. The state may accept an easement with similar terms and conditions as the state easement.

Subd. 5. **Survey.** If the commissioner determines that a survey is required, the governmental unit or private landowner shall pay to the commissioner a survey fee of not less than one half of the cost of the survey as determined by the commissioner.

Subd. 6. **Application fee.** When a private landowner or governmental unit, except the state, presents to the commissioner an offer to exchange road easements, the private landowner or governmental unit shall pay an application fee as provided under section 84.63 to cover reasonable costs for reviewing the application and preparing the easements.

Subd. 7. **Title.** If the commissioner determines it is necessary to obtain an opinion as to the title of the land being encumbered by the easement that will be received by the commissioner, the governmental unit or private landowner shall submit an abstract of title or other title information sufficient to determine possession of the land, improvements, liens, encumbrances, and other matters affecting title.

Subd. 8. **Disposition of fees.** (a) Any fee paid under subdivision 5 must be credited to the account from which expenses are or will be paid and the fee is appropriated for the expenditures in the same manner as other money in the account.

(b) Any fee paid under subdivision 6 must be deposited in the land management account in the natural resources fund and is appropriated to the commissioner to cover the reasonable costs incurred for preparing and issuing the state road easement and accepting the road easement from the private landowner or governmental entity.

Sec. 3. Minnesota Statutes 2012, section 84.788, is amended by adding a subdivision to read:

Subd. 13. **Grant-in-aid donations.** (a) At the time of registration, a person may agree to add a donation of any amount to the off-highway motorcycle registration fee for grant-in-aid off-highway motorcycle trails. An additional commission may not be assessed on the donation. The commissioner shall offer the opportunity to make a donation under this subdivision to all registrants and shall issue a recognition grant-in-aid trail sticker to registrants contributing \$20 or more.

(b) Money donated under this subdivision shall be deposited in the off-highway motorcycle account in the natural resources fund and shall be used for the grant-in-aid program as provided under section 84.794, subdivision 2, paragraph (a), clause (3).

Sec. 4. Minnesota Statutes 2012, section 84.794, subdivision 1, is amended to read:

Subdivision 1. **Registration revenue.** Fees from the registration of off-highway motorcycles, donations received under section 84.788, subdivision 13, and the unrefunded gasoline tax attributable to off-highway motorcycle use under section 296A.18 must be deposited in the state treasury and credited to the off-highway motorcycle account in the natural resources fund.

Sec. 5. Minnesota Statutes 2012, section 84.798, is amended by adding a subdivision to read:

Subd. 11. **Grant-in-aid trail donations.** (a) At the time of registration, a person may agree to add a donation of any amount to the off-road vehicle registration fee for grant-in-aid off-road vehicle trails. An additional commission may not be assessed on the donation. The commissioner shall offer the opportunity to make a donation under this subdivision to all registrants and shall issue a recognition grant-in-aid trail sticker to registrants contributing \$20 or more.

(b) Money donated under this subdivision shall be deposited in the off-road vehicle account in the natural resources fund and shall be used for the grant-in-aid program as provided under section 84.803, subdivision 2, clause (3).

Sec. 6. Minnesota Statutes 2012, section 84.803, subdivision 1, is amended to read:

Subdivision 1. **Registration revenue.** Fees from the registration of off-road vehicles, donations received under section 84.798, subdivision 11, and unrefunded gasoline tax attributable to off-road vehicle use under section 296A.18 must be deposited in the state treasury and credited to the off-road vehicle account in the natural resources fund.

Sec. 7. Minnesota Statutes 2012, section 84.82, is amended by adding a subdivision to read:

Subd. 2a. **Limited nontrail use registration.** A snowmobile may be registered for limited nontrail use. A snowmobile registered under this subdivision may be used solely for transportation on the frozen surface of public water for purposes of ice fishing and may not otherwise be operated on a state or grant-in-aid snowmobile trail. The fee for a limited nontrail use registration is \$45 for three years. A limited nontrail use registration is not transferable. In addition to other penalties prescribed by law, the penalty for violation of this subdivision is immediate revocation of the limited nontrail use registration. The commissioner shall ensure that the registration sticker provided for limited nontrail use is of a different color and is distinguishable from other snowmobile registration and state trail stickers provided.

Sec. 8. Minnesota Statutes 2012, section 84.82, is amended by adding a subdivision to read:

Subd. 12. **Grant-in-aid trail donations.** (a) At the time of registration, a person may agree to add a donation of any amount to the snowmobile registration fee for grant-in-aid snowmobile trails. An additional commission may not be assessed on the donation. The commissioner shall offer the opportunity to make a donation under this subdivision to all registrants and shall issue a recognition grant-in-aid trail sticker to registrants contributing \$20 or more.

(b) Money donated under this subdivision shall be deposited in the snowmobile trails and enforcement account in the natural resources fund and shall be used for the grant-in-aid program as provided under section 84.83, subdivision 3, paragraph (a), clause (1).

Sec. 9. Minnesota Statutes 2012, section 84.83, subdivision 2, is amended to read:

Subd. 2. **Money deposited in the account.** Fees from the registration of snowmobiles and from the issuance of snowmobile state trail stickers, donations received under section 84.82, subdivision 12, and the unrefunded gasoline tax attributable to snowmobile use pursuant to section 296A.18 shall be deposited in the state treasury and credited to the snowmobile trails and enforcement account.

Sec. 10. Minnesota Statutes 2012, section 84.922, is amended by adding a subdivision to read:

Subd. 13. **Grant-in-aid trail contributions.** (a) At the time of registration, the commissioner shall offer a registrant the opportunity to make a contribution for grant-in-aid trails. The commissioner shall issue a recognition grant-in-aid trail sticker to registrants contributing \$20 or more.

(b) Money contributed under this subdivision shall be deposited in the state treasury and credited to the all-terrain vehicle account and is dedicated for the grant-in-aid trail program.

Sec. 11. Minnesota Statutes 2012, section 84.922, is amended by adding a subdivision to read:

Subd. 14. **No registration weekend.** The commissioner shall designate by rule one weekend each year when, notwithstanding subdivision 1, an all-terrain vehicle may be operated on state and grant-in-aid all-terrain vehicle trails without a registration issued under this section. Nonresidents may participate during the designated weekend without a state trail pass required under section 84.9275.

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

Sec. 12. Minnesota Statutes 2012, section 84.9256, subdivision 1, is amended to read:

Subdivision 1. **Prohibitions on youthful operators.** (a) Except for operation on public road rights-of-way that is permitted under section 84.928 and as provided under paragraph (j), a driver's license issued by the state or another state is required to operate an all-terrain vehicle along or on a public road right-of-way.

(b) A person under 12 years of age shall not:

(1) make a direct crossing of a public road right-of-way;

(2) operate an all-terrain vehicle on a public road right-of-way in the state; or

(3) operate an all-terrain vehicle on public lands or waters, except as provided in paragraph (f).

(c) Except for public road rights-of-way of interstate highways, a person 12 years of age but less than 16 years may make a direct crossing of a public road right-of-way of a trunk, county state-aid, or county highway or operate on public lands and waters or state or grant-in-aid trails, only if that person possesses a valid all-terrain vehicle safety certificate issued by the commissioner and is accompanied by a person 18 years of age or older who holds a valid driver's license.

(d) To be issued an all-terrain vehicle safety certificate, a person at least 12 years old, but less than ~~16~~ 18 years old, must:

(1) successfully complete the safety education and training program under section 84.925, subdivision 1, including a riding component; and

(2) be able to properly reach and control the handle bars and reach the foot pegs while sitting upright on the seat of the all-terrain vehicle.

(e) A person at least 11 years of age may take the safety education and training program and may receive an all-terrain vehicle safety certificate under paragraph (d), but the certificate is not valid until the person reaches age 12.

(f) A person at least ten years of age but under 12 years of age may operate an all-terrain vehicle with an engine capacity up to 90cc on public lands or waters if accompanied by a parent or legal guardian.

(g) A person under 15 years of age shall not operate a class 2 all-terrain vehicle.

(h) A person under the age of 16 may not operate an all-terrain vehicle on public lands or waters or on state or grant-in-aid trails if the person cannot properly reach and control the handle bars and reach the foot pegs while sitting upright on the seat of the all-terrain vehicle.

(i) Notwithstanding paragraph (c), a nonresident at least 12 years old, but less than 16 years old, may make a direct crossing of a public road right-of-way of a trunk, county state-aid, or county highway or operate an all-terrain vehicle on public lands and waters or state or grant-in-aid trails if:

(1) the nonresident youth has in possession evidence of completing an all-terrain safety course offered by the ATV Safety Institute or another state as provided in section 84.925, subdivision 3; and

(2) the nonresident youth is accompanied by a person 18 years of age or older who holds a valid driver's license.

(j) A person 12 years of age but less than 16 years of age may operate an all-terrain vehicle on the bank, slope, or ditch of a public road right-of-way as permitted under section 84.928 if the person:

(1) possesses a valid all-terrain vehicle safety certificate issued by the commissioner; and

(2) is accompanied by a parent or legal guardian on a separate all-terrain vehicle.

Sec. 13. Minnesota Statutes 2012, section 84.928, subdivision 1, is amended to read:

Subdivision 1. **Operation on roads and rights-of-way.** (a) Unless otherwise allowed in sections 84.92 to 84.928, a person shall not operate an all-terrain vehicle in this state along or on the roadway, shoulder, or inside bank or slope of a public road right-of-way of a trunk, county state-aid, or county highway.

(b) A person may operate a class 1 all-terrain vehicle in the ditch or the outside bank or slope of a trunk, county state-aid, or county highway unless prohibited under paragraph (d) or (f).

(c) A person may operate a class 2 all-terrain vehicle:

(1) within the public road right-of-way of a county state-aid or county highway on the extreme right-hand side of the road and left turns may be made from any part of the road if it is safe to do so under the prevailing conditions, unless prohibited under paragraph (d) or (f);

(2) on the bank, slope, or ditch of a public road right-of-way of a trunk highway, but only to access businesses or make trail connections, and left turns may be made from any part of the road if it is safe to do so under the prevailing conditions, unless prohibited under paragraph (d) or (f); and

~~(3) A person may operate a class 2 all-terrain vehicle on the bank or ditch of a public road right-of-way:~~

~~(i) on a designated class 2 all-terrain vehicle trail; or~~

~~(ii) to access businesses or make trail connections when operation within the public road right-of-way is unsafe.~~

(d) A road authority as defined under section 160.02, subdivision 25, may after a public hearing restrict the use of all-terrain vehicles in the public road right-of-way under its jurisdiction.

(e) The restrictions in paragraphs (a), (d), (h), (i), and (j) do not apply to the operation of an all-terrain vehicle on the shoulder, inside bank or slope, ditch, or outside bank or slope of a trunk, interstate, county state-aid, or county highway:

(1) that is part of a funded grant-in-aid trail; or

(2) when the all-terrain vehicle is owned by or operated under contract with a publicly or privately owned utility or pipeline company and used for work on utilities or pipelines.

(f) The commissioner may limit the use of a right-of-way for a period of time if the commissioner determines that use of the right-of-way causes:

(1) degradation of vegetation on adjacent public property;

(2) siltation of waters of the state;

(3) impairment or enhancement to the act of taking game; or

(4) a threat to safety of the right-of-way users or to individuals on adjacent public property.

The commissioner must notify the road authority as soon as it is known that a closure will be ordered. The notice must state the reasons and duration of the closure.

(g) A person may operate an all-terrain vehicle registered for private use and used for agricultural purposes on a public road right-of-way of a trunk, county state-aid, or county highway in this state if the all-terrain vehicle is operated on the extreme right-hand side of the road, and left turns may be made from any part of the road if it is safe to do so under the prevailing conditions.

(h) A person shall not operate an all-terrain vehicle within the public road right-of-way of a trunk, county state-aid, or county highway from April 1 to August 1 in the agricultural zone unless the vehicle is being used exclusively as transportation to and from work on agricultural lands. This paragraph does not apply to an agent or employee of a road authority, as defined in section 160.02, subdivision 25, or the Department of Natural Resources when performing or exercising official duties or powers.

(i) A person shall not operate an all-terrain vehicle within the public road right-of-way of a trunk, county state-aid, or county highway between the hours of one-half hour after sunset to one-half hour before sunrise, except on the right-hand side of the right-of-way and in the same direction as the highway traffic on the nearest lane of the adjacent roadway.

(j) A person shall not operate an all-terrain vehicle at any time within the right-of-way of an interstate highway or freeway within this state.

Sec. 14. **[84.973] POLLINATOR HABITAT PROGRAM.**

(a) The commissioner shall develop best management practices and habitat restoration guidelines for pollinator habitat enhancement. Best management practices and guidelines developed under this section must be used for all projects on state lands and must be a condition of any contract for habitat enhancement or restoration of lands under the commissioner's control.

(b) Prairie restorations must include an appropriate diversity of native species selected to provide habitat for pollinators throughout the growing season.

Sec. 15. Minnesota Statutes 2012, section 84D.108, subdivision 2, is amended to read:

Subd. 2. **Permit requirements.** (a) Service providers must complete invasive species training provided by the commissioner and pass an examination to qualify for a permit. Service provider permits are valid for three calendar years.

(b) A \$50 application and testing fee is required for service provider permit applications.

(c) Persons working for a permittee must satisfactorily complete aquatic invasive species-related training provided by the commissioner, except as provided under paragraph (d).

(d) A person working for and supervised by a permittee is not required to complete the training under paragraph (c) if the water-related equipment or other water-related structures remain on the riparian property owned or controlled by the permittee and are only removed from and placed into the same water of the state.

Sec. 16. Minnesota Statutes 2012, section 85.015, subdivision 13, is amended to read:

Subd. 13. **Arrowhead Region Trails, Cook, Lake, St. Louis, Pine, Carlton, Koochiching, and Itasca Counties.** (a)(1) The Taconite Trail shall originate at Ely in St. Louis County and extend southwesterly to Tower in St. Louis County, thence westerly to McCarthy Beach State Park in St. Louis County, thence southwesterly to Grand Rapids in Itasca County and there terminate;

(2) The C.J. Ramstad/Northshore Trail shall originate in Duluth in St. Louis County and extend northeasterly to Two Harbors in Lake County, thence northeasterly to Grand Marais in Cook County, thence northeasterly to the international boundary in the vicinity of the north shore of Lake Superior, and there terminate;

(3) The Grand Marais to International Falls Trail shall originate in Grand Marais in Cook County and extend northwesterly, outside of the Boundary Waters Canoe Area, to Ely in St. Louis County, thence southwesterly along the route of the Taconite Trail to Tower in St. Louis County, thence northwesterly through the Pelican Lake area in St. Louis County to International Falls in Koochiching County, and there terminate;

(4) The Matthew Lourey Trail shall originate in Duluth in St. Louis County and extend southerly to ~~St. Croix~~ Chengwatana State Forest in Pine County.

(b) The trails shall be developed primarily for riding and hiking.

(c) In addition to the authority granted in subdivision 1, lands and interests in lands for the Arrowhead Region trails may be acquired by eminent domain. Before acquiring any land or interest in land by eminent domain the commissioner of administration shall obtain the approval of the governor. The governor shall consult with the Legislative Advisory Commission before granting approval. Recommendations of the Legislative Advisory Commission shall be advisory only. Failure or refusal of the commission to make a recommendation shall be deemed a negative recommendation.

Sec. 17. Minnesota Statutes 2012, section 85.052, subdivision 6, is amended to read:

Subd. 6. **State park reservation system.** (a) The commissioner may, by written order, develop reasonable reservation policies for campsites and other lodging. These policies are exempt from rulemaking provisions under chapter 14 and section 14.386 does not apply.

(b) The revenue collected from the state park reservation fee established under subdivision 5, including interest earned, shall be deposited in the state park account in the natural resources fund and is annually appropriated to the commissioner for the cost of the state park reservation system.

EFFECTIVE DATE. This section is effective retroactively from March 1, 2012.

Sec. 18. Minnesota Statutes 2012, section 85.054, is amended by adding a subdivision to read:

Subd. 18. **La Salle Lake State Recreation Area.** A state park permit is not required and a fee may not be charged for motor vehicle entry, use, or parking in La Salle Lake State Recreation Area unless the occupants of the vehicle enter, use, or park in a developed overnight or day-use area.

Sec. 19. Minnesota Statutes 2012, section 85.055, subdivision 1, is amended to read:

Subdivision 1. **Fees.** The fee for state park permits for:

- (1) an annual use of state parks is \$25;
- (2) a second or subsequent vehicle state park permit is \$18;
- (3) a state park permit valid for one day is \$5;
- (4) a daily vehicle state park permit for groups is \$3;

- (5) an annual permit for motorcycles is \$20;
- (6) an employee's state park permit is without charge; and
- (7) a state park permit for disabled persons under section 85.053, subdivision 7, clauses (1) ~~and (2)~~ to (3), is \$12.

The fees specified in this subdivision include any sales tax required by state law.

Sec. 20. Minnesota Statutes 2012, section 85.055, subdivision 2, is amended to read:

Subd. 2. **Fee deposit and appropriation.** The fees collected under this section shall be deposited in the natural resources fund and credited to the state parks account. Money in the account, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, and the state park reservation system fee established by the commissioner under section 85.052, subdivisions 5 and 6, is available for appropriation to the commissioner to operate and maintain the state park system.

Sec. 21. Minnesota Statutes 2012, section 85.41, is amended by adding a subdivision to read:

Subd. 6. **Grant-in-aid trail donations.** (a) At the time of purchasing the pass required under subdivision 1, a person may agree to add a donation of any amount to the cross-country ski pass fee for grant-in-aid cross-country ski trails. An additional commission may not be assessed on the donation. The commissioner shall offer the opportunity to make a donation under this subdivision to all pass purchasers and shall issue a recognition grant-in-aid trail sticker to a person contributing \$20 or more.

(b) Money donated under this subdivision shall be deposited in the cross-country ski account in the natural resources fund and shall be used for the grant-in-aid program as provided under section 85.43, paragraph (a), clause (1).

Sec. 22. Minnesota Statutes 2012, section 85.42, is amended to read:

85.42 USER FEE; VALIDITY.

(a) The fee for an annual cross-country ski pass is \$19 for an individual age 16 and over. The fee for a three-year pass is \$54 for an individual age 16 and over. This fee shall be collected at the time the pass is purchased. Three-year passes are valid for three years beginning the previous July 1. Annual passes are valid for one year beginning the previous July 1.

(b) The cost for a daily cross-country skier pass is \$5 for an individual age 16 and over. This fee shall be collected at the time the pass is purchased. The daily pass is valid only for the date designated on the pass form.

(c) A pass must be signed by the skier across the front of the pass to be valid and becomes nontransferable on signing.

(d) The commissioner and agents shall issue a duplicate pass to a person whose pass is lost or destroyed, using the process established under section 97A.405, subdivision 3, and rules adopted thereunder. The fee for a duplicate cross-country ski pass is \$2.

Sec. 23. Minnesota Statutes 2012, section 85.43, is amended to read:

85.43 DISPOSITION OF RECEIPTS; PURPOSE.

(a) Fees from cross-country ski passes and donations received under section 85.41, subdivision 6, shall be deposited in the state treasury and credited to a cross-country ski account in the natural resources fund and, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, are appropriated to the commissioner of natural resources for the following purposes:

- (1) grants-in-aid for cross-country ski trails to:

- (i) counties and municipalities for construction and maintenance of cross-country ski trails; and
 - (ii) special park districts as provided in section 85.44 for construction and maintenance of cross-country ski trails; and
- (2) administration of the cross-country ski trail grant-in-aid program.
- (b) Development and maintenance of state cross-country ski trails are eligible for funding from the cross-country ski account if the money is appropriated by law.

Sec. 24. Minnesota Statutes 2012, section 85.46, subdivision 6, is amended to read:

Subd. 6. **Disposition of receipts.** Fees and donations collected under this section, except for the issuing fee, shall be deposited in the state treasury and credited to the horse pass account in the natural resources fund. Except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, the fees are appropriated to the commissioner of natural resources for trail acquisition, trail and facility development, and maintenance, enforcement, and rehabilitation of horse trails or trails authorized for horse use, whether for riding, leading, or driving, on land administered by the commissioner.

Sec. 25. Minnesota Statutes 2012, section 85.46, is amended by adding a subdivision to read:

Subd. 8. **Trail donations.** At the time of purchasing the pass required under subdivision 1, a person may agree to add a donation of any amount to the horse pass fee for horse trails. An additional commission may not be assessed on the donation. The commissioner shall offer the opportunity to make a donation under this subdivision to all pass purchasers and shall issue a recognition trail sticker to a person contributing \$20 or more.

Sec. 26. Minnesota Statutes 2012, section 89.0385, is amended to read:

89.0385 FOREST MANAGEMENT INVESTMENT ACCOUNT; COST CERTIFICATION.

(a) ~~After each fiscal year,~~ The commissioner shall certify the total costs incurred for forest management, forest improvement, and road improvement on state-managed lands during that year. The commissioner shall distribute forest management receipts credited to various accounts according to this section.

(b) The amount of the certified costs incurred for forest management activities on state lands shall be transferred from the account where receipts are deposited to the forest management investment account in the natural resources fund, except for those costs certified under section 16A.125. Transfers may occur quarterly, based on quarterly cost and revenue reports, throughout the fiscal year, with final certification and reconciliation after each fiscal year. Transfers in a fiscal year cannot exceed receipts credited to the account.

Sec. 27. Minnesota Statutes 2012, section 89.17, is amended to read:

89.17 LEASES AND PERMITS.

(a) Notwithstanding the permit procedures of chapter 90, the commissioner shall have power to grant and execute, in the name of the state, leases and permits for the use of any forest lands under the authority of the commissioner for any purpose which in the commissioner's opinion is not inconsistent with the maintenance and management of the forest lands, on forestry principles for timber production. Every such lease or permit shall be revocable at the discretion of the commissioner at any time subject to such conditions as may be agreed on in the lease. The approval of the commissioner of administration shall not be required upon any such lease or permit. No such lease or permit for a period exceeding 21 years shall be granted except with the approval of the Executive Council.

(b) Public access to the leased land for outdoor recreation shall be the same as access would be under state management.

(c) The commissioner shall, by written order, establish the schedule of application fees for all leases issued under this section. Notwithstanding section 16A.1285, subdivision 2, the application fees shall be set at a rate that neither significantly overrecovers nor underrecovers costs, including overhead costs, involved in providing the services at the time of issuing the leases. The commissioner shall update the schedule of application fees every five years. The schedule of application fees and any adjustment to the schedule are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply.

(d) Money received under paragraph (c) must be deposited in the land management account in the natural resources fund and is appropriated to the commissioner to cover the reasonable costs incurred for issuing leases.

(e) ~~Notwithstanding section 16A.125, subdivision 5, after deducting the reasonable costs incurred for preparing and issuing the lease application fee paid according to paragraph (c), all remaining proceeds from the leasing of school trust land and university land for roads on forest lands must be deposited into the respective permanent fund for the lands.~~

Sec. 28. Minnesota Statutes 2012, section 90.01, subdivision 4, is amended to read:

Subd. 4. **Scaler.** "Scaler" means a qualified bonded person designated by the commissioner to measure timber and cut forest products.

Sec. 29. Minnesota Statutes 2012, section 90.01, subdivision 5, is amended to read:

Subd. 5. **State appraiser.** "State appraiser" means an employee of the department designated by the commissioner to appraise state lands, which includes, but is not limited to, timber and other forest resource products, for volume, quality, and value.

Sec. 30. Minnesota Statutes 2012, section 90.01, subdivision 6, is amended to read:

Subd. 6. **Timber.** "Timber" means trees, shrubs, or woody plants, that will produce forest products of value whether standing or down, and including but not limited to logs, sawlogs, posts, poles, bolts, pulpwood, cordwood, fuelwood, woody biomass, lumber, and woody decorative material.

Sec. 31. Minnesota Statutes 2012, section 90.01, subdivision 8, is amended to read:

Subd. 8. **Permit holder.** "Permit holder" means the person ~~holding~~ who is the signatory of a permit to cut timber on state lands.

Sec. 32. Minnesota Statutes 2012, section 90.01, subdivision 11, is amended to read:

Subd. 11. **Effective permit.** "Effective permit" means a permit for which the commissioner has on file full or partial ~~surety security~~ security as required by section 90.161, ~~or 90.162, 90.163, or 90.173~~ or, in the case of permits issued according to section 90.191 or 90.195, the commissioner has received a down payment equal to the full appraised value.

Sec. 33. Minnesota Statutes 2012, section 90.031, subdivision 4, is amended to read:

Subd. 4. **Timber rules.** The Executive Council may formulate and establish, from time to time, rules it deems advisable for the transaction of timber business of the state, including approval of the sale of timber on any tract in a lot exceeding ~~6,000~~ 12,000 cords in volume when the sale is in the best interests of the state, and may abrogate, modify, or suspend rules at its pleasure.

Sec. 34. Minnesota Statutes 2012, section 90.041, subdivision 2, is amended to read:

Subd. 2. **Trespass on state lands.** The commissioner may compromise and settle, with ~~the approval of~~ notification to the attorney general, upon terms the commissioner deems just, any claim of the state for casual and involuntary trespass upon state lands or timber; provided that no claim shall be settled for less than the full value of all timber or other materials taken in casual trespass or the full amount of all actual damage or loss suffered by the state as a result. Upon request, the commissioner shall advise the Executive Council of any information acquired by the commissioner concerning any trespass on state lands, giving all details and names of witnesses and all compromises and settlements made under this subdivision.

Sec. 35. Minnesota Statutes 2012, section 90.041, subdivision 5, is amended to read:

Subd. 5. **Forest improvement contracts.** The commissioner may contract as part of the timber sale with the purchaser of state timber at either informal or auction sale for ~~the following~~ forest improvement work to be done on the land included within the sale area. Forest improvement work may include activities relating to preparation of the site for seeding or planting of seedlings or trees, seeding or planting of seedlings or trees, and other activities relating related to forest regeneration or deemed necessary by the commissioner to accomplish forest management objectives, including those related to water quality protection, trail development, and wildlife habitat enhancement. A contract issued under this subdivision is not subject to the competitive bidding provisions of chapter 16C and is exempt from the contract approval provisions of section 16C.05, subdivision 2. The bid value received in the sale of the timber and the contract bid cost of the improvement work may be combined and the total value may be considered by the commissioner in awarding forest improvement contracts under this section. The commissioner may refuse to accept any and all bids received and cancel a forest improvement contract sale for good and sufficient reasons.

Sec. 36. Minnesota Statutes 2012, section 90.041, subdivision 6, is amended to read:

Subd. 6. **Sale of damaged timber.** The commissioner may sell at public auction timber that has been damaged by fire, windstorm, flood, insect, disease, or other natural cause on notice that the commissioner considers reasonable when there is a high risk that the salvage value of the timber would be lost.

Sec. 37. Minnesota Statutes 2012, section 90.041, subdivision 9, is amended to read:

Subd. 9. **Reoffering unsold timber.** ~~To maintain and enhance forest ecosystems on state forest lands,~~ The commissioner may reoffer timber tracts remaining unsold under the provisions of section 90.101 below appraised value at public auction with the required 30-day notice under section 90.101, subdivision 2.

Sec. 38. Minnesota Statutes 2012, section 90.041, is amended by adding a subdivision to read:

Subd. 10. **Fees.** (a) The commissioner may establish a fee schedule that covers the commissioner's cost of issuing, administering, and processing various permits, permit modifications, transfers, assignments, amendments, and other transactions necessary to the administration of activities under this chapter.

(b) A fee established under this subdivision is not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The commissioner may establish fees under this subdivision notwithstanding section 16A.1283.

Sec. 39. Minnesota Statutes 2012, section 90.041, is amended by adding a subdivision to read:

Subd. 11. **Debarment.** The commissioner may debar a permit holder if the holder is convicted in Minnesota at the gross misdemeanor or felony level of criminal willful trespass, theft, fraud, or antitrust violation involving state, federal, county, or privately owned timber in Minnesota or convicted in any other state involving similar offenses and penalties for timber owned in that state. The commissioner shall cancel and repossess the permit directly

involved in the prosecution of the crime. The commissioner shall cancel and repossess all other state timber permits held by the permit holder after taking from all security deposits money to which the state is entitled. The commissioner shall return the remainder of the security deposits, if any, to the permit holder. The debarred permit holder is prohibited from bidding, possessing, or being employed on any state timber permit during the period of debarment. The period of debarment is not less than one year or greater than three years. The duration of the debarment is based on the severity of the violation, past history of compliance with timber permits, and the amount of loss incurred by the state arising from violations of timber permits.

Sec. 40. Minnesota Statutes 2012, section 90.045, is amended to read:

90.045 APPRAISAL STANDARDS.

By July 1, 1983, the commissioner shall establish specific timber appraisal standards according to which all timber appraisals will be conducted under this chapter. The standards shall include a specification of the maximum allowable appraisal sampling error, ~~and~~ including the procedures for tree defect allowance, tract area estimation, product volume estimation, and product value determination. The timber appraisal standards shall be included in each edition of the timber sales manual published by the commissioner. In addition to the duties pursuant to section 90.061, every state appraiser shall work within the guidelines of the timber appraisal standards. The standards shall not be subject to the rulemaking provisions of chapter 14.

Sec. 41. Minnesota Statutes 2012, section 90.061, subdivision 8, is amended to read:

Subd. 8. **Appraiser authority; form of documents.** State appraisers are empowered, with the consent of the commissioner, to perform any scaling, and generally to supervise the cutting and removal of timber and forest products on or from state lands so far as may be reasonably necessary to insure compliance with the terms of the permits or other contracts governing the same and protect the state from loss.

The form of appraisal reports, records, and notes to be kept by state appraisers shall be as the commissioner prescribes.

Sec. 42. Minnesota Statutes 2012, section 90.101, subdivision 1, is amended to read:

Subdivision 1. **Sale requirements.** The commissioner may sell the timber on any tract of state land and may determine the number of sections or fractional sections of land to be included in the permit area covered by any one permit issued to the purchaser of timber on state lands, or in any one contract or other instrument relating thereto. No timber shall be sold, except (1) to the highest responsible bidder at public auction, or (2) if unsold at public auction, the commissioner may offer the timber for private sale for a period of no more than ~~six months~~ one year after the public auction to any ~~person~~ responsible bidder who pays the appraised value for the timber. The minimum price shall be the appraised value as fixed by the report of the state appraiser. Sales may include tracts in more than one contiguous county or forestry administrative area and shall be held either in the county or forestry administrative area in which the tract is located or in an adjacent county or forestry administrative area that is nearest the tract offered for sale or that is most accessible to potential bidders. In adjoining counties or forestry administrative areas, sales may not be held less than two hours apart.

Sec. 43. Minnesota Statutes 2012, section 90.121, is amended to read:

90.121 INTERMEDIATE AUCTION SALES; MAXIMUM LOTS OF 3,000 CORDS.

(a) The commissioner may sell the timber on any tract of state land in lots not exceeding 3,000 cords in volume, in the same manner as timber sold at public auction under section 90.101, and related laws, subject to the following special exceptions and limitations:

(1) the commissioner shall offer all tracts authorized for sale by this section separately from the sale of tracts of state timber made pursuant to section 90.101;

(2) no bidder may be awarded more than 25 percent of the total tracts offered at the first round of bidding unless fewer than four tracts are offered, in which case not more than one tract shall be awarded to one bidder. Any tract not sold at public auction may be offered for private sale as authorized by section 90.101, subdivision 1, 30 days after the auction to persons responsible bidders eligible under this section at the appraised value; and

(3) no sale may be made to a ~~person~~ responsible bidder having more than 30 employees. For the purposes of this clause, "employee" means an individual working in the timber or wood products industry for salary or wages on a full-time or part-time basis.

(b) The auction sale procedure set forth in this section constitutes an additional alternative timber sale procedure available to the commissioner and is not intended to replace other authority possessed by the commissioner to sell timber in lots of 3,000 cords or less.

(c) Another bidder or the commissioner may request that the number of employees a bidder has pursuant to paragraph (a), clause (3), be confirmed by signed affidavit if there is evidence that the bidder may be ineligible due to exceeding the employee threshold. The commissioner shall request information from the commissioners of labor and industry and employment and economic development including the premiums paid by the bidder in question for workers' compensation insurance coverage for all employees of the bidder. The commissioner shall review the information submitted by the commissioners of labor and industry and employment and economic development and make a determination based on that information as to whether the bidder is eligible. A bidder is considered eligible and may participate in intermediate auctions until determined ineligible under this paragraph.

Sec. 44. Minnesota Statutes 2012, section 90.145, is amended to read:

90.145 PURCHASER QUALIFICATIONS AND, REGISTRATION, AND REQUIREMENTS.

Subdivision 1. **Purchaser ~~qualifications~~ requirements.** (a) In addition to any other requirements imposed by this chapter, the purchaser of a state timber permit issued under section 90.151 must meet the requirements in paragraphs (b) to ~~(d)~~ (e).

(b) The purchaser ~~and~~ or the purchaser's agents, employees, subcontractors, and assigns conducting logging operations on the timber permit must comply with general industry safety standards for logging adopted by the commissioner of labor and industry under chapter 182. The commissioner of natural resources ~~shall~~ may require a purchaser to provide proof of compliance with the general industry safety standards.

(c) The purchaser ~~and~~ or the purchaser's agents, subcontractors, and assigns conducting logging operations on the timber permit must comply with the mandatory insurance requirements of chapter 176. The commissioner ~~shall~~ may require a purchaser to provide a copy of the proof of insurance required by section 176.130 before the start of harvesting operations on any permit.

(d) Before the start of harvesting operations on any permit, the purchaser must certify that a foreperson or other designated employee who has a current certificate of completion, which includes instruction in site-level forest management guidelines or best management practices, from the Minnesota Logger Education Program (MLEP), the Wisconsin Forest Industry Safety and Training Alliance (FISTA), or any similar continuous education program acceptable to the commissioner, is supervising active logging operations.

(e) The purchaser and the purchaser's agents, employees, subcontractors, and assigns who will be involved with logging or scaling state timber must be in compliance with this chapter.

Subd. 2. **Purchaser ~~preregistration~~ registration.** To facilitate the sale of permits issued under section 90.151, the commissioner may establish a ~~purchaser preregistration~~ registration system to verify the qualifications of a person as a responsible bidder to purchase a timber permit. Any system implemented by the commissioner shall be

limited in scope to only that information that is required for the efficient administration of the purchaser qualification ~~provisions~~ requirements of this chapter ~~and shall conform with the requirements of chapter 13. The registration system established under this subdivision is not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply.~~

Sec. 45. Minnesota Statutes 2012, section 90.151, subdivision 1, is amended to read:

Subdivision 1. **Issuance; expiration.** (a) Following receipt of the down payment for state timber required under section 90.14 or 90.191, the commissioner shall issue a numbered permit to the purchaser, in a form approved by the attorney general, by the terms of which the purchaser shall be authorized to enter upon the land, and to cut and remove the timber therein described as designated for cutting in the report of the state appraiser, according to the provisions of this chapter. The permit shall be correctly dated and executed by the commissioner and signed by the purchaser. If a permit is not signed by the purchaser within ~~60~~ 45 days from the date of purchase, the permit cancels and the down payment for timber required under section 90.14 forfeits to the state. The commissioner may grant an additional period for the purchaser to sign the permit, not to exceed ~~five~~ ten business days, provided the purchaser pays a ~~\$125~~ \$200 penalty fee.

(b) The permit shall expire no later than five years after the date of sale as the commissioner shall specify or as specified under section 90.191, and the timber shall be cut and removed within the time specified therein. ~~All cut timber, equipment, and buildings not removed from the land within 90 days after expiration of the permit shall become the property of the state. If additional time is needed, the permit holder must request, prior to the expiration date, and may be granted, for good and sufficient reasons, up to 90 additional days for the completion of skidding, hauling, and removing all equipment and buildings. All cut timber, equipment, and buildings not removed from the land after expiration of the permit becomes the property of the state.~~

(c) The commissioner may grant an additional period of time not to exceed ~~120~~ 240 days for the removal of cut timber, equipment, and buildings upon receipt of ~~such a written~~ request by the permit holder for good and sufficient reasons. ~~The commissioner may grant a second period of time not to exceed 120 days for the removal of cut timber, equipment, and buildings upon receipt of a request by the permit holder for hardship reasons only. The permit holder may combine in the written request under this paragraph the request for additional time under paragraph (b).~~

Sec. 46. Minnesota Statutes 2012, section 90.151, subdivision 2, is amended to read:

Subd. 2. **Permit requirements.** The permit shall state the amount of timber estimated for cutting on the land, the estimated value thereof, and the price at which it is sold in units of per thousand feet, per cord, per piece, per ton, or by whatever description sold, and shall specify that all landings of cut products shall be legibly marked with the assigned permit number. The permit shall provide for the continuous identification and control of the cut timber from the time of cutting until delivery to the consumer. The permit shall provide that failure to continuously identify the timber as specified in the permit constitutes trespass.

Sec. 47. Minnesota Statutes 2012, section 90.151, subdivision 3, is amended to read:

Subd. 3. **Security provisions.** The permit shall contain such provisions as may be necessary to secure to the state the title of all timber cut thereunder wherever found until full payment therefor and until all provisions of the permit have been fully complied with. The permit shall provide that from the date ~~the same becomes effective~~ cutting commences until the expiration ~~thereof of the permit~~, including all extensions, the purchaser and successors in interest shall be liable to the state for the full permit price of all timber covered thereby, notwithstanding any subsequent damage or injury thereto or trespass thereon or theft thereof, and without prejudice to the right of the state to pursue such timber and recover the value thereof anywhere prior to the payment therefor in full to the state. If an effective permit is forfeited prior to any cutting activity, the purchaser is liable to the state for a sum equal to the down payment and bid guarantee. Upon recovery from any person other than the permit holder, the permit holder shall be deemed released to the extent of the net amount, after deducting all expenses of collecting same, recovered by the state from such other person.

Sec. 48. Minnesota Statutes 2012, section 90.151, subdivision 4, is amended to read:

Subd. 4. **Permit terms.** Once a permit becomes effective and cutting commences, the permit holder is liable to the state for the permit price for all timber required to be cut, including timber not cut. The permit shall provide that all timber sold or designated for cutting shall be cut ~~without~~ in such a manner so as not to cause damage to other timber; that the permit holder shall remove all timber authorized and designated to be cut under the permit; that timber sold by ~~board~~ measure identified in the permit, but later determined by the commissioner not to be convertible into ~~board~~ the permit's measure, shall be paid for by the piece or cord or other unit of measure according to the size, species, or value, as may be determined by the commissioner; and that all timber products, except as specified by the commissioner, shall be scaled and the final settlement for the timber cut shall be made on this scale; ~~and that the permit holder shall pay to the state the permit price for all timber authorized to be cut, including timber not cut.~~

Sec. 49. Minnesota Statutes 2012, section 90.151, subdivision 6, is amended to read:

Subd. 6. **Notice and approval required.** The permit shall provide that the permit holder shall not start cutting any state timber nor clear ~~building sites~~ landings nor logging roads until the commissioner has been notified and has given prior approval to such cutting operations. Approval shall not be granted until the permit holder has completed a presale conference with the state appraiser designated to supervise the cutting. The permit holder shall also give prior notice whenever permit operations are to be temporarily halted, whenever permit operations are to be resumed, and when permit operations are to be completed.

Sec. 50. Minnesota Statutes 2012, section 90.151, subdivision 7, is amended to read:

Subd. 7. **Liability for timber cut in trespass.** The permit shall provide that the permit holder shall pay the permit price value for any timber sold which is negligently destroyed or damaged by the permit holder in cutting or removing other timber sold. If the permit holder shall cut or remove or negligently destroy or damage any timber upon the land described, not sold under the permit, except such timber as it may be necessary to cut and remove in the construction of necessary logging roads and landings approved as to location and route by the commissioner, such timber shall be deemed to have been cut in trespass. The permit holder shall be liable for any such timber and recourse may be had upon the ~~bond~~ security deposit.

Sec. 51. Minnesota Statutes 2012, section 90.151, subdivision 8, is amended to read:

Subd. 8. **Suspension; cancellation.** The permit shall provide that the commissioner shall have the power to order suspension of all operations under the permit when ~~in the commissioner's judgment~~ the conditions thereof have not been complied with and any timber cut or removed during such suspension shall be deemed to have been cut in trespass; that the commissioner may cancel the permit at any time ~~when in the commissioner's judgment the conditions thereof have not been complied with~~ due to a breach of the permit conditions and such cancellation shall constitute repossession of the timber by the state; that the permit holder shall remove equipment and buildings from such land within 90 days after such cancellation; that, if the purchaser at any time fails to pay any obligations to the state under any other permits, any or all permits may be canceled; and that any timber cut or removed in violation of the terms of the permit or of any law shall constitute trespass.

Sec. 52. Minnesota Statutes 2012, section 90.151, subdivision 9, is amended to read:

Subd. 9. **Slashings disposal.** The permit shall provide that the permit holder shall ~~burn or otherwise~~ dispose of or treat all slashings or other refuse resulting from cutting operations, as specified in the permit, in the manner now or hereafter provided by law.

Sec. 53. Minnesota Statutes 2012, section 90.161, is amended to read:

90.161 SURETY BONDS FOR AUCTION SECURITY DEPOSITS REQUIRED FOR EFFECTIVE TIMBER PERMITS.

Subdivision 1. **Bond Security deposit required.** (a) Except as otherwise provided by law, the purchaser of any state timber, before any timber permit becomes effective for any purpose, shall give ~~a~~ good and valid bond security in the form of cash; a certified check; a cashier's check; a postal, bank, or express money order; a corporate surety bond; or an irrevocable bank letter of credit to the state of Minnesota equal to the value of all timber covered or to be covered by the permit, as shown by the sale price bid and the appraisal report as to quantity, less the amount of any payments pursuant to ~~sections section~~ section 90.14 and 90.163.

(b) The ~~bond security deposit~~ shall be conditioned upon the faithful performance by the purchaser and successors in interest of all terms and conditions of the permit and all requirements of law in respect to timber sales. The ~~bond security deposit~~ shall be approved in writing by the commissioner and filed for record in the commissioner's office.

(c) ~~In the alternative to cash and bond requirements, but upon the same conditions,~~ A purchaser may post bond for 100 percent of the purchase price and request refund of the amount of any payments pursuant to ~~sections section~~ section 90.14 and 90.163. The commissioner may credit the refund to any other permit held by the same permit holder if the permit is delinquent as provided in section 90.181, subdivision 2, or may credit the refund to any other permit to which the permit holder requests that it be credited.

(d) In the event of a default, the commissioner may take from the deposit the sum of money to which the state is entitled. The commissioner shall return the remainder of the deposit, if any, to the person making the deposit. When cash is deposited as security, it shall be applied to the amount due when a statement is prepared and transmitted to the permit holder according to section 90.181. Any balance due to the state shall be shown on the statement and shall be paid as provided in section 90.181. Any amount of the deposit in excess of the amount determined to be due according to section 90.181 shall be returned to the permit holder when a final statement is transmitted under section 90.181. All or part of a cash deposit may be withheld from application to an amount due on a nonfinal statement if it appears that the total amount due on the permit will exceed the bid price.

(e) If an irrevocable bank letter of credit is provided as security under paragraph (a), at the written request of the permittee, the commissioner shall annually allow the amount of the bank letter of credit to be reduced by an amount proportionate to the value of timber that has been harvested and for which the state has received payment under the timber permit. The remaining amount of the bank letter of credit after a reduction under this paragraph must not be less than the value of the timber remaining to be harvested under the timber permit.

(f) If cash; a certified check; a cashier's check; a personal check; or a postal, bank, or express money order is provided as security under paragraph (a) and no cutting of state timber has taken place on the permit, the commissioner may credit the security provided, less any deposit required under section 90.14, to any other permit to which the permit holder requests in writing that it be credited.

Subd. 2. **Failure to bond provide security deposit.** ~~If bond~~ the security deposit is not furnished, no harvesting may occur and ~~the down payment for timber~~ 15 percent of the permit's purchase price shall forfeit to the state when the permit expires.

Subd. 3. **Subrogation.** ~~In case of default~~ When security is provided by surety bond and the permit holder defaults in payment by the permit holder, the surety upon the bond shall make payment in full to the state of all sums of money due under such permit; and thereupon such surety shall be deemed immediately subrogated to all the rights of the state in the timber so paid for; and such subrogated party may pursue the timber and recover therefor, or

have any other appropriate relief in relation thereto which the state might or could have had if such surety had not made such payment. No assignment or other writing on the part of the state shall be necessary to make such subrogation effective, but the certificate signed by and bearing the official seal of the commissioner, showing the amount of such timber, the lands from which it was cut or upon which it stood, and the amount paid therefor, shall be prima facie evidence of such facts.

Subd. 4. **Change of security.** Prior to any ~~harvest cutting~~ activity, or activities incidental to the preparation for harvest, a purchaser having posted a ~~bond security deposit~~ for 100 percent of the purchase price of a sale may request the release of the ~~bond security~~ and the commissioner shall grant the release ~~upon cash payment to the commissioner of 15 percent of the appraised value of the sale, plus eight percent interest on the appraised value of the sale from the date of purchase to the date of release~~ while retaining, or upon repayment of, the permit's down payment and bid guarantee deposit requirement.

Subd. 5. **Return of security.** Any security required under this section shall be returned to the purchaser within 60 days after the final scale.

Sec. 54. Minnesota Statutes 2012, section 90.162, is amended to read:

90.162 ALTERNATIVE TO BOND OR DEPOSIT REQUIREMENTS SECURING TIMBER PERMITS WITH CUTTING BLOCKS.

In lieu of the ~~bond or cash security~~ deposit equal to the value of all timber covered by the permit required by section 90.161 ~~or 90.173~~, a purchaser of state timber may elect in writing on a form prescribed by the attorney general to give good and valid surety to the state of Minnesota equal to the purchase price for any designated cutting block identified on the permit before the date the purchaser enters upon the land to begin harvesting the timber on the designated cutting block.

Sec. 55. **[90.164] TIMBER PERMIT DEVELOPMENT OPTION.**

With the completion of the presale conference requirement under section 90.151, subdivision 6, a permit holder may access the permit area in advance of the permit being fully secured as required by section 90.161, for the express purpose of clearing approved landings and logging roads. No cutting of state timber except that incidental to the clearing of approved landings and logging roads is allowed under this section.

Sec. 56. Minnesota Statutes 2012, section 90.171, is amended to read:

90.171 ASSIGNMENT OF AUCTION TIMBER PERMITS.

Any permit sold at public auction may be assigned upon written approval of the commissioner. The assignment of any permit shall be signed and acknowledged by the permit holder. The commissioner shall not approve any assignment until the assignee has been determined to meet the qualifications of a responsible bidder and has given to the state a ~~bond security deposit~~ which shall be substantially in the form of, and shall be deemed of the same effect as, the ~~bond security deposit~~ required of the original purchaser. The commissioner may accept ~~the~~ an agreement of the assignee and any corporate surety upon ~~such an~~ an original bond, substituting the assignee in the place of ~~such the~~ the original purchaser and continuing ~~such the~~ the original bond in full force and effect, as to the assignee. Thereupon but not otherwise the permit holder making the assignment shall be released from all liability arising or accruing from actions taken after the assignment became effective.

Sec. 57. Minnesota Statutes 2012, section 90.181, subdivision 2, is amended to read:

Subd. 2. **Deferred payments.** (a) If the amount of the statement is not paid within 30 days of the date thereof, it shall bear interest at the rate determined pursuant to section 16A.124, except that the purchaser shall not be required to pay interest that totals \$1 or less. If the amount is not paid within 60 days, the commissioner shall place the account in the hands of the commissioner of revenue according to chapter 16D, who shall proceed to collect the same. When deemed in the best interests of the state, the commissioner shall take possession of the timber for which an amount is due wherever it may be found and sell the same informally or at public auction after giving reasonable notice.

(b) The proceeds of the sale shall be applied, first, to the payment of the expenses of seizure and sale; and, second, to the payment of the amount due for the timber, with interest; and the surplus, if any, shall belong to the state; and, in case a sufficient amount is not realized to pay these amounts in full, the balance shall be collected by the attorney general. Neither payment of the amount, nor the recovery of judgment therefor, nor satisfaction of the judgment, nor the seizure and sale of timber, shall release the sureties on any ~~bond~~ security deposit given pursuant to this chapter, or preclude the state from afterwards claiming that the timber was cut or removed contrary to law and recovering damages for the trespass thereby committed, or from prosecuting the offender criminally.

Sec. 58. Minnesota Statutes 2012, section 90.191, subdivision 1, is amended to read:

Subdivision 1. **Sale requirements.** The commissioner may sell the timber on any tract of state land in lots not exceeding 500 cords in volume, without formalities but for not less than the full appraised value thereof, to any person. No sale shall be made under this section to any person holding ~~two more than four~~ permits issued hereunder which are still in effect; ~~except that (1) a partnership as defined in chapter 323, which may include spouses but which shall provide evidence that a partnership exists, may be holding two permits for each of not more than three partners who are actively engaged in the business of logging or who are the spouses of persons who are actively engaged in the business of logging with that partnership; and (2) a corporation, a majority of whose shares and voting power are owned by natural persons related to each other within the fourth degree of kindred according to the rules of the civil law or their spouses or estates, may be holding two permits for each of not more than three shareholders who are actively engaged in the business of logging or who are the spouses of persons who are actively engaged in the business of logging with that corporation.~~

Sec. 59. Minnesota Statutes 2012, section 90.193, is amended to read:

90.193 EXTENSION OF TIMBER PERMITS.

The commissioner may, in the case of an exceptional circumstance beyond the control of the timber permit holder which makes it unreasonable, impractical, and not feasible to complete cutting and removal under the permit within the time allowed, ~~grant an~~ one regular extension ~~of for~~ one year. A written request for the regular extension must be received by the commissioner before the permit expires. The request must state the reason the extension is necessary and be signed by the permit holder. An interest rate of eight percent may be charged for the period of extension.

Sec. 60. Minnesota Statutes 2012, section 90.195, is amended to read:

90.195 SPECIAL USE AND PRODUCT PERMIT.

(a) The commissioner may issue a permit to salvage or cut not to exceed 12 cords of fuelwood per year for personal use from either or both of the following sources: (1) dead, down, and ~~diseased~~ damaged trees; (2) other trees that are of negative value under good forest management practices. The permits may be issued for a period not to exceed one year. The commissioner shall charge a fee for the permit ~~that shall cover the commissioner's cost of issuing the permit and~~ as provided under section 90.041, subdivision 10. The fee shall not exceed the current market value of fuelwood of similar species, grade, and volume that is being sold in the area where the salvage or cutting is authorized under the permit.

(b) The commissioner may issue a special product permit under section 89.42 for commercial use, which may include incidental volumes of boughs, gravel, hay, biomass, and other products derived from forest management activities. The value of the products is the current market value of the products that are being sold in the area. The permit may be issued for a period not to exceed one year and the commissioner shall charge a fee for the permit as provided under section 90.041, subdivision 10.

(c) The commissioner may issue a special use permit for incidental volumes of timber from approved right-of-way road clearing across state land for the purpose of accessing a state timber permit. The permit shall include the volume and value of timber to be cleared and may be issued for a period not to exceed one year. A presale conference as required under section 90.151, subdivision 6, must be completed before the start of any activities under the permit.

Sec. 61. Minnesota Statutes 2012, section 90.201, subdivision 2a, is amended to read:

Subd. 2a. **Prompt payment of refunds.** Any refund of cash that is due to a permit holder as determined on a final statement transmitted pursuant to section 90.181 or a refund of cash made pursuant to section 90.161, subdivision 1, ~~or 90.173, paragraph (a)~~, shall be paid to the permit holder according to section 16A.124 unless the refund is credited on another permit as provided in this chapter.

Sec. 62. Minnesota Statutes 2012, section 90.211, is amended to read:

90.211 PURCHASE MONEY, WHEN FORFEITED.

If the holder of an effective permit begins to cut and then fails to ~~cut~~ complete any part ~~thereof~~ of the permit before the expiration of the permit, the permit holder shall nevertheless pay the price therefor; but under no circumstances shall timber be cut after the expiration of the permit or extension thereof.

Sec. 63. Minnesota Statutes 2012, section 90.221, is amended to read:

90.221 TIMBER SALES RECORDS.

The commissioner shall keep timber sales records, including the description of each tract of land from which any timber is sold; the date of the report of the state appraisers; the kind, amount, and value of the timber as shown by such report; the date of the sale; the price for which the timber was sold; the name of the purchaser; the number, date of issuance and date of expiration of each permit; the date of any assignment of the permit; the name of the assignee; the dates of the filing and the amounts of the respective ~~bonds~~ security deposits by the purchaser and assignee; the names of the sureties thereon; the amount of timber taken from the land; the date of the report of the scaler and state appraiser; the names of the scaler and the state appraiser who scaled the timber; and the amount paid for such timber and the date of payment.

Sec. 64. Minnesota Statutes 2012, section 90.252, subdivision 1, is amended to read:

Subdivision 1. **Consumer scaling.** The commissioner may enter into an agreement with either a timber sale permittee, or the purchaser of the cut products, or both, so that the scaling of the cut timber and the collection of the payment for the same can be consummated by the ~~consumer~~ state. Such an agreement shall be approved as to form and content by the attorney general and shall provide for a bond or cash in lieu of a bond and such other safeguards as are necessary to protect the interests of the state. The scaling and payment collection procedure may be used for any state timber sale, except that no permittee who is also the consumer shall both cut and scale the timber sold unless such scaling is supervised by a state scaler.

Sec. 65. Minnesota Statutes 2012, section 90.301, subdivision 2, is amended to read:

Subd. 2. **Seizure of unlawfully cut timber.** The commissioner may take possession of any timber hereafter unlawfully cut upon or taken from any land owned by the state wherever found and may sell the same informally or at public auction after giving such notice as the commissioner deems reasonable and after deducting all the expenses of such sale the proceeds thereof shall be paid into the state treasury to the credit of the proper fund; and when any timber so unlawfully cut has been intermingled with any other timber or property so that it cannot be identified or plainly separated therefrom the commissioner may so seize and sell the whole quantity so intermingled and, in such case, the whole quantity of such timber shall be conclusively presumed to have been unlawfully taken from state land. When the timber unlawfully cut or removed from state land is so seized and sold, the seizure shall not in any manner relieve the trespasser who cut or removed, or caused the cutting or removal of, any such timber from the full liability imposed by this chapter for the trespass so committed, but the net amount realized from such sale shall be credited on whatever judgment is recovered against such trespasser, if the trespass was deemed to be casual and involuntary.

Sec. 66. Minnesota Statutes 2012, section 90.301, subdivision 4, is amended to read:

Subd. 4. **Apprehension of trespassers; reward.** The commissioner may offer a reward to be paid to a person giving to the proper authorities any information that leads to the conviction of a person violating this chapter. The reward is limited to the greater of \$100 or ten percent of the single stumpage value of any timber unlawfully cut or removed. The commissioner shall pay the reward from funds appropriated for that purpose or from receipts from the sale of state timber. A reward shall not be paid to salaried forest officers, state appraisers, scalers, conservation officers, or licensed peace officers.

Sec. 67. Minnesota Statutes 2012, section 90.41, subdivision 1, is amended to read:

Subdivision 1. **Violations and penalty.** (a) Any state scaler or state appraiser who shall accept any compensation or gratuity for services as such from any other source except the state of Minnesota, or any state scaler, or other person authorized to scale state timber, or state appraiser, who shall make any false report, or insert in any such report any false statement, or shall make any such report without having examined the land embraced therein or without having actually been upon the land, or omit from any such report any statement required by law to be made therein, or who shall fail to report any known trespass committed upon state lands, or who shall conspire with any other person in any manner, by act or omission or otherwise, to defraud or unlawfully deprive the state of Minnesota of any land or timber, or the value thereof, shall be guilty of a felony. Any material discrepancy between the facts and the scale returned by any such person scaling timber for the state shall be considered prima facie evidence that such person is guilty of violating this statute.

(b) No such appraiser or scaler who has been once discharged for cause shall ever again be appointed. This provision shall not apply to resignations voluntarily made by and accepted from such employees.

Sec. 68. Minnesota Statutes 2012, section 92.50, is amended to read:

92.50 UNSOLD LANDS SUBJECT TO SALE MAY BE LEASED.

Subdivision 1. **Lease terms.** (a) The commissioner of natural resources may lease land under the commissioner's jurisdiction and control:

- (1) to remove sand, gravel, clay, rock, marl, peat, and black dirt;
- (2) to store ore, waste materials from mines, or rock and tailings from ore milling plants;

(3) for roads or railroads; or

(4) for other uses consistent with the interests of the state.

(b) The commissioner shall offer the lease at public or private sale for an amount and under terms and conditions prescribed by the commissioner. Commercial leases for more than ten years and leases for removal of peat that cover 320 or more acres must be approved by the Executive Council.

(c) The lease term may not exceed 21 years except:

(1) leases of lands for storage sites for ore, waste materials from mines, or rock and tailings from ore milling plants, or for the removal of peat for nonagricultural purposes may not exceed a term of 25 years; and

(2) leases for commercial purposes, including major resort, convention center, or recreational area purposes, may not exceed a term of 40 years.

(d) Leases must be subject to sale and leasing of the land for mineral purposes and contain a provision for cancellation for just cause at any time by the commissioner upon six months' written notice. A longer notice period, not exceeding three years, may be provided in leases for storing ore, waste materials from mines or rock or tailings from ore milling plants. The commissioner may determine the terms and conditions, including the notice period, for cancellation of a lease for the removal of peat and commercial leases.

(e) Except as provided in subdivision 3, money received from leases under this section must be credited to the fund to which the land belongs.

Subd. 2. **Leases for tailings deposits.** The commissioner may grant leases and licenses to deposit tailings from any iron ore beneficiation plant in any public lake not exceeding 160 acres in area after holding a public hearing in the manner and under the procedure provided in Laws 1937, chapter 468, as amended and finding in pursuance of the hearing:

(a) that such use of each lake is necessary and in the best interests of the public; and

(b) that the proposed use will not result in pollution or sedimentation of any outlet stream.

The lease or license may not exceed a term of 25 years and must be subject to cancellation on three years' notice. The commissioner may further restrict use of the lake to safeguard the public interest, and may require that the lessee or licensee acquire suitable permits or easements from the owners of lands riparian to the lake. Except as provided in subdivision 3, money received from the leases or licenses must be deposited in the permanent school fund.

Subd. 3. **Application fees.** (a) The commissioner shall, by written order, establish the schedule of application fees for all leases issued under this section. Notwithstanding section 16A.1285, subdivision 2, the application fees shall be set at a rate that neither significantly overrecovers nor underrecovers costs, including overhead costs, involved in providing the services at the time of issuing the leases. The commissioner shall update the schedule of application fees every five years. The schedule of application fees and any adjustment to the schedule are not subject to the rulemaking provision of chapter 14 and section 14.386 does not apply.

(b) Money received under this subdivision must be deposited in the land management account in the natural resources fund and is appropriated to the commissioner to cover the reasonable costs incurred for issuing leases.

Sec. 69. Minnesota Statutes 2012, section 93.17, subdivision 1, is amended to read:

Subdivision 1. **Lease application.** (a) Applications for leases to prospect for iron ore shall be presented to the commissioner in writing in such form as the commissioner may prescribe at any time before 4:30 p.m., St. Paul, Minnesota time, on the last business day before the day specified for the opening of bids, and no bids submitted after that time shall be considered. The application shall be accompanied by a certified check, cashier's check, or bank money order payable to the Department of Natural Resources in the sum of ~~\$100~~ \$1,000 for each mining unit. The fee shall be deposited in the minerals management account in the natural resources fund.

(b) Each application shall be accompanied by a sealed bid setting forth the amount of royalty per gross ton of crude ore based upon the iron content of the ore when dried at 212 degrees Fahrenheit, in its natural condition or when concentrated, as set out in section 93.20, subdivisions 12 to 18, that the applicant proposes to pay to the state of Minnesota in case the lease shall be awarded.

Sec. 70. Minnesota Statutes 2012, section 93.1925, subdivision 2, is amended to read:

Subd. 2. **Application.** (a) An application for a negotiated lease shall be submitted to the commissioner of natural resources. The commissioner shall prescribe the information to be included in the application. The applicant shall submit with the application a certified check, cashier's check, or bank money order, payable to the Department of Natural Resources in the sum of ~~\$400~~ \$2,000, as a fee for filing the application. The application fee shall not be refunded under any circumstances. The application fee shall be deposited in the minerals management account in the natural resources fund.

(b) The right is reserved to the state to reject any or all applications for a negotiated lease.

Sec. 71. Minnesota Statutes 2012, section 93.25, subdivision 2, is amended to read:

Subd. 2. **Lease requirements.** (a) All leases for nonferrous metallic minerals or petroleum must be approved by the Executive Council, and any other mineral lease issued pursuant to this section that covers 160 or more acres must be approved by the Executive Council. The rents, royalties, terms, conditions, and covenants of all such leases shall be fixed by the commissioner according to rules adopted by the commissioner, but no lease shall be for a longer term than 50 years, and all rents, royalties, terms, conditions, and covenants shall be fully set forth in each lease issued. The rents and royalties shall be credited to the funds as provided in section 93.22.

(b) The applicant for a lease must submit with the application a certified check, cashier's check, or bank money order payable to the Department of Natural Resources in the sum of:

(1) \$1,000 as a fee for filing an application for a lease being offered at public sale;

(2) \$1,000 as a fee for filing an application for a lease being offered under the preference rights lease availability list; and

(3) \$2,000 as a fee for filing an application for a lease through negotiation. The application fee for a negotiated lease shall not be refunded under any circumstances.

The application fee must be deposited in the minerals management account in the natural resources fund.

Sec. 72. Minnesota Statutes 2012, section 93.285, subdivision 3, is amended to read:

Subd. 3. **Stockpile mining unit.** (a) Any stockpiled iron ore, wherever situated, may, in the discretion of the commissioner of natural resources, be designated as a stockpile mining unit for disposal separately from ore in the ground, such designation to be made according to section 93.15, so far as applicable.

(b) The commissioner may lease the mining unit at public or private sale for an amount and under terms and conditions prescribed by the commissioner.

(c) The applicant must submit with the application a certified check, cashier's check, or bank money order payable to the Department of Natural Resources in the sum of \$1,000 as a fee for filing an application for a lease being offered at public sale and in the sum of \$2,000 as a fee for filing an application for a lease through negotiation. The application fee for a negotiated lease shall not be refunded under any circumstances. The application fee must be deposited in the minerals management account in the natural resources fund.

(d) The lease term may not exceed 25 years. The amount payable for stockpiled iron ore material shall be at least equivalent to the minimum royalty that would be payable under section 93.20.

Sec. 73. Minnesota Statutes 2012, section 93.46, is amended by adding a subdivision to read:

Subd. 10. **Scram mining.** "Scram mining" means a mining operation that produces natural iron ore, natural iron ore concentrates, or taconite ore as described in section 93.20, subdivisions 12 to 18, from previously developed stockpiles, tailing basins, underground mine workings, or open pits and that involves no more than 80 acres of land not previously affected by mining, or more than 80 acres of land not previously affected by mining if the operator can demonstrate that impacts would be substantially the same as other scram operations. "Land not previously affected by mining" means land upon which mine wastes have not been deposited and land from which materials have not been removed in connection with the production or extraction of metallic minerals.

Sec. 74. Minnesota Statutes 2012, section 93.481, subdivision 3, is amended to read:

Subd. 3. **Term of permit; amendment.** (a) A permit issued by the commissioner pursuant to this section shall be granted for the term determined necessary by the commissioner for the completion of the proposed mining operation, including reclamation or restoration. The term of a scram mining permit for iron ore or taconite shall be determined in the same manner as a permit to mine for an iron ore or taconite mining operation.

(b) A permit may be amended upon written application to the commissioner. A permit amendment application fee must be submitted with the written application. The permit amendment application fee is ~~ten~~ 20 percent of the amount provided for in subdivision 1, clause (3), for an application for the applicable permit to mine. If the commissioner determines that the proposed amendment constitutes a substantial change to the permit, the person applying for the amendment shall publish notice in the same manner as for a new permit, and a hearing shall be held if written objections are received in the same manner as for a new permit. An amendment may be granted by the commissioner if the commissioner determines that lawful requirements have been met.

Sec. 75. Minnesota Statutes 2012, section 93.481, is amended by adding a subdivision to read:

Subd. 4a. **Release.** A permit may not be released fully or partially without the written approval of the commissioner. A permit release application fee must be submitted with the written request for the release. The permit release application fee is 20 percent of the amount provided for in subdivision 1, clause (3), for an application for the applicable permit to mine.

Sec. 76. Minnesota Statutes 2012, section 93.481, subdivision 5, is amended to read:

Subd. 5. **Assignment.** A permit may not be assigned or otherwise transferred without the written approval of the commissioner. A permit assignment application fee must be submitted with the written application. The permit assignment application fee is ~~ten~~ 20 percent of the amount provided for in subdivision 1, clause (3), for an application for the applicable permit to mine.

Sec. 77. Minnesota Statutes 2012, section 93.481, is amended by adding a subdivision to read:

Subd. 5a. **Preapplication.** Before the preparation of an application for a permit to mine, persons intending to submit an application must meet with the commissioner for a preapplication conference and site visit. Prospective applicants must also meet with the commissioner to outline analyses and tests to be conducted if the results of the analyses and tests will be used for evaluation of the application. A permit preapplication fee must be submitted before the preapplication conferences, meetings, and site visit with the commissioner. The permit preapplication fee is 20 percent of the amount provided in subdivision 1, clause (3), for an application for the applicable permit to mine.

Sec. 78. Minnesota Statutes 2012, section 93.482, is amended to read:

93.482 RECLAMATION FEES.

Subdivision 1. **Annual permit to mine fee.** (a) The commissioner shall charge every person holding a permit to mine an annual permit fee. The fee is payable to the commissioner by June 30 of each year, beginning in 2009.

(b) The annual permit to mine fee for ~~a~~ an iron ore or taconite mining operation is ~~\$60,000 if the operation had production within the calendar year immediately preceding the year in which payment is due and \$30,000 if there was no production within the immediately preceding calendar year~~ \$84,000.

(c) The annual permit to mine fee for a nonferrous metallic minerals mining operation is ~~\$75,000 if the operation had production within the calendar year immediately preceding the year in which payment is due and \$37,500 if there was no production within the immediately preceding calendar year.~~

(d) The annual permit to mine fee for a ~~scram~~ mining operation is ~~\$5,000 if the operation had production within the calendar year immediately preceding the year in which payment is due and \$2,500 if there was no production within the immediately preceding calendar year~~ \$10,250.

(e) The annual permit to mine fee for a peat mining operation is ~~\$1,000 if the operation had production within the calendar year immediately preceding the year in which payment is due and \$500 if there was no production within the immediately preceding calendar year~~ \$1,350.

Subd. 2. **Supplemental application fee for taconite and nonferrous metallic minerals mining operation.** (a) In addition to the application fee specified in section 93.481, the commissioner shall assess a person submitting an application for a permit to mine for a taconite ~~or~~ a nonferrous metallic minerals mining, or peat operation the reasonable costs for reviewing the application and preparing the permit to mine. For nonferrous metallic minerals mining, the commissioner shall assess reasonable costs for monitoring construction of the mining facilities. The commissioner may assess a person submitting a request for amendment, assignment, or full or partial release of a permit to mine the reasonable costs for reviewing the request and issuing an approval or denial. The commissioner may assess a person submitting a request for a preapplication conference, meetings, and a site visit the reasonable costs for reviewing the request and meeting with the prospective applicant.

(b) The commissioner must give the applicant an estimate of the supplemental application fee under this subdivision. The estimate must include a brief description of the tasks to be performed and the estimated cost of each task. The application fee under section 93.481 must be subtracted from the estimate of costs to determine the supplemental application fee.

(c) The applicant and the commissioner shall enter into a written agreement to cover the estimated costs to be incurred by the commissioner.

(d) The commissioner shall not issue the permit to mine until the applicant has paid all fees in full. The commissioner shall not issue an approved assignment, amendment, or release until the applicant has paid all fees in full. Upon completion of construction of a nonferrous metallic minerals facility, the commissioner shall refund the unobligated balance of the monitoring fee revenue.

Sec. 79. **[93.60] MINERAL DATA AND INSPECTIONS ADMINISTRATION ACCOUNT.**

Subdivision 1. **Account established; sources.** The mineral data and inspections administration account is established in the special revenue fund in the state treasury. Interest on the account accrues to the account. Fees charged under sections 93.61 and 103I.601, subdivision 4a, shall be credited to the account.

Subd. 2. **Appropriation; purposes of account.** Money in the account is appropriated annually to the commissioner of natural resources to cover the costs of:

(1) operating and maintaining the drill core library in Hibbing, Minnesota; and

(2) conducting inspections of exploratory borings.

Sec. 80. **[93.61] DRILL CORE LIBRARY ACCESS FEE.**

Notwithstanding section 13.03, subdivision 3, a person must pay a fee to access exploration data, exploration drill core data, mineral evaluation data, and mining data stored in the drill core library located in Hibbing, Minnesota, and managed by the commissioner of natural resources. The fee is \$250 per day. Alternatively, a person may obtain an annual pass for a fee of \$5,000. The fee must be credited to the mineral data and inspections administration account established in section 93.60 and is appropriated to the commissioner of natural resources for the reasonable costs of operating and maintaining the drill core library.

Sec. 81. **[93.70] STATE-OWNED CONSTRUCTION AGGREGATES RECLAMATION ACCOUNT.**

Subdivision 1. **Account established; sources.** The state-owned construction aggregates reclamation account is created in the special revenue fund in the state treasury. Interest on the account accrues to the account. Fees charged under section 93.71 shall be credited to the account.

Subd. 2. **Appropriation; purposes of account.** Money in the account is appropriated annually to the commissioner of natural resources to cover the costs of:

(1) reclaiming state lands administered by the commissioner following cessation of construction aggregates mining operations on the lands; and

(2) issuing and administering contracts needed for the performance of that reclamation work.

Sec. 82. **[93.71] STATE-OWNED CONSTRUCTION AGGREGATES RECLAMATION FEE.**

Subdivision 1. **Annual reclamation fee; purpose.** Except as provided in subdivision 4, the commissioner of natural resources shall charge a person who holds a lease or permit to mine construction aggregates on state land administered by the commissioner an annual reclamation fee. The fee is payable to the commissioner by January 15 of each year. The purpose of the fee is to pay for reclamation or restoration of state lands following temporary or permanent cessation of construction aggregates mining operations. Reclamation and restoration include: land sloping and contouring, spreading soil from stockpiles, planting vegetation, removing safety hazards, or other measures needed to return the land to productive and safe nonmining use.

Subd. 2. **Determination of fee.** The amount of the annual reclamation fee is determined as follows:

(1) for aggregates measured in cubic yards upon removal, 15 cents for each cubic yard removed under the lease or permit within the immediately preceding calendar year; and

(2) for aggregates measured in short tons upon removal, 11 cents per short ton removed under the lease or permit within the immediately preceding calendar year.

Subd. 3. **Deposit of fees.** All fees collected under this section must be deposited in the state-owned construction aggregates reclamation account established in section 93.70 and credited for use to the same land class from which payment of the fee was derived.

Subd. 4. **Exception.** A person who holds a lease to mine construction aggregates on state land is not subject to the reclamation fee under subdivision 1 if the lease provides for continuous mining for five or more years at an average rate of 30,000 or more cubic yards per year over the term of the lease and requires the lessee to perform and pay for the reclamation.

Sec. 83. Minnesota Statutes 2012, section 97A.401, subdivision 3, is amended to read:

Subd. 3. **Taking, possessing, and transporting wild animals for certain purposes.** (a) Except as provided in paragraph (b), special permits may be issued without a fee to take, possess, and transport wild animals as pets and for scientific, educational, rehabilitative, wildlife disease prevention and control, and exhibition purposes. The commissioner shall prescribe the conditions for taking, possessing, transporting, and disposing of the wild animals.

(b) A special permit may not be issued to take or possess wild or native deer for exhibition, propagation, or as pets.

(c) Notwithstanding rules adopted under this section relating to wildlife rehabilitation permits, nonresident professional wildlife rehabilitators with a federal rehabilitation permit may possess and transport wildlife affected by oil spills.

Sec. 84. Minnesota Statutes 2012, section 103G.265, subdivision 2, is amended to read:

Subd. 2. **Diversion greater than 2,000,000 gallons per day.** A water use permit or a plan that requires a permit or the commissioner's approval, involving a diversion of waters of the state of more than 2,000,000 gallons per day average in a 30-day period, to a place outside of this state or from the basin of origin within this state may not be granted or approved until:

~~(1) a determination is made by the commissioner that the water remaining in the basin of origin will be adequate to meet the basin's water resources needs during the specified life of the diversion project~~ diversion is sustainable and meets the applicable standards under section 103G.287, subdivision 5; ~~and~~

~~(2) approval of the diversion is given by the legislature.~~

Sec. 85. Minnesota Statutes 2012, section 103G.265, subdivision 3, is amended to read:

Subd. 3. **Consumptive use of more than 2,000,000 gallons per day.** ~~(a) Except as provided in paragraph (b),~~ A water use permit or a plan that requires a permit or the commissioner's approval, involving a consumptive use of more than 2,000,000 gallons per day average in a 30-day period, may not be granted or approved until:

~~(1) a determination is made by the commissioner that the water remaining in the basin of origin will be adequate to meet the basin's water resources needs during the specified life of the~~ consumptive use is sustainable and meets the applicable standards under section 103G.287, subdivision 5; ~~and~~

~~(2) approval of the consumptive use is given by the legislature.~~

~~(b) Legislative approval under paragraph (a), clause (2), is not required for a consumptive use in excess of 2,000,000 gallons per day average in a 30-day period for:~~

~~(1) a domestic water supply, excluding industrial and commercial uses of a municipal water supply;~~

~~(2) agricultural irrigation and processing of agricultural products;~~

~~(3) construction and mine land dewatering;~~

~~(4) pollution abatement or remediation; and~~

~~(5) fish and wildlife enhancement projects using surface water sources.~~

Sec. 86. Minnesota Statutes 2012, section 103G.271, subdivision 6, is amended to read:

Subd. 6. **Water use permit processing fee.** (a) Except as described in paragraphs (b) to (f), a water use permit processing fee must be prescribed by the commissioner in accordance with the schedule of fees in this subdivision for each water use permit in force at any time during the year. Fees collected under this paragraph are credited to the water management account in the natural resources fund. The schedule is as follows, with the stated fee in each clause applied to the total amount appropriated:

(1) \$140 for amounts not exceeding 50,000,000 gallons per year;

(2) \$3.50 for residential use, \$15 per 1,000,000 gallons for amounts greater than 50,000,000 gallons but less than 100,000,000 gallons per year;

(3) \$4 (2) for use for metallic mine dewatering, mineral processing, and wood products processing, \$8 per 1,000,000 gallons for amounts greater than 100,000,000 gallons but less than 150,000,000 gallons per year;

(4) \$4.50 (3) for use for agricultural irrigation, including sod farms, orchards, and nurseries, and for livestock watering, \$22 per 1,000,000 gallons for amounts greater than 150,000,000 gallons but less than 200,000,000 gallons per year;

(5) \$5 (4) for nonagricultural irrigation, \$70 per 1,000,000 gallons for amounts greater than 200,000,000 gallons but less than 250,000,000 gallons per year; and

(6) \$5.50 (5) for all other uses, \$30 per 1,000,000 gallons for amounts greater than 250,000,000 gallons but less than 300,000,000 gallons per year;

(7) \$6 per 1,000,000 gallons for amounts greater than 300,000,000 gallons but less than 350,000,000 gallons per year;

(8) \$6.50 per 1,000,000 gallons for amounts greater than 350,000,000 gallons but less than 400,000,000 gallons per year;

(9) \$7 per 1,000,000 gallons for amounts greater than 400,000,000 gallons but less than 450,000,000 gallons per year;

(10) \$7.50 per 1,000,000 gallons for amounts greater than 450,000,000 gallons but less than 500,000,000 gallons per year; and

(11) ~~\$8 per 1,000,000 gallons for amounts greater than 500,000,000 gallons per year.~~

(b) For once-through cooling systems, a water use processing fee must be prescribed by the commissioner in accordance with the following schedule of fees for each water use permit in force at any time during the year:

(1) for nonprofit corporations and school districts, \$200 per 1,000,000 gallons; and

(2) for all other users, \$420 per 1,000,000 gallons.

(c) The fee is payable based on the amount of water appropriated during the year and, except as provided in paragraph (f), the minimum fee is ~~\$100~~ \$140.

(d) For water use processing fees other than once-through cooling systems:

(1) the fee for a city of the first class may not exceed ~~\$250,000~~ \$275,000 per year;

(2) the fee for other entities for any permitted use may not exceed:

(i) ~~\$60,000~~ \$66,000 per year for an entity holding three or fewer permits;

(ii) ~~\$90,000~~ \$99,000 per year for an entity holding four or five permits; or

(iii) ~~\$300,000~~ \$330,000 per year for an entity holding more than five permits;

(3) the fee for ~~agricultural~~ wild rice irrigation may not exceed \$750 per year;

(4) the fee for a municipality that furnishes electric service and cogenerates steam for home heating may not exceed \$10,000 for its permit for water use related to the cogeneration of electricity and steam; and

(5) no fee is required for a project involving the appropriation of surface water to prevent flood damage or to remove flood waters during a period of flooding, as determined by the commissioner.

(e) Failure to pay the fee is sufficient cause for revoking a permit. A penalty of two percent per month calculated from the original due date must be imposed on the unpaid balance of fees remaining 30 days after the sending of a second notice of fees due. A fee may not be imposed on an agency, as defined in section 16B.01, subdivision 2, or federal governmental agency holding a water appropriation permit.

(f) The minimum water use processing fee for a permit issued for irrigation of agricultural land is \$20 for years in which:

(1) there is no appropriation of water under the permit; or

(2) the permit is suspended for more than seven consecutive days between May 1 and October 1.

(g) A surcharge of ~~\$30~~ \$75 per million gallons in addition to the fee prescribed in paragraph (a) shall be applied to the volume of water used in each of the months of May, June, July, and August, and September that exceeds the volume of water used in January for municipal water use, ~~irrigation of golf courses, and landscape irrigation~~. The surcharge for municipalities with more than one permit shall be determined based on the total appropriations from all permits that supply a common distribution system.

EFFECTIVE DATE. This section is effective January 1, 2014.

Sec. 87. Minnesota Statutes 2012, section 103G.282, is amended to read:

103G.282 MONITORING TO EVALUATE IMPACTS FROM APPROPRIATIONS.

Subdivision 1. **Monitoring equipment.** The commissioner may ~~require the installation and maintenance of~~ install and maintain monitoring equipment to evaluate water resource impacts from permitted appropriations and proposed projects that require a permit. ~~Monitoring for water resources that supply more than one appropriator must be designed to minimize costs to individual appropriators. The cost of drilling additional monitoring wells must be shared proportionally by all permit holders that are directly affecting a particular water resources feature. The commissioner may require a permit holder or a proposer of a project to install and maintain monitoring equipment to evaluate water resource impacts when the commissioner determines that the permitted or proposed water use is or has the potential to be the primary source of water resource impacts in an area.~~

Subd. 2. **Measuring devices required.** Monitoring installations ~~required~~ established under subdivision 1 must be equipped with automated measuring devices to measure water levels, flows, or conditions. The commissioner may require a permit holder or a proposer of a project to perform water measurements. The commissioner may determine the frequency of measurements and other measuring methods based on the quantity of water appropriated or used, the source of water, potential connections to other water resources, the method of appropriating or using water, seasonal and long-term changes in water levels, and any other facts supplied to the commissioner.

Subd. 3. **Reports and costs.** (a) Records of water measurements under subdivision 2 must be kept for each installation. The measurements must be reported annually to the commissioner on or before February 15 of the following year in a format or on forms prescribed by the commissioner.

(b) ~~The owner or person permit holder or project proposer~~ in charge of an installation for appropriating or using waters of the state or a proposal that requires a permit is responsible for all costs related to establishing and maintaining monitoring installations and to measuring and reporting data. Monitoring costs for water resources that supply more than one appropriator may be distributed among all users within a monitoring area determined by the commissioner and assessed based on volumes of water appropriated and proximity to resources of concern. The commissioner may require a permit holder or project proposer utilizing monitoring equipment installed by the commissioner to meet water measurement requirements to cover the costs related to measuring and reporting data.

Sec. 88. Minnesota Statutes 2012, section 103G.287, subdivision 1, is amended to read:

Subdivision 1. **Applications for groundwater appropriations; preliminary well construction approval.** (a) Groundwater use permit applications are not complete until the applicant has supplied:

(1) a water well record as required by section 103I.205, subdivision 9, information on the subsurface geologic formations penetrated by the well and the formation or aquifer that will serve as the water source, and geologic information from test holes drilled to locate the site of the production well;

(2) the maximum daily, seasonal, and annual pumpage rates and volumes being requested;

(3) information on groundwater quality in terms of the measures of quality commonly specified for the proposed water use and details on water treatment necessary for the proposed use;

(4) an inventory of existing wells within 1-1/2 miles of the proposed production well or within the area of influence, as determined by the commissioner. The inventory must include information on well locations, depths, geologic formations, depth of the pump or intake, pumping and nonpumping water levels, and details of well construction; ~~and~~

(5) the results of an aquifer test completed according to specifications approved by the commissioner. The test must be conducted at the maximum pumping rate requested in the application and for a length of time adequate to assess or predict impacts to other wells and surface water and groundwater resources. The permit applicant is responsible for all costs related to the aquifer test, including the construction of groundwater and surface water monitoring installations, and water level readings before, during, and after the aquifer test; and

(6) the results of any assessments conducted by the commissioner under paragraph (c).

(b) The commissioner may waive an application requirement in this subdivision if the information provided with the application is adequate to determine whether the proposed appropriation and use of water is sustainable and will protect ecosystems, water quality, and the ability of future generations to meet their own needs.

(c) The commissioner shall provide an assessment of a proposed well needing a groundwater appropriation permit. The commissioner shall evaluate the information submitted as required under section 103I.205, subdivision 1, paragraph (f), and determine whether the anticipated appropriation request is likely to meet the applicable requirements of this chapter. If the appropriation request is likely to meet applicable requirements, the commissioner shall provide the person submitting the information with a letter providing preliminary approval to construct the well.

Sec. 89. Minnesota Statutes 2012, section 103G.287, subdivision 5, is amended to read:

Subd. 5. ~~Interference with other wells~~ **Sustainability standard.** The commissioner may issue water use permits for appropriation from groundwater only if the commissioner determines that the groundwater use is sustainable to supply the needs of future generations and the proposed use will not harm ecosystems, degrade water, or reduce water levels beyond the reach of public water supply and private domestic wells constructed according to Minnesota Rules, chapter 4725.

Sec. 90. Minnesota Statutes 2012, section 103G.615, subdivision 2, is amended to read:

Subd. 2. **Fees.** (a) ~~The commissioner shall establish a fee schedule for permits to control or harvest aquatic plants other than wild rice. The fees must be set by rule, and section 16A.1283 does not apply, but the rule must not take effect until 45 legislative days after it has been reported to the legislature. The fees shall not exceed \$2,500 per permit and shall be based upon the cost of receiving, processing, analyzing, and issuing the permit, and additional costs incurred after the application to inspect and monitor the activities authorized by the permit, and enforce aquatic plant management rules and permit requirements. The permit fee, in the form of a check or money order payable to the Minnesota Department of Natural Resources, must accompany each permit application. When application is made to control two or more shoreline nuisance conditions, only the larger fee applies. Permit fees are:~~

~~(b) A fee for a permit for the (1) to control of rooted aquatic vegetation plants by pesticide or mechanical means, \$90 for each contiguous parcel of shoreline owned by an owner may be charged, including a three-year automatic aquatic plant control device permit. This fee may not be charged for permits issued in connection with purple loosestrife control or lakewide Eurasian water milfoil control programs, or baywide invasive aquatic plant management permits;~~

(2) to control filamentous algae, snails that carry swimmer's itch, or leeches, singly or in combination, \$40 for each contiguous parcel or shoreline with a distinct owner;

(3) for offshore control of submersed aquatic plants by pesticide or mechanical means, \$90;

(4) to control plankton algae or free-floating aquatic plants by lakewide or baywide application of approved pesticides, \$90;

(5) for a commercial mechanical control permit, \$100 annually, and:

(6) for a commercial harvest permit, \$100 plus \$300 for each public water listed on the application that requires an inspection. An inspection is required for waters with no previous permit history and may be required at other times to monitor the status of the aquatic plant population.

(b) There is no permit fee for:

(1) permits to transplant aquatic plants in public waters;

(2) permits to move or remove a floating bog in public waters if the floating bog is lodged against the permittee's property and has not taken root;

(3) invasive aquatic plant management permits; or

~~(e) A fee may not be charged to~~ (4) permits applied for by the state or a federal governmental agency applying for a permit.

~~(d) (c)~~ A fee for a permit for the control of rooted aquatic vegetation in a public water basin that is 20 acres or less in size shall be is one-half of the fee established under paragraph (a), clause (1).

(d) If the fee does not accompany the application, the applicant shall be notified and no action will be taken on the application until the fee is received.

(e) A fee is refundable only when the application is withdrawn prior to field inspection or issuance or denial of the permit or when the commissioner determines that the activity does not require a permit.

~~(e) (f)~~ The money received for the permits under this subdivision shall be deposited in the treasury and credited to the water recreation account in the natural resources fund.

~~(f) (g)~~ The fee for processing a notification to request authorization for work under a general permit is \$30, until the commissioner establishes a fee by rule as provided under this subdivision.

Sec. 91. Minnesota Statutes 2012, section 103I.205, subdivision 1, is amended to read:

Subdivision 1. **Notification required.** (a) Except as provided in paragraphs (d) and (e), a person may not construct a well until a notification of the proposed well on a form prescribed by the commissioner is filed with the commissioner with the filing fee in section 103I.208, and, when applicable, the person has met the requirements of paragraph (f). If after filing the well notification an attempt to construct a well is unsuccessful, a new notification is not required unless the information relating to the successful well has substantially changed.

(b) The property owner, the property owner's agent, or the well contractor where a well is to be located must file the well notification with the commissioner.

(c) The well notification under this subdivision preempts local permits and notifications, and counties or home rule charter or statutory cities may not require a permit or notification for wells unless the commissioner has delegated the permitting or notification authority under section 103I.111.

(d) A person who is an individual that constructs a drive point well on property owned or leased by the individual for farming or agricultural purposes or as the individual's place of abode must notify the commissioner of the installation and location of the well. The person must complete the notification form prescribed by the

commissioner and mail it to the commissioner by ten days after the well is completed. A fee may not be charged for the notification. A person who sells drive point wells at retail must provide buyers with notification forms and informational materials including requirements regarding wells, their location, construction, and disclosure. The commissioner must provide the notification forms and informational materials to the sellers.

(e) A person may not construct a monitoring well until a permit is issued by the commissioner for the construction. If after obtaining a permit an attempt to construct a well is unsuccessful, a new permit is not required as long as the initial permit is modified to indicate the location of the successful well.

(f) When the operation of a well will require an appropriation permit from the commissioner of natural resources, a person may not begin construction of the well until the person submits the following information to the commissioner of natural resources:

(1) the location of the well;

(2) the formation or aquifer that will serve as the water source;

(3) the maximum daily, seasonal, and annual pumpage rates and volumes that will be requested in the appropriation permit; and

(4) other information requested by the commissioner of natural resources that is necessary to conduct the preliminary assessment required under section 103G.287, subdivision 1, paragraph (c).

The person may begin construction after receiving preliminary approval from the commissioner of natural resources.

Sec. 92. Minnesota Statutes 2012, section 103I.601, is amended by adding a subdivision to read:

Subd. 4a. **Exploratory boring inspection fee.** For each proposed exploratory boring identified on the map submitted under subdivision 4, an explorer must submit a fee of \$2,000 to the commissioner of natural resources. The fee must be credited to the mineral data and inspections administration account established in section 93.60 and is appropriated to the commissioner of natural resources for the reasonable costs incurred for inspections of exploratory borings by the commissioner of natural resources or the commissioner's representative. The fee is nonrefundable, even if the exploratory boring is not conducted.

Sec. 93. Minnesota Statutes 2012, section 114D.50, subdivision 4, is amended to read:

Subd. 4. **Expenditures; accountability.** (a) A project receiving funding from the clean water fund must meet or exceed the constitutional requirements to protect, enhance, and restore water quality in lakes, rivers, and streams and to protect groundwater and drinking water from degradation. Priority may be given to projects that meet more than one of these requirements. A project receiving funding from the clean water fund shall include measurable outcomes, as defined in section 3.303, subdivision 10, and a plan for measuring and evaluating the results. A project must be consistent with current science and incorporate state-of-the-art technology.

(b) Money from the clean water fund shall be expended to balance the benefits across all regions and residents of the state.

(c) A state agency or other recipient of a direct appropriation from the clean water fund must compile and submit all information for proposed and funded projects or programs, including the proposed measurable outcomes and all other items required under section 3.303, subdivision 10, to the Legislative Coordinating Commission as soon as practicable or by January 15 of the applicable fiscal year, whichever comes first. The Legislative Coordinating Commission must post submitted information on the Web site required under section 3.303, subdivision 10, as soon as it becomes available. Information classified as not public under section 13D.05, subdivision 3, paragraph (d), is not required to be placed on the Web site.

(d) Grants funded by the clean water fund must be implemented according to section 16B.98 and must account for all expenditures. Proposals must specify a process for any regrants envisioned. Priority for grant proposals must be given to proposals involving grants that will be competitively awarded.

(e) Money from the clean water fund may only be spent on projects that benefit Minnesota waters.

(f) When practicable, a direct recipient of an appropriation from the clean water fund shall prominently display on the recipient's Web site home page the legacy logo required under Laws 2009, chapter 172, article 5, section 10, as amended by Laws 2010, chapter 361, article 3, section 5, accompanied by the phrase "Click here for more information." When a person clicks on the legacy logo image, the Web site must direct the person to a Web page that includes both the contact information that a person may use to obtain additional information, as well as a link to the Legislative Coordinating Commission Web site required under section 3.303, subdivision 10.

(g) Future eligibility for money from the clean water fund is contingent upon a state agency or other recipient satisfying all applicable requirements in this section, as well as any additional requirements contained in applicable session law.

(h) Money from the clean water fund may be used to leverage federal funds through execution of formal project partnership agreements with federal agencies consistent with respective federal agency partnership agreement requirements.

Sec. 94. **[115.84] WASTEWATER LABORATORY CERTIFICATION.**

Subdivision 1. Wastewater laboratory certification required. (a) Laboratories performing wastewater or water analytical laboratory work, the results of which are reported to the agency to determine compliance with a national pollutant discharge elimination system (NPDES) permit condition or other regulatory document, must be certified according to this section.

(b) This section does not apply to:

(1) laboratories that are private and for-profit;

(2) laboratories that perform drinking water analyses; or

(3) laboratories that perform remediation program analyses, such as Superfund or petroleum analytical work.

(c) Until adoption of rules under subdivision 2, laboratories required to be certified under this section that submit data to the agency must register by submitting registration information required by the agency or be certified or accredited by a recognized authority, such as the commissioner of health under sections 144.97 to 144.99, for the analytical methods required by the agency.

Subd. 2. Rules. The agency may adopt rules to govern certification of laboratories according to this section. Notwithstanding section 16A.1283, the agency may adopt rules establishing fees.

Subd. 3. Fees. (a) Until the agency adopts a rule establishing fees for certification, the agency shall collect fees from laboratories registering with the agency but not accredited by the commissioner of health under sections 144.97 to 144.99, in amounts necessary to cover the reasonable costs of the certification program, including reviewing applications, issuing certifications, and conducting audits and compliance assistance.

(b) Fees under this section must be based on the number, type, and complexity of analytical methods that laboratories are certified to perform.

(c) Revenue from fees charged by the agency for certification shall be credited to the environmental fund.

Subd. 4. **Enforcement.** (a) The commissioner may deny, suspend, or revoke wastewater laboratory certification for, but is not limited to, any of the following reasons: fraud, failure to follow applicable requirements, failure to respond to documented deficiencies or complete corrective actions necessary to address deficiencies, failure to pay certification fees, or other violations of federal or state law.

(b) This section and the rules adopted under it may be enforced by any means provided in section 115.071.

Sec. 95. Minnesota Statutes 2012, section 115A.1320, subdivision 1, is amended to read:

Subdivision 1. **Duties of the agency.** (a) The agency shall administer sections 115A.1310 to 115A.1330.

(b) The agency shall establish procedures for:

(1) receipt and maintenance of the registration statements and certifications filed with the agency under section 115A.1312; and

(2) making the statements and certifications easily available to manufacturers, retailers, and members of the public.

(c) The agency shall annually review the value of the following variables that are part of the formula used to calculate a manufacturer's annual registration fee under section 115A.1314, subdivision 1:

(1) the proportion of sales of video display devices sold to households that manufacturers are required to recycle;

(2) the estimated per-pound price of recycling covered electronic devices sold to households;

(3) the base registration fee; and

(4) the multiplier established for the weight of covered electronic devices collected in section 115A.1314, subdivision 1, paragraph (d). If the agency determines that any of these values must be changed in order to improve the efficiency or effectiveness of the activities regulated under sections 115A.1312 to 115A.1330, the agency shall submit recommended changes and the reasons for them to the chairs of the senate and house of representatives committees with jurisdiction over solid waste policy.

(d) By January 15 each year, beginning in 2008, the agency shall calculate estimated sales of video display devices sold to households by each manufacturer during the preceding program year, based on national sales data, and forward the estimates to the department.

(e) The agency shall provide a report to the governor and the legislature on the implementation of sections 115A.1310 to 115A.1330. For each program year, the report must discuss the total weight of covered electronic devices recycled and a summary of information in the reports submitted by manufacturers and recyclers under section 115A.1316. The report must also discuss the various collection programs used by manufacturers to collect covered electronic devices; information regarding covered electronic devices that are being collected by persons other than registered manufacturers, collectors, and recyclers; and information about covered electronic devices, if any, being disposed of in landfills in this state. The report must include a description of enforcement actions under sections 115A.1310 to 115A.1330. The agency may include in its report other information received by the agency regarding the implementation of sections 115A.1312 to 115A.1330. The report must be done in conjunction with the report required under section ~~115D.10~~ 115A.121.

(f) The agency shall promote public participation in the activities regulated under sections 115A.1312 to 115A.1330 through public education and outreach efforts.

(g) The agency shall enforce sections 115A.1310 to 115A.1330 in the manner provided by sections 115.071, subdivisions 1, 3, 4, 5, and 6; and 116.072, except for those provisions enforced by the department, as provided in subdivision 2. The agency may revoke a registration of a collector or recycler found to have violated sections 115A.1310 to 115A.1330.

(h) The agency shall facilitate communication between counties, collection and recycling centers, and manufacturers to ensure that manufacturers are aware of video display devices available for recycling.

(i) The agency shall develop a form retailers must use to report information to manufacturers under section 115A.1318 and post it on the agency's Web site.

(j) The agency shall post on its Web site the contact information provided by each manufacturer under section 115A.1318, paragraph (e).

Sec. 96. **115A.141 CARPET PRODUCT STEWARDSHIP PROGRAM; STEWARDSHIP PLAN.**

Subdivision 1. Definitions. For purposes of this section, the following terms have the meanings given:

(1) "brand" means a name, symbol, word, or mark that identifies carpet, rather than its components, and attributes the carpet to the owner or licensee of the brand as the producer;

(2) "carpet" means a manufactured article that is used in commercial or single or multifamily residential buildings, is affixed or placed on the floor or building walking surface as a decorative or functional building interior or exterior feature, and is primarily constructed of a top visible surface of synthetic face fibers or yarns or tufts attached to a backing system derived from synthetic or natural materials. Carpet includes, but is not limited to, a commercial or residential broadloom carpet or modular carpet tiles. Carpet includes a pad or underlayment used in conjunction with a carpet. Carpet does not include handmade rugs, area rugs, or mats;

(3) "discarded carpet" means carpet that is no longer used for its manufactured purpose;

(4) "producer" means a person that:

(i) has legal ownership of the brand, brand name, or cobrand of carpet sold in the state;

(ii) imports carpet branded by a producer that meets subclause (i) when the producer has no physical presence in the United States;

(iii) if subclauses (i) and (ii) do not apply, makes unbranded carpet that is sold in the state; or

(iv) sells carpet at wholesale or retail, does not have legal ownership of the brand, and elects to fulfill the responsibilities of the producer for the carpet by certifying that election in writing to the commissioner;

(5) "recycling" means the process of collecting and preparing recyclable materials and reusing the materials in their original form or using them in manufacturing processes that do not cause the destruction of recyclable materials in a manner that precludes further use;

(6) "retailer" means any person who offers carpet for sale at retail in the state;

(7) "reuse" means donating or selling a collected carpet back into the market for its original intended use, when the carpet retains its original purpose and performance characteristics;

(8) "sale" or "sell" means transfer of title of carpet for consideration, including a remote sale conducted through a sales outlet, catalog, Web site, or similar electronic means. Sale or sell includes a lease through which carpet is provided to a consumer by a producer, wholesaler, or retailer;

(9) "stewardship assessment" means the amount added to the purchase price of carpet sold in the state that is necessary to cover the cost of collecting, transporting, and processing postconsumer carpets by the producer or stewardship organization pursuant to a product stewardship program;

(10) "stewardship organization" means an organization appointed by one or more producers to act as an agent on behalf of the producer to design, submit, and administer a product stewardship program under this section; and

(11) "stewardship plan" means a detailed plan describing the manner in which a product stewardship program under subdivision 2 will be implemented.

Subd. 2. Product stewardship program. For all carpet sold in the state, producers must, individually or through a stewardship organization, implement and finance a statewide product stewardship program that manages carpet by reducing carpet's waste generation, promoting its reuse and recycling, and providing for negotiation and execution of agreements to collect, transport, and process carpet for end-of-life recycling and reuse.

Subd. 3. Requirement for sale. (a) On and after July 1, 2015, no producer, wholesaler, or retailer may sell carpet or offer carpet for sale in the state unless the carpet's producer participates in an approved stewardship plan, either individually or through a stewardship organization.

(b) Each producer must operate a product stewardship program approved by the agency or enter into an agreement with a stewardship organization to operate, on the producer's behalf, a product stewardship program approved by the agency.

Subd. 4. Requirement to submit plan. (a) On or before March 1, 2015, and before offering carpet for sale in the state, a producer must submit a stewardship plan to the agency and receive approval of the plan or must submit documentation to the agency that demonstrates the producer has entered into an agreement with a stewardship organization to be an active participant in an approved product stewardship program as described in subdivision 2. A stewardship plan must include all elements required under subdivision 5.

(b) At least every three years, a producer or stewardship organization operating a product stewardship program must update the stewardship plan and submit the updated plan to the agency for review and approval.

(c) It is the responsibility of the entities responsible for each stewardship plan to notify the agency within 30 days of any significant changes or modifications to the plan or its implementation. Within 30 days of the notification, a written plan revision must be submitted to the agency for review and approval.

Subd. 5. Stewardship plan content. A stewardship plan must contain:

(1) certification that the product stewardship program will accept all discarded carpet regardless of which producer produced the carpet and its individual components;

(2) contact information for the individual and the entity submitting the plan and for all producers participating in the product stewardship program;

(3) a description of the methods by which discarded carpet will be collected in all areas in the state without relying on end-of-life fees, including an explanation of how the collection system will be convenient and adequate to serve the needs of small businesses and residents in the seven-county metropolitan area initially and expanding to areas outside of the seven-county metropolitan area starting July 1, 2016;

(4) a description of how the adequacy of the collection program will be monitored and maintained;

(5) the names and locations of collectors, transporters, and recycling facilities that will manage discarded carpet;

(6) a description of how the discarded carpet and the carpet's components will be safely and securely transported, tracked, and handled from collection through final recycling and processing;

(7) a description of the method that will be used to reuse, deconstruct, or recycle the discarded carpet to ensure that the product's components, to the extent feasible, are transformed or remanufactured into finished products for use;

(8) a description of the promotion and outreach activities that will be used to encourage participation in the collection and recycling programs and how the activities' effectiveness will be evaluated and the program modified, if necessary;

(9) the proposed stewardship assessment. The producer or stewardship organization shall propose a stewardship assessment for any carpet sold in the state. The proposed stewardship assessment shall be reviewed by an independent auditor to ensure that the assessment does not exceed the costs of the product stewardship program and the independent auditor shall recommend an amount for the stewardship assessment;

(10) evidence of adequate insurance and financial assurance that may be required for collection, handling, and disposal operations;

(11) five-year performance goals, including an estimate of the percentage of discarded carpet that will be collected, reused, and recycled during each of the first five years of the stewardship plan. The performance goals must include a specific escalating goal for the amount of discarded carpet that will be collected and recycled and reused during each year of the plan. The performance goals must be based on:

(i) the most recent collection data available for the state;

(ii) the amount of carpet disposed of annually;

(iii) the weight of the carpet that is expected to be available for collection annually; and

(iv) actual collection data from other existing stewardship programs.

The stewardship plan must state the methodology used to determine these goals;

(12) carpet design changes that will be considered to reduce toxicity, water use, or energy use or to increase recycled content, recyclability, or carpet longevity; and

(13) a discussion of market development opportunities to expand use of recovered carpet, with consideration of expanding processing activity near areas of collection.

Subd. 6. Consultation required. (a) Each stewardship organization or individual producer submitting a stewardship plan must consult with stakeholders including retailers, installers, collectors, recyclers, local government, customers, and citizens during the development of the plan, solicit stakeholder comments, and attempt to address any stakeholder concerns regarding the plan before submitting the plan to the agency for review.

(b) The producer or stewardship organization must invite comments from local governments, communities, and citizens to report their satisfaction with services, including education and outreach, provided by the product stewardship program. The information must be submitted to the agency and used by the agency in reviewing proposed updates or changes to the stewardship plan.

Subd. 7. **Agency review and approval.** (a) Within 90 days after receipt of a proposed stewardship plan, the agency shall determine whether the plan complies with subdivision 5. If the agency approves a plan, the agency shall notify the applicant of the plan approval in writing. If the agency rejects a plan, the agency shall notify the applicant in writing of the reasons for rejecting the plan. An applicant whose plan is rejected by the agency must submit a revised plan to the agency within 60 days after receiving notice of rejection.

(b) Any proposed changes to a stewardship plan must be approved by the agency in writing.

Subd. 8. **Plan availability.** All draft and approved stewardship plans shall be placed on the agency's Web site for at least 30 days and made available at the agency's headquarters for public review and comment.

Subd. 9. **Conduct authorized.** A producer or stewardship organization that organizes collection, transport, and processing of carpet under this section is immune from liability for the conduct under state laws relating to antitrust, restraint of trade, unfair trade practices, and other regulation of trade or commerce only to the extent that the conduct is necessary to plan and implement the producer's or organization's chosen organized collection or recycling system.

Subd. 10. **Responsibility of producers.** (a) On and after the date of implementation of a product stewardship program under this section, a producer of carpet must add the stewardship assessment, as established according to subdivision 5, clause (9), to the cost of the carpet sold to retailers and distributors in the state by the producer.

(b) Producers of carpet or the stewardship organization shall provide consumers with educational materials regarding the stewardship assessment and product stewardship program. The materials must include, but are not limited to, information regarding available end-of-life management options for carpet offered through the product stewardship program and information that notifies consumers that a charge for the operation of the product stewardship program is included in the purchase price of carpet sold in the state.

Subd. 11. **Responsibility of retailers.** (a) On and after July 1, 2015, no carpet may be sold in the state unless the carpet's producer is participating in an approved stewardship plan.

(b) On and after the implementation date of a product stewardship program under this section, each retailer or distributor, as applicable, must ensure that the full amount of the stewardship assessment added to the cost of carpet by producers under subdivision 10 is included in the purchase price of all carpet sold in the state.

(c) Any retailer may participate, on a voluntary basis, as a designated collection point pursuant to a product stewardship program under this section and in accordance with applicable law.

(d) No retailer or distributor shall be found to be in violation of this subdivision if, on the date the carpet was ordered from the producer or its agent, the producer was listed as compliant on the agency's Web site according to subdivision 14.

Subd. 12. **Stewardship reports.** Beginning October 1, 2016, producers of carpet sold in the state must individually or through a stewardship organization submit an annual report to the agency describing the product stewardship program. At a minimum, the report must contain:

(1) a description of the methods used to collect, transport, and process carpet in all regions of the state;

(2) the weight of all carpet collected in all regions of the state and a comparison to the performance goals and recycling rates established in the stewardship plan;

(3) the amount of unwanted carpet collected in the state by method of disposition, including reuse, recycling, and other methods of processing;

(4) identification of the facilities processing carpet and the number and weight processed at each facility;

(5) an evaluation of the program's funding mechanism;

(6) samples of educational materials provided to consumers and an evaluation of the effectiveness of the materials and the methods used to disseminate the materials; and

(7) a description of progress made toward achieving carpet design changes according to subdivision 5, clause (12).

Subd. 13. **Sales information.** Sales information provided to the commissioner under this section is classified as private or nonpublic data, as specified in section 115A.06, subdivision 13.

Subd. 14. **Agency responsibilities.** The agency shall provide, on its Web site, a list of all compliant producers and brands participating in stewardship plans that the agency has approved and a list of all producers and brands the agency has identified as noncompliant with this section.

Subd. 15. **Local government responsibilities.** (a) A city, county, or other public agency may choose to participate voluntarily in a carpet product stewardship program.

(b) Cities, counties, and other public agencies are encouraged to work with producers and stewardship organizations to assist in meeting product stewardship program recycling obligations, by providing education and outreach or using other strategies.

(c) A city, county, or other public agency that participates in a product stewardship program must report for the first year of the program to the agency using the reporting form provided by the agency on the cost savings as a result of participation and describe how the savings were used.

Subd. 16. **Administrative fee.** (a) The stewardship organization or individual producer submitting a stewardship plan shall pay an annual administrative fee to the commissioner. The agency may establish a variable fee based on relevant factors, including, but not limited to, the portion of carpet sold in the state by members of the organization compared to the total amount of carpet sold in the state by all organizations submitting a stewardship plan.

(b) Prior to July 1, 2015, and before July 1 annually thereafter, the agency shall identify the costs it incurs under this section. The agency shall set the fee at an amount that, when paid by every stewardship organization or individual producer that submits a stewardship plan, is adequate to reimburse the agency's full costs of administering this section. The total amount of annual fees collected under this subdivision must not exceed the amount necessary to reimburse costs incurred by the agency to administer this section.

(c) A stewardship organization or individual producer subject to this subdivision must pay the agency's administrative fee under paragraph (a) on or before July 1, 2015 and annually thereafter. Each year after the initial payment, the annual administrative fee may not exceed five percent of the aggregate stewardship assessment added to the cost of all carpet sold by producers in the state for the preceding calendar year.

(d) All fees received under this section shall be deposited to the state treasury and credited to a product stewardship account in the Special Revenue Fund. Money in the account is appropriated to the commissioner for the purpose of reimbursing the agency's costs incurred to administer this section.

Sec. 97. **[115A.1415] ARCHITECTURAL PAINT; PRODUCT STEWARDSHIP PROGRAM; STEWARDSHIP PLAN.**

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meanings given:

(1) "architectural paint" means interior and exterior architectural coatings sold in containers of five gallons or less. Architectural paint does not include industrial coatings, original equipment coatings, or specialty coatings;

(2) "brand" means a name, symbol, word, or mark that identifies architectural paint, rather than its components, and attributes the paint to the owner or licensee of the brand as the producer;

(3) "discarded paint" means architectural paint that is no longer used for its manufactured purpose;

(4) "producer" means a person that:

(i) has legal ownership of the brand, brand name, or cobrand of architectural paint sold in the state;

(ii) imports architectural paint branded by a producer that meets subclause (i) when the producer has no physical presence in the United States;

(iii) if subclauses (i) and (ii) do not apply, makes unbranded architectural paint that is sold in the state; or

(iv) sells architectural paint at wholesale or retail, does not have legal ownership of the brand, and elects to fulfill the responsibilities of the producer for the architectural paint by certifying that election in writing to the commissioner;

(5) "recycling" means the process of collecting and preparing recyclable materials and reusing the materials in their original form or using them in manufacturing processes that do not cause the destruction of recyclable materials in a manner that precludes further use;

(6) "retailer" means any person who offers architectural paint for sale at retail in the state;

(7) "reuse" means donating or selling collected architectural paint back into the market for its original intended use, when the architectural paint retains its original purpose and performance characteristics;

(8) "sale" or "sell" means transfer of title of architectural paint for consideration, including a remote sale conducted through a sales outlet, catalog, Web site, or similar electronic means. Sale or sell includes a lease through which architectural paint is provided to a consumer by a producer, wholesaler, or retailer;

(9) "stewardship assessment" means the amount added to the purchase price of architectural paint sold in the state that is necessary to cover the cost of collecting, transporting, and processing postconsumer architectural paint by the producer or stewardship organization pursuant to a product stewardship program;

(10) "stewardship organization" means an organization appointed by one or more producers to act as an agent on behalf of the producer to design, submit, and administer a product stewardship program under this section; and

(11) "stewardship plan" means a detailed plan describing the manner in which a product stewardship program under subdivision 2 will be implemented.

Subd. 2. **Product stewardship program.** For architectural paint sold in the state, producers must, individually or through a stewardship organization, implement and finance a statewide product stewardship program that manages the architectural paint by reducing the paint's waste generation, promoting its reuse and recycling, and providing for negotiation and execution of agreements to collect, transport, and process the architectural paint for end-of-life recycling and reuse.

Subd. 3. **Requirement for sale.** (a) On and after July 1, 2014, or three months after program plan approval, whichever is sooner, no producer, wholesaler, or retailer may sell or offer for sale in the state architectural paint unless the paint's producer participates in an approved stewardship plan, either individually or through a stewardship organization.

(b) Each producer must operate a product stewardship program approved by the agency or enter into an agreement with a stewardship organization to operate, on the producer's behalf, a product stewardship program approved by the agency.

Subd. 4. **Requirement to submit plan.** (a) On or before March 1, 2014, and before offering architectural paint for sale in the state, a producer must submit a stewardship plan to the agency and receive approval of the plan or must submit documentation to the agency that demonstrates the producer has entered into an agreement with a stewardship organization to be an active participant in an approved product stewardship program as described in subdivision 2. A stewardship plan must include all elements required under subdivision 5.

(b) An amendment to the plan, if determined necessary by the commissioner, must be submitted every five years.

(c) It is the responsibility of the entities responsible for each stewardship plan to notify the agency within 30 days of any significant changes or modifications to the plan or its implementation. Within 30 days of the notification, a written plan revision must be submitted to the agency for review and approval.

Subd. 5. **Stewardship plan content.** A stewardship plan must contain:

(1) certification that the product stewardship program will accept all discarded paint regardless of which producer produced the architectural paint and its individual components;

(2) contact information for the individual and the entity submitting the plan, a list of all producers participating in the product stewardship program, and the brands covered by the product stewardship program;

(3) a description of the methods by which the discarded paint will be collected in all areas in the state without relying on end-of-life fees, including an explanation of how the collection system will be convenient and adequate to serve the needs of small businesses and residents in both urban and rural areas on an ongoing basis and a discussion of how the existing household hazardous waste infrastructure will be considered when selecting collection sites;

(4) a description of how the adequacy of the collection program will be monitored and maintained;

(5) the names and locations of collectors, transporters, and recyclers that will manage discarded paint;

(6) a description of how the discarded paint and the paint's components will be safely and securely transported, tracked, and handled from collection through final recycling and processing;

(7) a description of the method that will be used to reuse, deconstruct, or recycle the discarded paint to ensure that the paint's components, to the extent feasible, are transformed or remanufactured into finished products for use;

(8) a description of the promotion and outreach activities that will be used to encourage participation in the collection and recycling programs and how the activities' effectiveness will be evaluated and the program modified, if necessary;

(9) the proposed stewardship assessment. The producer or stewardship organization shall propose a uniform stewardship assessment for any architectural paint sold in the state. The proposed stewardship assessment shall be reviewed by an independent auditor to ensure that the assessment does not exceed the costs of the product stewardship program and the independent auditor shall recommend an amount for the stewardship assessment. The agency must approve the stewardship assessment;

(10) evidence of adequate insurance and financial assurance that may be required for collection, handling, and disposal operations;

(11) five-year performance goals, including an estimate of the percentage of discarded paint that will be collected, reused, and recycled during each of the first five years of the stewardship plan. The performance goals must include a specific goal for the amount of discarded paint that will be collected and recycled and reused during each year of the plan. The performance goals must be based on:

(i) the most recent collection data available for the state;

(ii) the estimated amount of architectural paint disposed of annually;

(iii) the weight of the architectural paint that is expected to be available for collection annually; and

(iv) actual collection data from other existing stewardship programs.

The stewardship plan must state the methodology used to determine these goals; and

(12) a discussion of the status of end markets for collected architectural paint and what, if any, additional end markets are needed to improve the functioning of the program.

Subd. 6. **Consultation required.** Each stewardship organization or individual producer submitting a stewardship plan must consult with stakeholders including retailers, contractors, collectors, recyclers, local government, and customers during the development of the plan.

Subd. 7. **Agency review and approval.** (a) Within 90 days after receipt of a proposed stewardship plan, the agency shall determine whether the plan complies with subdivision 4. If the agency approves a plan, the agency shall notify the applicant of the plan approval in writing. If the agency rejects a plan, the agency shall notify the applicant in writing of the reasons for rejecting the plan. An applicant whose plan is rejected by the agency must submit a revised plan to the agency within 60 days after receiving notice of rejection.

(b) Any proposed changes to a stewardship plan must be approved by the agency in writing.

Subd. 8. **Plan availability.** All draft and approved stewardship plans shall be placed on the agency's Web site for at least 30 days and made available at the agency's headquarters for public review and comment.

Subd. 9. **Conduct authorized.** A producer or stewardship organization that organizes collection, transport, and processing of architectural paint under this section is immune from liability for the conduct under state laws relating to antitrust, restraint of trade, unfair trade practices, and other regulation of trade or commerce only to the extent that the conduct is necessary to plan and implement the producer's or organization's chosen organized collection or recycling system.

Subd. 10. **Responsibility of producers.** (a) On and after the date of implementation of a product stewardship program according to this section, a producer of architectural paint must add the stewardship assessment, as established under subdivision 5, clause (9), to the cost of architectural paint sold to retailers and distributors in the state by the producer.

(b) Producers of architectural paint or the stewardship organization shall provide consumers with educational materials regarding the stewardship assessment and product stewardship program. The materials must include, but are not limited to, information regarding available end-of-life management options for architectural paint offered through the product stewardship program and information that notifies consumers that a charge for the operation of the product stewardship program is included in the purchase price of architectural paint sold in the state.

Subd. 11. **Responsibility of retailers.** (a) On and after July 1, 2014, or three months after program plan approval, whichever is sooner, no architectural paint may be sold in the state unless the paint's producer is participating in an approved stewardship plan.

(b) On and after the implementation date of a product stewardship program according to this section, each retailer or distributor, as applicable, must ensure that the full amount of the stewardship assessment added to the cost of paint by producers under subdivision 10 is included in the purchase price of all architectural paint sold in the state.

(c) Any retailer may participate, on a voluntary basis, as a designated collection point pursuant to a product stewardship program under this section and in accordance with applicable law.

(d) No retailer or distributor shall be found to be in violation of this subdivision if, on the date the architectural paint was ordered from the producer or its agent, the producer was listed as compliant on the agency's Web site according to subdivision 14.

Subd. 12. **Stewardship reports.** Beginning October 1, 2015, producers of architectural paint sold in the state must individually or through a stewardship organization submit an annual report to the agency describing the product stewardship program. At a minimum, the report must contain:

(1) a description of the methods used to collect, transport, and process architectural paint in all regions of the state;

(2) the weight of all architectural paint collected in all regions of the state and a comparison to the performance goals and recycling rates established in the stewardship plan;

(3) the amount of unwanted architectural paint collected in the state by method of disposition, including reuse, recycling, and other methods of processing;

(4) samples of educational materials provided to consumers and an evaluation of the effectiveness of the materials and the methods used to disseminate the materials; and

(5) an independent financial audit.

Subd. 13. **Sales information.** Sales information provided to the commissioner under this section is classified as private or nonpublic data, as specified in section 115A.06, subdivision 13.

Subd. 14. **Agency responsibilities.** The agency shall provide, on its Web site, a list of all compliant producers and brands participating in stewardship plans that the agency has approved and a list of all producers and brands the agency has identified as noncompliant with this section.

Subd. 15. **Local government responsibilities.** (a) A city, county, or other public agency may choose to participate voluntarily in a product stewardship program.

(b) Cities, counties, and other public agencies are encouraged to work with producers and stewardship organizations to assist in meeting product stewardship program reuse and recycling obligations, by providing education and outreach or using other strategies.

(c) A city, county, or other public agency that participates in a product stewardship program must report for the first year of the program to the agency using the reporting form provided by the agency on the cost savings as a result of participation and describe how the savings were used.

Subd. 16. **Administrative fee.** (a) The stewardship organization or individual producer submitting a stewardship plan shall pay an annual administrative fee to the commissioner. The agency may establish a variable fee based on relevant factors, including, but not limited to, the portion of architectural paint sold in the state by members of the organization compared to the total amount of architectural paint sold in the state by all organizations submitting a stewardship plan.

(b) Prior to July 1, 2014, and before July 1 annually thereafter, the agency shall identify the costs it incurs under this section. The agency shall set the fee at an amount that, when paid by every stewardship organization or individual producer that submits a stewardship plan, is adequate to reimburse the agency's full costs of administering this section. The total amount of annual fees collected under this subdivision must not exceed the amount necessary to reimburse costs incurred by the agency to administer this section.

(c) A stewardship organization or individual producer subject to this subdivision must pay the agency's administrative fee under paragraph (a) on or before July 1, 2014 and annually thereafter. Each year after the initial payment, the annual administrative fee may not exceed five percent of the aggregate stewardship assessment added to the cost of all architectural paint sold by producers in the state for the preceding calendar year.

(d) All fees received under this section shall be deposited to the state treasury and credited to a product stewardship account in the Special Revenue Fund. Money in the account is appropriated to the commissioner for the purpose of reimbursing the agency's costs incurred to administer this section.

Sec. 98. [115A.142] PRIMARY BATTERIES; PRODUCT STEWARDSHIP PROGRAM; STEWARDSHIP PLAN.

Subdivision 1. **Definitions.** For purposes of this section, the following terms have the meaning given:

(1) "brand" means a name, symbol, word, or mark that identifies a primary battery, rather than its components, and attributes the battery to the owner or licensee of the brand as the producer;

(2) "discarded battery" means a primary battery that is no longer used for its manufactured purpose;

(3) "primary battery" means a battery weighing two kilograms or less that is not designed to be electrically recharged, including, but not limited to, alkaline manganese, carbon zinc, lithium, silver oxide, and zinc air batteries. Nonremovable batteries and medical devices as defined in the federal Food, Drug, and Cosmetic Act, United States Code, title 21, section 321, paragraph (h), as amended, are exempted from this definition.

(4) "producer" means a person that:

(i) has legal ownership of the brand, brand name, or cobrand of a primary battery sold in the state;

(ii) imports a primary battery branded by a producer that meets subclause (i) when the producer has no physical presence in the United States;

(iii) if subclauses (i) and (ii) do not apply, makes an unbranded primary battery that is sold in the state; or

(iv) sells a primary battery at wholesale or retail, does not have legal ownership of the brand, and elects to fulfill the responsibilities of the producer for the battery by certifying that election in writing to the commissioner;

(5) "recycling" means the process of collecting and preparing recyclable materials and reusing the materials in their original form or using them in manufacturing processes that do not cause the destruction of recyclable materials in a manner that precludes further use;

(6) "retailer" means any person who offers primary batteries for sale at retail in the state;

(7) "sale" or "sell" means transfer of title of a primary battery for consideration, including a remote sale conducted through a sales outlet, catalog, Web site, or similar electronic means. Sale or sell includes a lease through which a primary battery is provided to a consumer by a producer, wholesaler, or retailer;

(8) "stewardship organization" means an organization appointed by one or more producers to act as an agent on behalf of the producer to design, submit, and administer a product stewardship program under this section; and

(9) "stewardship plan" means a detailed plan describing the manner in which a product stewardship program under subdivision 2 will be implemented.

Subd. 2. Product stewardship program. For each primary battery sold in the state, producers must, individually or through a stewardship organization, implement and finance a statewide product stewardship program that manages primary batteries by reducing primary battery waste generation, promoting primary battery recycling, and providing for negotiation and execution of agreements to collect, transport, and process primary batteries for end-of-life recycling.

Subd. 3. Requirement for sale. (a) On and after December 1, 2014, or three months after program plan approval, whichever is sooner, no producer, wholesaler, or retailer may sell or offer for sale in the state a primary battery unless the battery's producer participates in an approved stewardship plan, either individually or through a stewardship organization.

(b) Each producer must operate a product stewardship program approved by the agency or enter into an agreement with a stewardship organization to operate, on the producer's behalf, a product stewardship program approved by the agency.

Subd. 4. Requirement to submit plan. (a) On or before August 1, 2014, and before offering a primary battery for sale in the state, a producer must submit a stewardship plan to the agency and receive approval of the plan or must submit documentation to the agency that demonstrates the producer has entered into an agreement with a stewardship organization to be an active participant in an approved product stewardship program as described in subdivision 2. A stewardship plan must include all elements required under subdivision 5.

(b) An amendment to the plan, if determined necessary by the commissioner, must be submitted every five years.

(c) It is the responsibility of the entities responsible for each stewardship plan to notify the agency within 30 days of any significant changes or modifications to the plan or its implementation. Within 30 days of the notification, a written plan revision must be submitted to the agency for review and approval.

Subd. 5. Stewardship plan content. A stewardship plan must contain:

(1) certification that the product stewardship program will accept discarded primary batteries regardless of which producer produced the batteries and their individual components;

(2) contact information for the individual and the entity submitting the plan, a list of all producers participating in the product stewardship program, and the brands covered by the product stewardship program;

(3) a description of the methods by which the discarded primary batteries will be collected in all areas in the state without relying on end-of-life fees, including an explanation of how the collection system will be convenient and adequate to serve the needs of small businesses and residents in both urban and rural areas on an ongoing basis;

(4) a description of how the adequacy of the collection program will be monitored and maintained;

(5) the names and locations of collectors, transporters, and recyclers that will manage discarded batteries;

(6) a description of how the discarded primary batteries and the batteries' components will be safely and securely transported, tracked, and handled from collection through final recycling and processing;

(7) a description of the method that will be used to recycle the discarded primary batteries to ensure that the batteries' components, to the extent feasible, are transformed or remanufactured into finished batteries for use;

(8) a description of the promotion and outreach activities that will be used to encourage participation in the collection and recycling programs and how the activities' effectiveness will be evaluated and the program modified, if necessary;

(9) evidence of adequate insurance and financial assurance that may be required for collection, handling, and disposal operations;

(10) five-year performance goals, including an estimate of the percentage of discarded primary batteries that will be collected, reused, and recycled during each of the first five years of the stewardship plan. The performance goals must include a specific escalating goal for the amount of discarded primary batteries that will be collected and recycled during each year of the plan. The performance goals must be based on:

(i) the most recent collection data available for the state;

(ii) the estimated amount of primary batteries disposed of annually;

(iii) the weight of primary batteries that is expected to be available for collection annually;

(iv) actual collection data from other existing stewardship programs; and

(v) the market share of the producers participating in the plan.

The stewardship plan must state the methodology used to determine these goals; and

(11) a discussion of the status of end markets for discarded batteries and what, if any, additional end markets are needed to improve the functioning of the program.

Subd. 6. **Consultation required.** Each stewardship organization or individual producer submitting a stewardship plan must consult with stakeholders including retailers, collectors, recyclers, local government, and customers during the development of the plan.

Subd. 7. **Agency review and approval.** (a) Within 90 days after receipt of a proposed stewardship plan, the agency shall determine whether the plan complies with subdivision 5. If the agency approves a plan, the agency shall notify the applicant of the plan approval in writing. If the agency rejects a plan, the agency shall notify the applicant in writing of the reasons for rejecting the plan. An applicant whose plan is rejected by the agency must submit a revised plan to the agency within 60 days after receiving notice of rejection.

(b) Any proposed changes to a stewardship plan must be approved by the agency in writing.

Subd. 8. **Plan availability.** All draft and approved stewardship plans shall be placed on the agency's Web site for at least 30 days and made available at the agency's headquarters for public review and comment.

Subd. 9. **Conduct authorized.** A producer or stewardship organization that organizes collection, transport, and processing of primary batteries under this section is immune from liability for the conduct under state laws relating to antitrust, restraint of trade, unfair trade practices, and other regulation of trade or commerce only to the extent that the conduct is necessary to plan and implement the producer's or organization's chosen organized collection or recycling system.

Subd. 10. **Responsibility of retailers.** (a) On and after December 1, 2014, or three months after program plan approval, whichever is sooner, no primary battery may be sold in the state unless the battery's producer is participating in an approved stewardship plan.

(b) Any retailer may participate, on a voluntary basis, as a designated collection point pursuant to a product stewardship program under this section and in accordance with applicable law.

(c) No retailer or distributor shall be found to be in violation of this subdivision if, on the date the primary battery was ordered from the producer or its agent, the producer was listed as compliant on the agency's Web site according to subdivision 12.

Subd. 11. **Stewardship reports.** Beginning March 1, 2016, producers of primary batteries sold in the state must individually or through a stewardship organization submit an annual report to the agency describing the product stewardship program. At a minimum, the report must contain:

(1) a description of the methods used to collect, transport, and process primary batteries in all regions of the state;

(2) the weight of all primary batteries collected in all regions of the state and a comparison to the performance goals and recycling rates established in the stewardship plan;

(3) the amount of discarded primary batteries collected in the state by method of disposition, including recycling, and other methods of processing;

(4) samples of educational materials provided to consumers and an evaluation of the effectiveness of the materials and the methods used to disseminate the materials; and

(5) an independent financial audit of the stewardship organization.

Subd. 12. **Agency responsibilities.** The agency shall provide, on its Web site, a list of all compliant producers and brands participating in stewardship plans that the agency has approved and a list of all producers and brands the agency has identified as noncompliant with this section.

Subd. 13. **Sales information.** Sales information provided to the commissioner under this section is classified as private or nonpublic data, as specified in section 115A.06, subdivision 13.

Subd. 14. **Local government responsibilities.** (a) A city, county, or other public agency may choose to participate voluntarily in a product stewardship program.

(b) Cities, counties, and other public agencies are encouraged to work with producers and stewardship organizations to assist in meeting product stewardship program recycling obligations, by providing education and outreach or using other strategies.

(c) A city, county, or other public agency that participates in a product stewardship program must report for the first year of the program to the agency using the reporting form provided by the agency on the cost savings as a result of participation and describe how the savings were used.

Subd. 15. **Administrative fee.** (a) The stewardship organization or individual producer submitting a stewardship plan shall pay an annual administrative fee to the commissioner. The agency may establish a variable fee based on relevant factors, including, but not limited to, the portion of primary batteries sold in the state by members of the organization compared to the total amount of primary batteries sold in the state by all organizations submitting a stewardship plan.

(b) Prior to July 1, 2015, and before July 1 annually thereafter, the agency shall identify the costs it incurs under this section. The agency shall set the fee at an amount that, when paid by every stewardship organization or individual producer that submits a stewardship plan, is adequate to reimburse the agency's full costs of administering this section. The total amount of annual fees collected under this subdivision must not exceed the amount necessary to reimburse costs incurred by the agency to administer this section.

(c) A stewardship organization or individual producer subject to this subdivision must pay the agency's administrative fee under paragraph (a) on or before July 1, 2015 and annually thereafter.

(d) All fees received under this section shall be deposited to the state treasury and credited to a product stewardship account in the Special Revenue Fund. Money in the account is appropriated to the commissioner for the purpose of reimbursing the agency's costs incurred to administer this section.

Subd. 16. **Exemption; medical device.** The requirements of this section do not apply to a medical device as defined in the Food, Drug, and Cosmetic Act, United States Code, title 21, section 321, paragraph (h).

Subd. 17. **Private enforcement.** (a) The operator of a statewide product stewardship program established under subdivision 2 that incurs costs exceeding \$5,000 to collect, handle, recycle, or properly dispose of discarded primary batteries sold or offered for sale in Minnesota by a producer who does not implement its own program or participate in a program implemented by a stewardship organization, may bring a civil action or actions to recover costs and fees as specified in paragraph (b) from each nonimplementing or nonparticipating producer who can reasonably be identified from a brand or marking on a used consumer battery or from other information.

(b) An action under paragraph (a) may be brought against one or more primary battery producers, provided that no such action may be commenced:

(1) prior to 60 days after written notice of the operator's intention to file suit has been provided to the agency and the defendant or defendants; or

(2) if the agency has commenced enforcement actions under subdivision 10 and is diligently pursuing such actions.

(c) In any action under paragraph (b), the plaintiff operator may recover from a defendant nonimplementing or nonparticipating primary battery producer costs the plaintiff incurred to collect, handle, recycle, or properly dispose of primary batteries reasonably identified as having originated from the defendant, plus the plaintiff's attorney fees and litigation costs.

Sec. 99. **[115A.1425] REPORT TO LEGISLATURE AND GOVERNOR.**

As part of the report required under section 115A.121, the commissioner of the Pollution Control Agency shall provide a report to the governor and the legislature on the implementation of sections 115A.141, 115A.1415, and 115A.142.

Sec. 100. Minnesota Statutes 2012, section 115B.20, subdivision 6, is amended to read:

Subd. 6. **Report to legislature.** ~~Each year~~ By January 31 of each odd-numbered year, the commissioner of agriculture and the agency shall submit to the senate Finance Committee, the house of representatives Ways and Means Committee, the Environment and Natural Resources Committees of the senate and house of representatives, the Finance Division of the senate Committee on Environment and Natural Resources, and the house of representatives Committee on Environment and Natural Resources Finance, and the Environmental Quality Board a report detailing the activities for which money has been spent pursuant to this section during the previous fiscal year.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 101. Minnesota Statutes 2012, section 115B.28, subdivision 1, is amended to read:

Subdivision 1. **Duties.** In addition to performing duties specified in sections 115B.25 to 115B.37 or in other law, and subject to the limitations on disclosure contained in section 115B.35, the agency shall:

(1) adopt rules, including rules governing practice and procedure before the agency, the form and procedure for applications for compensation, and procedures for claims investigations;

(2) publicize the availability of compensation and application procedures on a statewide basis with special emphasis on geographical areas surrounding sites identified by the agency as having releases from a facility where a harmful substance was placed or came to be located prior to July 1, 1983;

(3) collect, analyze, and make available to the public, in consultation with the Department of Health, the Pollution Control Agency, the University of Minnesota Medical and Public Health Schools, and the medical community, data regarding injuries relating to exposure to harmful substances; and

(4) prepare and transmit ~~by December 31 of each year to the governor and the legislature an annual legislative report required under section 115B.20, subdivision 6,~~ to include (i) a summary of agency activity under clause (3); (ii) data determined by the agency from actual cases, including but not limited to number of cases, actual compensation received by each claimant, types of cases, and types of injuries compensated, as they relate to types of harmful substances as well as length of exposure, but excluding identification of the claimants; (iii) all administrative costs associated with the business of the agency; and (iv) agency recommendations for legislative changes, further study, or any other recommendation aimed at improving the system of compensation.

Sec. 102. Minnesota Statutes 2012, section 115C.02, subdivision 4, is amended to read:

Subd. 4. **Corrective action.** "Corrective action" means an action taken to minimize, eliminate, or clean up a release to protect the public health and welfare or the environment. Corrective action may include environmental covenants pursuant to chapter 114E, an affidavit required under section 116.48, subdivision 6, or similar notice of a release recorded with real property records.

Sec. 103. Minnesota Statutes 2012, section 115C.08, subdivision 4, is amended to read:

Subd. 4. **Expenditures.** (a) Money in the fund may only be spent:

- (1) to administer the petroleum tank release cleanup program established in this chapter;
 - (2) for agency administrative costs under sections 116.46 to 116.50, sections 115C.03 to 115C.06, and costs of corrective action taken by the agency under section 115C.03, including investigations;
 - (3) for costs of recovering expenses of corrective actions under section 115C.04;
 - (4) for training, certification, and rulemaking under sections 116.46 to 116.50;
 - (5) for agency administrative costs of enforcing rules governing the construction, installation, operation, and closure of aboveground and underground petroleum storage tanks;
 - (6) for reimbursement of the environmental response, compensation, and compliance account under subdivision 5 and section 115B.26, subdivision 4;
 - (7) for administrative and staff costs as set by the board to administer the petroleum tank release program established in this chapter;
 - (8) for corrective action performance audits under section 115C.093;
 - (9) for contamination cleanup grants, as provided in paragraph (c);
 - (10) to assess and remove abandoned underground storage tanks under section 115C.094 and, if a release is discovered, to pay for the specific consultant and contractor services costs necessary to complete the tank removal project, including, but not limited to, excavation soil sampling, groundwater sampling, soil disposal, and completion of an excavation report; and
 - (11) ~~for property acquisition by the agency when the agency has determined that purchasing a property where a release has occurred is the most appropriate corrective action. The~~ to acquire interests in real or personal property, including easements, environmental covenants under chapter 114E, and leases, that the agency determines are necessary for corrective actions or to ensure the protectiveness of corrective actions. A donation of an interest in real property to the agency is not effective until the agency executes a certificate of acceptance. The state is not liable under this chapter solely as a result of acquiring an interest in real property under this clause. Agency approval of an environmental covenant under chapter 114E is sufficient evidence of acceptance of an interest in real property when the agency is expressly identified as a holder in the covenant. Acquisition of all properties real property under this clause, except environmental covenants under chapter 114E, is subject to approval by the board.
- (b) Except as provided in paragraph (c), money in the fund is appropriated to the board to make reimbursements or payments under this section.

(c) In fiscal years 2010 and 2011, \$3,700,000 is annually appropriated from the fund to the commissioner of employment and economic development for contamination cleanup grants under section 116J.554. Beginning in fiscal year 2012 and each year thereafter, \$6,200,000 is annually appropriated from the fund to the commissioner of employment and economic development for contamination cleanup grants under section 116J.554. Of this amount, the commissioner may spend up to \$225,000 annually for administration of the contamination cleanup grant program. The appropriation does not cancel and is available until expended. The appropriation shall not be withdrawn from the fund nor the fund balance reduced until the funds are requested by the commissioner of employment and economic development. The commissioner shall schedule requests for withdrawals from the fund to minimize the necessity to impose the fee authorized by subdivision 2. Unless otherwise provided, the appropriation in this paragraph may be used for:

(1) project costs at a qualifying site if a portion of the cleanup costs are attributable to petroleum contamination or new and used tar and tar-like substances, including but not limited to bitumen and asphalt, but excluding bituminous or asphalt pavement, that consist primarily of hydrocarbons and are found in natural deposits in the earth or are distillates, fractions, or residues from the processing of petroleum crude or petroleum products as defined in section 296A.01; and

(2) the costs of performing contamination investigation if there is a reasonable basis to suspect the contamination is attributable to petroleum or new and used tar and tar-like substances, including but not limited to bitumen and asphalt, but excluding bituminous or asphalt pavement, that consist primarily of hydrocarbons and are found in natural deposits in the earth or are distillates, fractions, or residues from the processing of petroleum crude or petroleum products as defined in section 296A.01.

Sec. 104. Minnesota Statutes 2012, section 115C.08, is amended by adding a subdivision to read:

Subd. 6. Disposition of property acquired for corrective action. (a) If the commissioner determines that real or personal property acquired by the agency for a corrective action is no longer needed for corrective action purposes, the commissioner may:

(1) request the commissioner of administration to dispose of the property according to sections 16B.281 to 16B.287, subject to conditions the commissioner of the Pollution Control Agency determines necessary to protect the public health and welfare and the environment or to comply with federal law;

(2) transfer the property to another state agency, a political subdivision, or a special purpose district as provided in paragraph (b); or

(3) if required by federal law, take actions and dispose of the property according to federal law.

(b) If the commissioner determines that real or personal property acquired by the agency for a corrective action must be operated, maintained, or monitored after completion of other phases of the corrective action, the commissioner may transfer ownership of the property to another state agency, a political subdivision, or a special purpose district that agrees to accept the property. A state agency, political subdivision, or special purpose district may accept and implement terms and conditions of a transfer under this paragraph. The commissioner may set terms and conditions for the transfer that the commissioner considers reasonable and necessary to ensure proper operation, maintenance, and monitoring of corrective actions; protect the public health and welfare and the environment; and comply with applicable federal and state laws and regulations. The state agency, political subdivision, or special purpose district to which the property is transferred is not liable under this chapter solely as a result of acquiring the property or acting in accordance with the terms and conditions of transfer.

(c) The proceeds of a sale or other transfer of property under this subdivision by the commissioner or by the commissioner of administration shall be deposited in the petroleum tank fund or other appropriate fund. Any share of the proceeds that the agency is required by federal law or regulation to reimburse to the federal government is appropriated from the fund to the agency for the purpose. Section 16B.287, subdivision 1, does not apply to real property that is sold by the commissioner of administration and that was acquired under subdivision 4, clause (1).

Sec. 105. Minnesota Statutes 2012, section 115D.10, is amended to read:

115D.10 TOXIC POLLUTION PREVENTION EVALUATION REPORT.

The commissioner, in cooperation with the commission, shall report to the Environment and Natural Resources Committees of the senate and house of representatives, the Finance Division of the senate Committee on Environment and Natural Resources, and the house of representatives Committee on Environment and Natural Resources Finance on progress being made in achieving the objectives of sections 115D.01 to 115D.12. The report must be ~~submitted by February 1 of each even numbered year~~ done in conjunction with the report required under section 115A.121.

Sec. 106. Minnesota Statutes 2012, section 116.48, subdivision 6, is amended to read:

Subd. 6. **Affidavit.** (a) Before transferring ownership of property that the owner knows contains an underground or aboveground storage tank or contained an underground or aboveground storage tank that had a release for which no corrective action was taken or if required by the agency as a condition of a corrective action under chapter 115C, the owner shall record with the county recorder or registrar of titles of the county in which the property is located an affidavit containing:

- (1) a legal description of the property where the tank is located;
- (2) a description of the tank, of the location of the tank, and of any known release from the tank of a regulated substance to the full extent known or reasonably ascertainable;
- (3) a description of any restrictions currently in force on the use of the property resulting from any release; and
- (4) the name of the owner.

(b) The county recorder shall record the affidavits in a manner that will insure their disclosure in the ordinary course of a title search of the subject property. Before transferring ownership of property that the owner knows contains an underground or aboveground storage tank, the owner shall deliver to the purchaser a copy of the affidavit and any additional information necessary to make the facts in the affidavit accurate as of the date of transfer of ownership.

(c) Failure to record an affidavit as provided in this subdivision does not affect or prevent any transfer of ownership of the property.

Sec. 107. Minnesota Statutes 2012, section 116C.03, subdivision 2, is amended to read:

Subd. 2. **Membership.** The members of the board are the ~~director of the Office of Strategic and Long Range Planning~~ commissioner of administration, the commissioner of commerce, the commissioner of the Pollution Control Agency, the commissioner of natural resources, the commissioner of agriculture, the commissioner of health, the commissioner of employment and economic development, the commissioner of transportation, the chair of the Board of Water and Soil Resources, and a representative of the governor's office designated by the governor. The governor shall appoint five members from the general public to the board, subject to the advice and consent of the senate. At least two of the five public members must have knowledge of and be conversant in water management issues in the state. Notwithstanding the provisions of section 15.06, subdivision 6, members of the board may not delegate their powers and responsibilities as board members to any other person.

Sec. 108. Minnesota Statutes 2012, section 116C.03, subdivision 4, is amended to read:

Subd. 4. **Support.** Staff and consultant support for board activities shall be provided by the ~~Office of Strategic and Long-Range Planning~~ Pollution Control Agency. This support shall be provided based upon an annual budget and work program developed by the board and certified to the commissioner by the chair of the board. The board shall have the authority to request and require staff support from all other agencies of state government as needed for the execution of the responsibilities of the board.

Sec. 109. Minnesota Statutes 2012, section 116C.03, subdivision 5, is amended to read:

Subd. 5. **Administration.** The board shall contract with the ~~Office of Strategic and Long-Range Planning~~ Pollution Control Agency for administrative services necessary to the board's activities. The services shall include personnel, budget, payroll and contract administration.

Sec. 110. **[116C.99] SILICA SAND MINING MODEL STANDARDS AND CRITERIA.**

Subdivision 1. **Definitions.** The definitions in this subdivision apply to this section.

(a) "Local unit of government" means a county, statutory or home rule charter city, or town.

(b) "Mining" means excavating and mining silica sand by any process, including digging, excavating, mining, drilling, blasting, tunneling, dredging, stripping, or by shaft.

(c) "Processing" means washing, cleaning, screening, crushing, filtering, sorting, processing, stockpiling, and storing silica sand, either at the mining site or at any other site.

(d) "Silica sand" means well-rounded, sand-sized grains of quartz (silicon dioxide), with very little impurities in terms of other minerals. Specifically, the silica sand for the purposes of this section is commercially valuable for use in the hydraulic fracturing of shale to obtain oil and natural gas. Silica sand does not include common rock, stone, aggregate, gravel, sand with a low quartz level, or silica compounds recovered as a by-product of metallic mining.

(e) "Silica sand project" means the excavation and mining and processing of silica sand; the washing, cleaning, screening, crushing, filtering, drying, sorting, stockpiling, and storing of silica sand, either at the mining site or at any other site; the hauling and transporting of silica sand; or a facility for transporting silica sand to destinations by rail, barge, truck, or other means of transportation.

(f) "Temporary storage" means the storage of stock piles of silica sand that have been transported and await further transport.

(g) "Transporting" means hauling and transporting silica sand, by any carrier:

(1) from the mining site to a processing or transfer site; or

(2) from a processing or storage site to a rail, barge, or transfer site for transporting to destinations.

Subd. 2. **Standards and criteria.** (a) By October 1, 2013, the Environmental Quality Board, in consultation with local units of government, shall develop model standards and criteria for mining, processing, and transporting silica sand. These standards and criteria may be used by local units of government in developing local ordinances. The standards and criteria must include:

(1) recommendations for setbacks or buffers for mining operation and processing, including:

- (i) any residence or residential zoning district boundary;
 - (ii) any property line or right-of-way line of any existing or proposed street or highway;
 - (iii) ordinary high water levels of public waters;
 - (iv) bluffs;
 - (v) designated trout streams, Class 2A water as designated in the rules of the Pollution Control Agency, or any perennially flowing tributary of a designated trout stream or Class 2A water;
 - (vi) calcareous fens;
 - (vii) wellhead protection areas as defined in section 103I.005;
 - (viii) critical natural habitat acquired by the commissioner of natural resources under section 84.944; and
 - (ix) a natural resource easement paid wholly or in part by public funds;
- (2) standards for hours of operation;
 - (3) groundwater and surface water quality and quantity monitoring and mitigation plan requirements, including:
 - (i) applicable groundwater and surface water appropriation permit requirements;
 - (ii) well sealing requirements;
 - (iii) annual submission of monitoring well data; and
 - (iv) storm water runoff rate limits not to exceed two-, ten-, and 100-year storm events;
 - (4) air monitoring and data submission requirements;
 - (5) dust control requirements;
 - (6) noise testing and mitigation plan requirements;
 - (7) blast monitoring plan requirements;
 - (8) lighting requirements;
 - (9) inspection requirements;
 - (10) containment requirements for silica sand in temporary storage to protect air and water quality;
 - (11) containment requirements for chemicals used in processing;
 - (12) financial assurance requirements;
 - (13) road and bridge impacts and requirements; and
 - (14) reclamation plan requirements as required under the rules adopted by the commissioner of natural resources.

Subd. 3. **Silica sand technical assistance team.** By October 1, 2013, the Environmental Quality Board shall assemble a silica sand technical assistance team to provide local units of government, at their request, with assistance with ordinance development, zoning, environmental review and permitting, monitoring, or other issues arising from silica sand mining and processing operations. The technical assistance team shall be comprised of up to seven members, and shall be chosen from the following entities: the Department of Natural Resources, the Pollution Control Agency, the Board of Water and Soil Resources, the Department of Health, the Department of Transportation, the University of Minnesota, and the Minnesota State Colleges and Universities. A majority of the members must be from a state agency and have expertise in one or more of the following areas: silica sand mining, hydrology, air quality, water quality, land use, or other areas related to silica sand mining.

Subd. 4. **Consideration of technical assistance team recommendations.** (a) When the technical assistance team, at the request of the local unit of government, assembles findings or makes a recommendation related to a proposed silica sand project for the protection of human health and the environment, a local government unit must consider the findings or recommendations of the technical assistance team in its approval or denial of a silica sand project. If the local government unit does not agree with the technical assistance team's findings and recommendations, the detailed reasons for the disagreement must be part of the local government unit's record of decision.

(b) Silica sand project proposers must cooperate in providing local government unit staff, and members of the technical assistance team with information regarding the project.

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

Sec. 111. **[116C.991] TECHNICAL ASSISTANCE, ORDINANCE, AND PERMIT LIBRARY.**

By October 1, 2013, the Environmental Quality Board, in consultation with local units of government, shall create and maintain a library on local government ordinances and local government permits that have been approved for regulation of silica sand projects for reference by local governments.

Sec. 112. Minnesota Statutes 2012, section 116D.04, is amended by adding a subdivision to read:

Subd. 16. **Groundwater; environmental assessment worksheets.** When an environmental assessment worksheet is required for a proposed action that has the potential to require a groundwater appropriation permit from the commissioner of natural resources, the board shall require that the environmental assessment worksheet include an assessment of the water resources available for appropriation.

Sec. 113. Minnesota Statutes 2012, section 168.1296, subdivision 1, is amended to read:

Subdivision 1. **General requirements and procedures.** (a) The commissioner shall issue critical habitat plates to an applicant who:

(1) is a registered owner of a passenger automobile as defined in section 168.002, subdivision 24, or recreational vehicle as defined in section 168.002, subdivision 27;

(2) pays a fee of \$10 to cover the costs of handling and manufacturing the plates;

(3) pays the registration tax required under section 168.013;

(4) pays the fees required under this chapter;

(5) contributes a minimum of ~~\$30~~ \$40 annually to the Minnesota critical habitat private sector matching account established in section 84.943; and

(6) complies with this chapter and rules governing registration of motor vehicles and licensing of drivers.

(b) The critical habitat plate application must indicate that the annual contribution specified under paragraph (a), clause (5), is a minimum contribution to receive the plate and that the applicant may make an additional contribution to the account.

(c) Owners of recreational vehicles under paragraph (a), clause (1), are eligible only for special critical habitat license plates for which the designs are selected under subdivision 2, on or after January 1, 2006.

(d) Special critical habitat license plates, the designs for which are selected under subdivision 2, on or after January 1, 2006, may be personalized according to section 168.12, subdivision 2a.

Sec. 114. Minnesota Statutes 2012, section 473.846, is amended to read:

473.846 ~~REPORTS~~ REPORT TO LEGISLATURE.

The agency shall submit to the senate and house of representatives committees having jurisdiction over environment and natural resources ~~separate reports~~ a report describing the activities for which money for landfill abatement has been spent under ~~sections~~ section 473.844 and 473.845. The report ~~for section 473.844 expenditures~~ shall be included in the report required by section 115A.411, and shall include recommendations on the future management and use of the metropolitan landfill abatement account. ~~By December 31 of each year, the commissioner shall submit the report for section 473.845 on contingency action trust fund activities.~~

Sec. 115. Laws 2012, chapter 249, section 11, is amended to read:

Sec. 11. COSTS OF SCHOOL TRUST LANDS DIRECTOR AND LEGISLATIVE PERMANENT SCHOOL FUND COMMISSION.

(a) The costs of the school trust lands director, including the costs of hiring staff, and the Legislative Permanent School Fund Commission for fiscal years 2014 and 2015 shall be from the ~~state forest development account under Minnesota Statutes, section 16A.125, and from the~~ minerals management account under Minnesota Statutes, section 93.2236, as appropriated by the legislature.

(b) The school trust lands director and the Legislative Permanent School Fund Commission shall submit to the 2014 legislature a proposal to fund the operational costs of the Legislative Permanent School Fund Commission and school trust lands director and staff with a cost certification method using revenues generated by the permanent school fund lands.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 116. NORTH MISSISSIPPI REGIONAL PARK.

(a) The boundaries of the North Mississippi Regional Park are extended to include the approximately 20.82 acres of land adjacent to the existing park known as Webber Park and that part of Shingle Creek that flows through Webber Park and continues through North Mississippi Regional Park into the Mississippi River.

(b) Funds appropriated for North Mississippi Regional Park may be expended to provide for visitor amenities, including construction of a natural filtration swimming pool and a building for park users.

EFFECTIVE DATE. This section is effective the day after the governing body of the Minneapolis Park and Recreation Board and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 117. **WASTEWATER TREATMENT SYSTEMS; BENEFICIAL USE.**

The Pollution Control Agency shall apply the following criteria to wastewater treatment system projects:

(1) 30 points shall be assigned if a project will result in an agency approved beneficial use of treated wastewater to reduce or replace an existing or proposed use of surface water or ground water, not including land discharge; and

(2) 30 points shall be assigned if a project will result in the beneficial use of treated wastewater to reduce or replace an existing or proposed use of surface water or ground water, not including land discharge.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 118. **PERMIT CANCELLATION.**

Upon written request submitted by a permit holder to the commissioner of natural resources on or before June 1, 2015, the commissioner shall cancel any provision in a timber sale permit sold prior to September 1, 2012, that requires the security payment for or removal of all or part of the balsam fir when the permit contains at least 50 cords of balsam fir. The remaining provisions of the permit remain in effect. The permit holder may be required to fell or pile the balsam fir to meet management objectives.

Sec. 119. **RULEMAKING; POSSESSION AND TRANSPORTATION OF WILDLIFE.**

The commissioner of natural resources may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules to conform with the changes to Minnesota Statutes 2012, section 97A.401, subdivision 3 contained in this article, and Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

Sec. 120. **RULEMAKING; DISPLAY OF PADDLE BOARD LICENSE NUMBERS.**

(a) The commissioner of natural resources shall amend Minnesota Rules, parts 6110.0200, 6110.0300, and 6110.0400, to exempt paddle boards from the requirement to display license certificates and license numbers, in the same manner as other nonmotorized watercraft such as canoes and kayaks.

(b) The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

Sec. 121. **RULEMAKING; INDUSTRIAL MINERALS AND NONFERROUS MINERAL LEASES.**

The commissioner of natural resources may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to amend Minnesota Rules, parts 6125.0100 to 6125.0700 and 6125.8000 to 6125.8700, to conform with the changes to Minnesota Statutes, section 93.25, subdivision 2 contained in this article. Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

Sec. 122. **RULEMAKING; PERMIT TO MINE.**

The commissioner of natural resources may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to amend Minnesota Rules, chapter 6130, to conform with the changes to Minnesota Statutes, section 93.46 contained in this article. Minnesota Statutes, section 14.386, does not apply except as provided under Minnesota Statutes, section 14.388.

Sec. 123. **RULEMAKING; SILICA SAND.**

(a) The commissioner of the Pollution Control Agency shall adopt rules pertaining to the control of particulate emissions from silica sand mines. The commissioner shall consider and incorporate, as appropriate to the conditions of this state, Wisconsin Administrative Code NR 415, in effect as of January 1, 2012, pertaining to industrial sand mines.

(b) The commissioner of natural resources shall adopt rules pertaining to the reclamation of silica sand mines. The commissioner shall consider and incorporate, as appropriate to the conditions of this state, Wisconsin Administrative Code NR 135, in effect as of January 1, 2012, pertaining to reclamation of industrial sand mines.

(c) By January 1, 2014, the Department of Health shall adopt an air quality health advisory for silica sand.

Sec. 124. **RULEMAKING; FUGITIVE EMISSIONS.**

(a) The commissioner of the Pollution Control Agency shall amend Minnesota Rules, part 7005.0100, subpart 35a, to read:

""Potential emissions" or "potential to emit" means the maximum capacity while operating at the maximum hours of operation of an emissions unit, emission facility, or stationary source to emit a pollutant under its physical and operational design. Any physical or operational limitation on the capacity of the stationary source to emit a pollutant, including air pollution control equipment and restriction on hours of operation or on the type or amount of material combusted, stored, or processed, must be treated as part of its design if the limitation or the effect it would have on emissions is federally enforceable.

Secondary emissions must not be counted in determining the potential to emit of an emissions unit, emission facility, or stationary source. Fugitive emissions shall not be counted when determining potential to emit, unless required under Minnesota Rules, part 7007.0200, subpart 2, item B, or applicable federal regulation."

(b) The commissioner may use the good cause exemption under Minnesota Statutes, section 14.388, subdivision 1, clause (3), to adopt rules under this section, and Minnesota Statutes, section 14.386, does not apply, except as provided under Minnesota Statutes, section 14.388.

Sec. 125. **REPEALER.**

Minnesota Statutes 2012, sections 90.163; 90.173; 90.41, subdivision 2; and 103G.265, subdivision 2a, and Minnesota Rules, parts 7021.0010, subparts 1, 2, 4, and 5; 7021.0020; 7021.0030; 7021.0040; 7021.0050, subpart 5; 9210.0300; 9210.0310; 9210.0320; 9210.0330; 9210.0340; 9210.0350; 9210.0360; 9210.0370; 9210.0380; and 9220.0530, subpart 6, are repealed.

ARTICLE 5
SANITARY DISTRICTS

Section 1. Minnesota Statutes 2012, section 275.066, is amended to read:

275.066 SPECIAL TAXING DISTRICTS; DEFINITION.

For the purposes of property taxation and property tax state aids, the term "special taxing districts" includes the following entities:

(1) watershed districts under chapter 103D;

- (2) sanitary districts under sections ~~115.18 to 115.37~~ 442A.01 to 442A.29;
- (3) regional sanitary sewer districts under sections 115.61 to 115.67;
- (4) regional public library districts under section 134.201;
- (5) park districts under chapter 398;
- (6) regional railroad authorities under chapter 398A;
- (7) hospital districts under sections 447.31 to 447.38;
- (8) St. Cloud Metropolitan Transit Commission under sections 458A.01 to 458A.15;
- (9) Duluth Transit Authority under sections 458A.21 to 458A.37;
- (10) regional development commissions under sections 462.381 to 462.398;
- (11) housing and redevelopment authorities under sections 469.001 to 469.047;
- (12) port authorities under sections 469.048 to 469.068;
- (13) economic development authorities under sections 469.090 to 469.1081;
- (14) Metropolitan Council under sections 473.123 to 473.549;
- (15) Metropolitan Airports Commission under sections 473.601 to 473.680;
- (16) Metropolitan Mosquito Control Commission under sections 473.701 to 473.716;
- (17) Morrison County Rural Development Financing Authority under Laws 1982, chapter 437, section 1;
- (18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section 6;
- (19) East Lake County Medical Clinic District under Laws 1989, chapter 211, sections 1 to 6;
- (20) Floodwood Area Ambulance District under Laws 1993, chapter 375, article 5, section 39;
- (21) Middle Mississippi River Watershed Management Organization under sections 103B.211 and 103B.241;
- (22) emergency medical services special taxing districts under section 144F.01;
- (23) a county levying under the authority of section 103B.241, 103B.245, or 103B.251;
- (24) Southern St. Louis County Special Taxing District; Chris Jensen Nursing Home under Laws 2003, First Special Session chapter 21, article 4, section 12;
- (25) an airport authority created under section 360.0426; and

(26) any other political subdivision of the state of Minnesota, excluding counties, school districts, cities, and towns, that has the power to adopt and certify a property tax levy to the county auditor, as determined by the commissioner of revenue.

Sec. 2. **[442A.01] DEFINITIONS.**

Subdivision 1. **Applicability.** For the purposes of this chapter, the terms defined in this section have the meanings given.

Subd. 2. **Chief administrative law judge.** "Chief administrative law judge" means the chief administrative law judge of the Office of Administrative Hearings or the delegate of the chief administrative law judge under section 14.48.

Subd. 3. **District.** "District" means a sanitary district created under this chapter or under Minnesota Statutes 2012, sections 115.18 to 115.37.

Subd. 4. **Municipality.** "Municipality" means a city, however organized.

Subd. 5. **Property owner.** "Property owner" means the fee owner of land, or the beneficial owner of land whose interest is primarily one of possession and enjoyment. Property owner includes, but is not limited to, vendees under a contract for deed and mortgagors. Any reference to a percentage of property owners means in number.

Subd. 6. **Related governing body.** "Related governing body" means the governing body of a related governmental subdivision and, in the case of an organized town, means the town board.

Subd. 7. **Related governmental subdivision.** "Related governmental subdivision" means a municipality or organized town wherein there is a territorial unit of a district or, in the case of an unorganized area, the county.

Subd. 8. **Territorial unit.** "Territorial unit" means all that part of a district situated within a single municipality, within a single organized town outside of a municipality, or, in the case of an unorganized area, within a single county.

Sec. 3. **[442A.015] APPLICABILITY.**

All new sanitary district formations proposed and all sanitary districts previously formed under Minnesota Statutes 2012, sections 115.18 to 115.37, must comply with this chapter, including annexations to, detachments from, and resolutions of sanitary districts previously formed under Minnesota Statutes 2012, sections 115.18 to 115.37.

Sec. 4. **[442A.02] SANITARY DISTRICTS; PROCEDURES AND AUTHORITY.**

Subdivision 1. **Duty of chief administrative law judge.** The chief administrative law judge shall conduct proceedings, make determinations, and issue orders for the creation of a sanitary district formed under this chapter or the annexation, detachment, or dissolution of a sanitary district previously formed under Minnesota Statutes 2012, sections 115.18 to 115.37.

Subd. 2. **Consolidation of proceedings.** The chief administrative law judge may order the consolidation of separate proceedings in the interest of economy and expedience.

Subd. 3. **Contracts, consultants.** The chief administrative law judge may contract with regional, state, county, or local planning commissions and hire expert consultants to provide specialized information and assistance.

Subd. 4. **Powers of conductor of proceedings.** Any person conducting a proceeding under this chapter may administer oaths and affirmations; receive testimony of witnesses, and the production of papers, books, and documents; examine witnesses; and receive and report evidence. Upon the written request of a presiding administrative law judge or a party, the chief administrative law judge may issue a subpoena for the attendance of a witness or the production of books, papers, records, or other documents material to any proceeding under this chapter. The subpoena is enforceable through the district court in the district in which the subpoena is issued.

Subd. 5. **Rulemaking authority.** The chief administrative law judge may adopt rules that are reasonably necessary to carry out the duties and powers imposed upon the chief administrative law judge under this chapter. The chief administrative law judge may initially adopt rules according to section 14.386. Notwithstanding section 16A.1283, the chief administrative law judge may adopt rules establishing fees.

Subd. 6. **Schedule of filing fees.** The chief administrative law judge may prescribe by rule a schedule of filing fees for any petitions filed under this chapter.

Subd. 7. **Request for hearing transcripts; costs.** Any party may request the chief administrative law judge to cause a transcript of the hearing to be made. Any party requesting a copy of the transcript is responsible for its costs.

Subd. 8. **Compelled meetings; report.** (a) In any proceeding under this chapter, the chief administrative law judge or conductor of the proceeding may at any time in the process require representatives from any petitioner, property owner, or involved city, town, county, political subdivision, or other governmental entity to meet together to discuss resolution of issues raised by the petition or order that confers jurisdiction on the chief administrative law judge and other issues of mutual concern. The chief administrative law judge or conductor of the proceeding may determine which entities are required to participate in these discussions. The chief administrative law judge or conductor of the proceeding may require that the parties meet at least three times during a 60-day period. The parties shall designate a person to report to the chief administrative law judge or conductor of the proceeding on the results of the meetings immediately after the last meeting. The parties may be granted additional time at the discretion of the chief administrative law judge or conductor of the proceedings.

(b) Any proposed resolution or settlement of contested issues that results in a sanitary district formation, annexation, detachment, or dissolution; places conditions on any future sanitary district formation, annexation, detachment, or dissolution; or results in the withdrawal of an objection to a pending proceeding or the withdrawal of a pending proceeding must be filed with the chief administrative law judge and is subject to the applicable procedures and statutory criteria of this chapter.

Subd. 9. **Permanent official record.** The chief administrative law judge shall provide information about sanitary district creations, annexations, detachments, and dissolutions to the Minnesota Pollution Control Agency. The Minnesota Pollution Control Agency is responsible for maintaining the official record, including all documentation related to the processes.

Subd. 10. **Shared program costs and fee revenue.** The chief administrative law judge and the Minnesota Pollution Control Agency shall agree on an amount to be transferred from the Minnesota Pollution Control Agency to the chief administrative law judge to pay for administration of this chapter, including publication and notification costs. Sanitary district fees collected by the chief administrative law judge shall be deposited in the environmental fund.

EFFECTIVE DATE. Subdivision 5 is effective the day following final enactment.

Sec. 5. **[442A.03] FILING OF MAPS IN SANITARY DISTRICT PROCEEDINGS.**

Any party initiating a sanitary district proceeding that includes platted land shall file with the chief administrative law judge maps which are necessary to support and identify the land description. The maps shall include copies of plats.

Sec. 6. **[442A.04] SANITARY DISTRICT CREATION.**

Subdivision 1. **Sanitary district creation.** (a) A sanitary district may be created under this chapter for any territory embracing an area or a group of two or more adjacent areas, whether contiguous or separate, but not situated entirely within the limits of a single municipality. The proposed sanitary district must promote the public health and welfare by providing an adequate and efficient system and means of collecting, conveying, pumping, treating, and disposing of domestic sewage and garbage and industrial wastes within the district. When the chief administrative law judge or the Minnesota Pollution Control Agency finds that there is need throughout the territory for the accomplishment of these purposes; that these purposes can be effectively accomplished on an equitable basis by a district if created; and that the creation and maintenance of a district will be administratively feasible and in furtherance of the public health, safety, and welfare, the chief administrative law judge shall make an order creating the sanitary district. A sanitary district is administratively feasible under this section if the district has the financial and managerial resources needed to deliver adequate and efficient sanitary sewer services within the proposed district.

(b) Notwithstanding paragraph (a), no district shall be created within 25 miles of the boundary of any city of the first class without the approval of the governing body thereof and the approval of the governing body of each and every municipality in the proposed district by resolution filed with the chief administrative law judge.

(c) If the chief administrative law judge and the Minnesota Pollution Control Agency disagree on the need to create a sanitary district, they must determine whether not allowing the sanitary district formation will have a detrimental effect on the environment. If it is determined that the sanitary district formation will prevent environmental harm, the sanitary district creation or connection to an existing wastewater treatment system must occur.

Subd. 2. **Proceeding to create sanitary district.** (a) A proceeding for the creation of a district may be initiated by a petition to the chief administrative law judge containing the following:

(1) a request for creation of the proposed district;

(2) the name proposed for the district, to include the words "sanitary district";

(3) a legal description of the territory of the proposed district, including justification for inclusion or exclusion for all parcels;

(4) addresses of every property owner within the proposed district boundaries as provided by the county auditor, with certification from the county auditor; two sets of address labels for said owners; and a list of e-mail addresses for said owners, if available;

(5) a statement showing the existence in the territory of the conditions requisite for creation of a district as prescribed in subdivision 1;

(6) a statement of the territorial units represented by and the qualifications of the respective signers; and

(7) the post office address of each signer, given under the signer's signature.

A petition may consist of separate writings of like effect, each signed by one or more qualified persons, and all such writings, when filed, shall be considered together as a single petition.

(b) Petitioners must conduct and pay for a public meeting to inform citizens of the proposed creation of the district. At the meeting, information must be provided, including a description of the district's proposed structure, bylaws, territory, ordinances, budget, and charges and a description of the territory of the proposed district, including justification for inclusion or exclusion for all parcels. Notice of the meeting must be published for two successive weeks in a qualified newspaper, as defined under chapter 331A, published within the territory of the proposed district or, if there is no qualified newspaper published within the territory, in a qualified newspaper of general circulation in the territory, and must be posted for two weeks in each territorial unit of the proposed district and on the Web site of the proposed district, if one exists. Notice of the meeting must be mailed or e-mailed at least three weeks prior to the meeting to all property tax billing addresses for all parcels included in the proposed district. The following must be submitted to the chief administrative law judge with the petition:

(1) a record of the meeting, including copies of all information provided at the meeting;

(2) a copy of the mailing list provided by the county auditor and used to notify property owners of the meeting;

(3) a copy of the e-mail list used to notify property owners of the meeting;

(4) the printer's affidavit of publication of public meeting notice;

(5) an affidavit of posting the public meeting notice with information on dates and locations of posting; and

(6) the minutes or other record of the public meeting documenting that the following topics were discussed: printer's affidavit of publication of each resolution, with a copy of the resolution from the newspaper attached; and the affidavit of resolution posting on the town or proposed district Web site.

(c) Every petition must be signed as follows:

(1) for each municipality wherein there is a territorial unit of the proposed district, by an authorized officer pursuant to a resolution of the municipal governing body;

(2) for each organized town wherein there is a territorial unit of the proposed district, by an authorized officer pursuant to a resolution of the town board;

(3) for each county wherein there is a territorial unit of the proposed district consisting of an unorganized area, by an authorized officer pursuant to a resolution of the county board or by at least 20 percent of the voters residing and owning land within the unit.

(d) Each resolution must be published in the official newspaper of the governing body adopting it and becomes effective 40 days after publication, unless within said period there shall be filed with the governing body a petition signed by qualified electors of a territorial unit of the proposed district, equal in number to five percent of the number of electors voting at the last preceding election of the governing body, requesting a referendum on the resolution, in which case the resolution may not become effective until approved by a majority of the qualified electors voting at a regular election or special election that the governing body may call. The notice of an election and the ballot to be used must contain the text of the resolution followed by the question: "Shall the above resolution be approved?"

(e) If any signer is alleged to be a landowner in a territorial unit, a statement as to the signer's landowner status as shown by the county auditor's tax assessment records, certified by the auditor, shall be attached to or endorsed upon the petition.

(f) At any time before publication of the public notice required in subdivision 3, additional signatures may be added to the petition or amendments of the petition may be made to correct or remedy any error or defect in signature or otherwise except a material error or defect in the description of the territory of the proposed district. If the qualifications of any signer of a petition are challenged, the chief administrative law judge shall determine the challenge forthwith on the allegations of the petition, the county auditor's certificate of land ownership, and such other evidence as may be received.

Subd. 3. Notice of intent to create sanitary district. (a) Upon receipt of a petition and the record of the public meeting required under subdivision 2, the chief administrative law judge shall publish a notice of intent to create the proposed sanitary district in the State Register and mail or e-mail information of that publication to each property owner in the affected territory at the owner's address as given by the county auditor. The information must state the date that the notice will appear in the State Register and give the Web site location for the State Register. The notice must:

(1) describe the petition for creation of the district;

(2) describe the territory affected by the petition;

(3) allow 30 days for submission of written comments on the petition;

(4) state that a person who objects to the petition may submit a written request for hearing to the chief administrative law judge within 30 days of the publication of the notice in the State Register; and

(5) state that if a timely request for hearing is not received, the chief administrative law judge may make a decision on the petition.

(b) If 50 or more individual timely requests for hearing are received, the chief administrative law judge must hold a hearing on the petition according to the contested case provisions of chapter 14. The sanitary district proposers are responsible for paying all costs involved in publicizing and holding a hearing on the petition.

Subd. 4. Hearing time, place. If a hearing is required pursuant to subdivision 3, the chief administrative law judge shall designate a time and place for a hearing according to section 442A.13.

Subd. 5. Relevant factors. (a) In arriving at a decision, the chief administrative law judge shall consider the following factors:

(1) administrative feasibility under subdivision 1, paragraph (a);

(2) public health, safety, and welfare impacts;

(3) alternatives for managing the public health impacts;

(4) equities of the petition proposal;

(5) contours of the petition proposal; and

(6) public notification of and interaction on the petition proposal.

(b) Based on the factors in paragraph (a), the chief administrative law judge may order the sanitary district creation on finding that:

(1) the proposed district is administratively feasible;

(2) the proposed district provides a long-term, equitable solution to pollution problems affecting public health, safety, and welfare;

(3) property owners within the proposed district were provided notice of the proposed district and opportunity to comment on the petition proposal; and

(4) the petition complied with the requirements of all applicable statutes and rules pertaining to sanitary district creation.

(c) The chief administrative law judge may alter the boundaries of the proposed sanitary district by increasing or decreasing the area to be included or may exclude property that may be better served by another unit of government. The chief administrative law judge may also alter the boundaries of the proposed district so as to follow visible, clearly recognizable physical features for municipal boundaries.

(d) The chief administrative law judge may deny sanitary district creation if the area, or a part thereof, would be better served by an alternative method.

(e) In all cases, the chief administrative law judge shall set forth the factors that are the basis for the decision.

Subd. 6. **Findings; order.** After the public notice period or the public hearing, if required under subdivision 3, and based on the petition, any public comments received, and, if a hearing was held, the hearing record, the chief administrative law judge shall make findings of fact and conclusions determining whether the conditions requisite for the creation of a district exist in the territory described in the petition. If the chief administrative law judge finds that the conditions exist, the judge may make an order creating a district for the territory described in that petition under the name proposed in the petition or such other name, including the words "sanitary district," as the judge deems appropriate.

Subd. 7. **Denial of petition.** If the chief administrative law judge, after conclusion of the public notice period or holding a hearing, if required, determines that the creation of a district in the territory described in the petition is not warranted, the judge shall make an order denying the petition. The chief administrative law judge shall give notice of the denial by mail or e-mail to each signer of the petition. No petition for the creation of a district consisting of the same territory shall be entertained within a year after the date of an order under this subdivision. Nothing in this subdivision precludes action on a petition for the creation of a district embracing part of the territory with or without other territory.

Subd. 8. **Notice of order creating sanitary district.** The chief administrative law judge shall publish a notice in the State Register of the final order creating a sanitary district, referring to the date of the order and describing the territory of the district, and shall mail or e-mail information of the publication to each property owner in the affected territory at the owner's address as given by the county auditor. The information must state the date that the notice will appear in the State Register and give the Web site location for the State Register. The notice must:

(1) describe the petition for creation of the district;

(2) describe the territory affected by the petition; and

(3) state that a certified copy of the order shall be delivered to the secretary of state for filing ten days after public notice of the order in the State Register.

Subd. 9. **Filing.** Ten days after public notice of the order in the State Register, the chief administrative law judge shall deliver a certified copy of the order to the secretary of state for filing. Thereupon, the creation of the district is deemed complete, and it shall be conclusively presumed that all requirements of law relating thereto have been complied with. The chief administrative law judge shall also transmit a certified copy of the order for filing to the county auditor of each county and the clerk or recorder of each municipality and organized town wherein any part of the territory of the district is situated and to the secretary of the district board when elected.

Sec. 7. [442A.05] SANITARY DISTRICT ANNEXATION.

Subdivision 1. **Annexation.** (a) A sanitary district annexation may occur under this chapter for any area adjacent to an existing district upon a petition to the chief administrative law judge stating the grounds therefor as provided in this section.

(b) The proposed annexation area must embrace an area or a group of two or more adjacent areas, whether contiguous or separate, but not situated entirely within the limits of a single municipality. The proposed annexation must promote public health and welfare by providing an adequate and efficient system and means of collecting, conveying, pumping, treating, and disposing of domestic sewage and garbage and industrial wastes within the district. When the chief administrative law judge or the Minnesota Pollution Control Agency finds that there is need throughout the territory for the accomplishment of these purposes, that these purposes can be effectively accomplished on an equitable basis by annexation to a district, and that the creation and maintenance of such annexation will be administratively feasible and in furtherance of the public health, safety, and welfare, the chief administrative law judge shall make an order for sanitary district annexation. A sanitary district is administratively feasible under this section if the district has the financial and managerial resources needed to deliver adequate and efficient sanitary sewer services within the proposed district.

(c) Notwithstanding paragraph (b), no annexation to a district shall be approved within 25 miles of the boundary of any city of the first class without the approval of the governing body thereof and the approval of the governing body of each and every municipality in the proposed annexation area by resolution filed with the chief administrative law judge.

(d) If the chief administrative law judge and the Minnesota Pollution Control Agency disagree on the need for a sanitary district annexation, they must determine whether not allowing the sanitary district annexation will have a detrimental effect on the environment. If it is determined that the sanitary district annexation will prevent environmental harm, the sanitary district annexation or connection to an existing wastewater treatment system must occur.

Subd. 2. **Proceeding for annexation.** (a) A proceeding for sanitary district annexation may be initiated by a petition to the chief administrative law judge containing the following:

(1) a request for proposed annexation to a sanitary district;

(2) a legal description of the territory of the proposed annexation, including justification for inclusion or exclusion for all parcels;

(3) addresses of every property owner within the existing sanitary district and proposed annexation area boundaries as provided by the county auditor, with certification from the county auditor; two sets of address labels for said owners; and a list of e-mail addresses for said owners, if available;

(4) a statement showing the existence in such territory of the conditions requisite for annexation to a district as prescribed in subdivision 1;

(5) a statement of the territorial units represented by and qualifications of the respective signers; and

(6) the post office address of each signer, given under the signer's signature.

A petition may consist of separate writings of like effect, each signed by one or more qualified persons, and all such writings, when filed, shall be considered together as a single petition.

(b) Petitioners must conduct and pay for a public meeting to inform citizens of the proposed annexation to a sanitary district. At the meeting, information must be provided, including a description of the existing sanitary district's structure, bylaws, territory, ordinances, budget, and charges; a description of the existing sanitary district's territory; and a description of the territory of the proposed annexation area, including justification for inclusion or exclusion for all parcels for the annexation area. Notice of the meeting must be published for two successive weeks in a qualified newspaper, as defined under chapter 331A, published within the territories of the existing sanitary district and proposed annexation area or, if there is no qualified newspaper published within those territories, in a qualified newspaper of general circulation in the territories, and must be posted for two weeks in each territorial unit of the existing sanitary district and proposed annexation area and on the Web site of the existing sanitary district, if one exists. Notice of the meeting must be mailed or e-mailed at least three weeks prior to the meeting to all property tax billing addresses for all parcels included in the existing sanitary district and proposed annexation area. The following must be submitted to the chief administrative law judge with the petition:

(1) a record of the meeting, including copies of all information provided at the meeting;

(2) a copy of the mailing list provided by the county auditor and used to notify property owners of the meeting;

(3) a copy of the e-mail list used to notify property owners of the meeting;

(4) the printer's affidavit of publication of the public meeting notice;

(5) an affidavit of posting the public meeting notice with information on dates and locations of posting; and

(6) the minutes or other record of the public meeting documenting that the following topics were discussed: printer's affidavit of publication of each resolution, with copy of resolution from newspaper attached; and affidavit of resolution posting on town or existing sanitary district Web site.

(c) Every petition must be signed as follows:

(1) by an authorized officer of the existing sanitary district pursuant to a resolution of the board;

(2) for each municipality wherein there is a territorial unit of the proposed annexation area, by an authorized officer pursuant to a resolution of the municipal governing body;

(3) for each organized town wherein there is a territorial unit of the proposed annexation area, by an authorized officer pursuant to a resolution of the town board; and

(4) for each county wherein there is a territorial unit of the proposed annexation area consisting of an unorganized area, by an authorized officer pursuant to a resolution of the county board or by at least 20 percent of the voters residing and owning land within the unit.

(d) Each resolution must be published in the official newspaper of the governing body adopting it and becomes effective 40 days after publication, unless within said period there shall be filed with the governing body a petition signed by qualified electors of a territorial unit of the proposed annexation area, equal in number to five percent of the number of electors voting at the last preceding election of the governing body, requesting a referendum on the resolution, in which case the resolution may not become effective until approved by a majority of the qualified electors voting at a regular election or special election that the governing body may call. The notice of an election and the ballot to be used must contain the text of the resolution followed by the question: "Shall the above resolution be approved?"

(e) If any signer is alleged to be a landowner in a territorial unit, a statement as to the signer's landowner status as shown by the county auditor's tax assessment records, certified by the auditor, shall be attached to or endorsed upon the petition.

(f) At any time before publication of the public notice required in subdivision 4, additional signatures may be added to the petition or amendments of the petition may be made to correct or remedy any error or defect in signature or otherwise except a material error or defect in the description of the territory of the proposed annexation area. If the qualifications of any signer of a petition are challenged, the chief administrative law judge shall determine the challenge forthwith on the allegations of the petition, the county auditor's certificate of land ownership, and such other evidence as may be received.

Subd. 3. **Joint petition.** Different areas may be annexed to a district in a single proceeding upon a joint petition therefor and upon compliance with the provisions of subdivisions 1 and 2 with respect to the area affected so far as applicable.

Subd. 4. **Notice of intent for sanitary district annexation.** (a) Upon receipt of a petition and the record of public meeting required under subdivision 2, the chief administrative law judge shall publish a notice of intent for sanitary district annexation in the State Register and mail or e-mail information of the publication to each property owner in the affected territory at the owner's address as given by the county auditor. The information must state the date that the notice will appear in the State Register and give the Web site location for the State Register. The notice must:

(1) describe the petition for sanitary district annexation;

(2) describe the territory affected by the petition;

(3) allow 30 days for submission of written comments on the petition;

(4) state that a person who objects to the petition may submit a written request for hearing to the chief administrative law judge within 30 days of the publication of the notice in the State Register; and

(5) state that if a timely request for hearing is not received, the chief administrative law judge may make a decision on the petition.

(b) If 50 or more individual timely requests for hearing are received, the chief administrative law judge must hold a hearing on the petition according to the contested case provisions of chapter 14. The sanitary district or annexation area proposers are responsible for paying all costs involved in publicizing and holding a hearing on the petition.

Subd. 5. **Hearing time, place.** If a hearing is required under subdivision 4, the chief administrative law judge shall designate a time and place for a hearing according to section 442A.13.

Subd. 6. **Relevant factors.** (a) In arriving at a decision, the chief administrative law judge shall consider the following factors:

(1) administrative feasibility under subdivision 1, paragraph (b);

(2) public health, safety, and welfare impacts;

(3) alternatives for managing the public health impacts;

(4) equities of the petition proposal;

(5) contours of the petition proposal; and

(6) public notification of and interaction on the petition proposal.

(b) Based upon these factors, the chief administrative law judge may order the annexation to the sanitary district on finding that:

(1) the sanitary district is knowledgeable and experienced in delivering sanitary sewer services to ratepayers and has provided quality service in a fair and cost-effective manner;

(2) the proposed annexation provides a long-term, equitable solution to pollution problems affecting public health, safety, and welfare;

(3) property owners within the existing sanitary district and proposed annexation area were provided notice of the proposed district and opportunity to comment on the petition proposal; and

(4) the petition complied with the requirements of all applicable statutes and rules pertaining to sanitary district annexation.

(c) The chief administrative law judge may alter the boundaries of the proposed annexation area by increasing or decreasing the area to be included or may exclude property that may be better served by another unit of government. The chief administrative law judge may also alter the boundaries of the proposed annexation area so as to follow visible, clearly recognizable physical features for municipal boundaries.

(d) The chief administrative law judge may deny sanitary district annexation if the area, or a part thereof, would be better served by an alternative method.

(e) In all cases, the chief administrative law judge shall set forth the factors that are the basis for the decision.

Subd. 7. Findings; order. (a) After the public notice period or the public hearing, if required under subdivision 4, and based on the petition, any public comments received, and, if a hearing was held, the hearing record, the chief administrative law judge shall make findings of fact and conclusions determining whether the conditions requisite for the sanitary district annexation exist in the territory described in the petition. If the chief administrative law judge finds that conditions exist, the judge may make an order for sanitary district annexation for the territory described in the petition.

(b) All taxable property within the annexed area shall be subject to taxation for any existing bonded indebtedness or other indebtedness of the district for the cost of acquisition, construction, or improvement of any disposal system or other works or facilities beneficial to the annexed area to such extent as the chief administrative law judge may determine to be just and equitable, to be specified in the order for annexation. The proper officers shall levy further taxes on such property accordingly.

Subd. 8. Denial of petition. If the chief administrative law judge, after conclusion of the public notice period or holding a hearing, if required, determines that the sanitary district annexation in the territory described in the petition is not warranted, the judge shall make an order denying the petition. The chief administrative law judge shall give notice of the denial by mail or e-mail to each signer of the petition. No petition for a sanitary district annexation consisting of the same territory shall be entertained within a year after the date of an order under this subdivision. Nothing in this subdivision precludes action on a petition for a sanitary district annexation embracing part of the territory with or without other territory.

Subd. 9. **Notice of order for sanitary district annexation.** The chief administrative law judge shall publish in the State Register a notice of the final order for sanitary district annexation, referring to the date of the order and describing the territory of the annexation area, and shall mail or e-mail information of the publication to each property owner in the affected territory at the owner's address as given by the county auditor. The information must state the date that the notice will appear in the State Register and give the Web site location for the State Register. The notice must:

(1) describe the petition for annexation to the district;

(2) describe the territory affected by the petition; and

(3) state that a certified copy of the order shall be delivered to the secretary of state for filing ten days after public notice of the order in the State Register.

Subd. 10. **Filing.** Ten days after public notice of the order in the State Register, the chief administrative law judge shall deliver a certified copy of the order to the secretary of state for filing. Thereupon, the sanitary district annexation is deemed complete, and it shall be conclusively presumed that all requirements of law relating thereto have been complied with. The chief administrative law judge shall also transmit a certified copy of the order for filing to the county auditor of each county and the clerk or recorder of each municipality and organized town wherein any part of the territory of the district, including the newly annexed area, is situated and to the secretary of the district board.

Sec. 8. **[442A.06] SANITARY DISTRICT DETACHMENT.**

Subdivision 1. **Detachment.** (a) A sanitary district detachment may occur under this chapter for any area within an existing district upon a petition to the chief administrative law judge stating the grounds therefor as provided in this section.

(b) The proposed detachment must not have any negative environmental impact on the proposed detachment area.

(c) If the chief administrative law judge and the Minnesota Pollution Control Agency disagree on the need for a sanitary district detachment, they must determine whether not allowing the sanitary district detachment will have a detrimental effect on the environment. If it is determined that the sanitary district detachment will cause environmental harm, the sanitary district detachment is not allowed unless the detached area is immediately connected to an existing wastewater treatment system.

Subd. 2. **Proceeding for detachment.** (a) A proceeding for sanitary district detachment may be initiated by a petition to the chief administrative law judge containing the following:

(1) a request for proposed detachment from a sanitary district;

(2) a statement that the requisite conditions for inclusion in a district no longer exist in the proposed detachment area;

(3) a legal description of the territory of the proposed detachment, including justification for inclusion or exclusion for all parcels;

(4) addresses of every property owner within the sanitary district and proposed detachment area boundaries as provided by the county auditor, with certification from the county auditor; two sets of address labels for said owners; and a list of e-mail addresses for said owners, if available;

(5) a statement of the territorial units represented by and qualifications of the respective signers; and

(6) the post office address of each signer, given under the signer's signature.

A petition may consist of separate writings of like effect, each signed by one or more qualified persons, and all such writings, when filed, shall be considered together as a single petition.

(b) Petitioners must conduct and pay for a public meeting to inform citizens of the proposed detachment from a sanitary district. At the meeting, information must be provided, including a description of the existing district's territory and a description of the territory of the proposed detachment area, including justification for inclusion or exclusion for all parcels for the detachment area. Notice of the meeting must be published for two successive weeks in a qualified newspaper, as defined under chapter 331A, published within the territories of the existing sanitary district and proposed detachment area or, if there is no qualified newspaper published within those territories, in a qualified newspaper of general circulation in the territories, and must be posted for two weeks in each territorial unit of the existing sanitary district and proposed detachment area and on the Web site of the existing sanitary district, if one exists. Notice of the meeting must be mailed or e-mailed at least three weeks prior to the meeting to all property tax billing addresses for all parcels included in the sanitary district. The following must be submitted to the chief administrative law judge with the petition:

(1) a record of the meeting, including copies of all information provided at the meeting;

(2) a copy of the mailing list provided by the county auditor and used to notify property owners of the meeting;

(3) a copy of the e-mail list used to notify property owners of the meeting;

(4) the printer's affidavit of publication of public meeting notice;

(5) an affidavit of posting the public meeting notice with information on dates and locations of posting; and

(6) minutes or other record of the public meeting documenting that the following topics were discussed: printer's affidavit of publication of each resolution, with copy of resolution from newspaper attached; and affidavit of resolution posting on town or existing sanitary district Web site.

(c) Every petition must be signed as follows:

(1) by an authorized officer of the existing sanitary district pursuant to a resolution of the board;

(2) for each municipality wherein there is a territorial unit of the proposed detachment area, by an authorized officer pursuant to a resolution of the municipal governing body;

(3) for each organized town wherein there is a territorial unit of the proposed detachment area, by an authorized officer pursuant to a resolution of the town board; and

(4) for each county wherein there is a territorial unit of the proposed detachment area consisting of an unorganized area, by an authorized officer pursuant to a resolution of the county board or by at least 20 percent of the voters residing and owning land within the unit.

(d) Each resolution must be published in the official newspaper of the governing body adopting it and becomes effective 40 days after publication, unless within said period there shall be filed with the governing body a petition signed by qualified electors of a territorial unit of the proposed detachment area, equal in number to five percent of the number of electors voting at the last preceding election of the governing body, requesting a referendum on the resolution, in which case the resolution may not become effective until approved by a majority of the qualified electors voting at a regular election or special election that the governing body may call. The notice of an election and the ballot to be used must contain the text of the resolution followed by the question: "Shall the above resolution be approved?"

(e) If any signer is alleged to be a landowner in a territorial unit, a statement as to the signer's landowner status as shown by the county auditor's tax assessment records, certified by the auditor, shall be attached to or endorsed upon the petition.

(f) At any time before publication of the public notice required in subdivision 4, additional signatures may be added to the petition or amendments of the petition may be made to correct or remedy any error or defect in signature or otherwise except a material error or defect in the description of the territory of the proposed detachment area. If the qualifications of any signer of a petition are challenged, the chief administrative law judge shall determine the challenge forthwith on the allegations of the petition, the county auditor's certificate of land ownership, and such other evidence as may be received.

Subd. 3. **Joint petition.** Different areas may be detached from a district in a single proceeding upon a joint petition therefor and upon compliance with the provisions of subdivisions 1 and 2 with respect to the area affected so far as applicable.

Subd. 4. **Notice of intent for sanitary district detachment.** (a) Upon receipt of a petition and record of public meeting required under subdivision 2, the chief administrative law judge shall publish a notice of intent for sanitary district detachment in the State Register and mail or e-mail information of the publication to each property owner in the affected territory at the owner's address as given by the county auditor. The information must state the date that the notice will appear in the State Register and give the Web site location for the State Register. The notice must:

(1) describe the petition for sanitary district detachment;

(2) describe the territory affected by the petition;

(3) allow 30 days for submission of written comments on the petition;

(4) state that a person who objects to the petition may submit a written request for hearing to the chief administrative law judge within 30 days of the publication of the notice in the State Register; and

(5) state that if a timely request for hearing is not received, the chief administrative law judge may make a decision on the petition.

(b) If 50 or more individual timely requests for hearing are received, the chief administrative law judge must hold a hearing on the petition according to the contested case provisions of chapter 14. The sanitary district or detachment area proposers are responsible for paying all costs involved in publicizing and holding a hearing on the petition.

Subd. 5. **Hearing time, place.** If a hearing is required under subdivision 4, the chief administrative law judge shall designate a time and place for a hearing according to section 442A.13.

Subd. 6. **Relevant factors.** (a) In arriving at a decision, the chief administrative law judge shall consider the following factors:

(1) public health, safety, and welfare impacts for the proposed detachment area;

(2) alternatives for managing the public health impacts for the proposed detachment area;

(3) equities of the petition proposal;

(4) contours of the petition proposal; and

(5) public notification of and interaction on the petition proposal.

(b) Based upon these factors, the chief administrative law judge may order the detachment from the sanitary district on finding that:

(1) the proposed detachment area has adequate alternatives for managing public health impacts due to the detachment;

(2) the proposed detachment area is not necessary for the district to provide a long-term, equitable solution to pollution problems affecting public health, safety, and welfare;

(3) property owners within the existing sanitary district and proposed detachment area were provided notice of the proposed detachment and opportunity to comment on the petition proposal; and

(4) the petition complied with the requirements of all applicable statutes and rules pertaining to sanitary district detachment.

(c) The chief administrative law judge may alter the boundaries of the proposed detachment area by increasing or decreasing the area to be included or may exclude property that may be better served by another unit of government. The chief administrative law judge may also alter the boundaries of the proposed detachment area so as to follow visible, clearly recognizable physical features for municipal boundaries.

(d) The chief administrative law judge may deny sanitary district detachment if the area, or a part thereof, would be better served by an alternative method.

(e) In all cases, the chief administrative law judge shall set forth the factors that are the basis for the decision.

Subd. 7. **Findings; order.** (a) After the public notice period or the public hearing, if required under subdivision 4, and based on the petition, any public comments received, and, if a hearing was held, the hearing record, the chief administrative law judge shall make findings of fact and conclusions determining whether the conditions requisite for the sanitary district detachment exist in the territory described in the petition. If the chief administrative law judge finds that conditions exist, the judge may make an order for sanitary district detachment for the territory described in the petition.

(b) All taxable property within the detached area shall remain subject to taxation for any existing bonded indebtedness of the district to such extent as it would have been subject thereto if not detached and shall also remain subject to taxation for any other existing indebtedness of the district incurred for any purpose beneficial to such area to such extent as the chief administrative law judge may determine to be just and equitable, to be specified in the order for detachment. The proper officers shall levy further taxes on such property accordingly.

Subd. 8. **Denial of petition.** If the chief administrative law judge, after conclusion of the public notice period or holding a hearing, if required, determines that the sanitary district detachment in the territory described in the petition is not warranted, the judge shall make an order denying the petition. The chief administrative law judge shall give notice of the denial by mail or e-mail to each signer of the petition. No petition for a detachment from a district consisting of the same territory shall be entertained within a year after the date of an order under this subdivision. Nothing in this subdivision precludes action on a petition for a detachment from a district embracing part of the territory with or without other territory.

Subd. 9. **Notice of order for sanitary district detachment.** The chief administrative law judge shall publish in the State Register a notice of the final order for sanitary district detachment, referring to the date of the order and describing the territory of the detached area and shall mail or e-mail information of the publication to each property owner in the affected territory at the owner's address as given by the county auditor. The information must state the date that the notice will appear in the State Register and give the Web site location for the State Register. The notice must:

(1) describe the petition for detachment from the district;

(2) describe the territory affected by the petition; and

(3) state that a certified copy of the order shall be delivered to the secretary of state for filing ten days after public notice of the order in the State Register.

Subd. 10. **Filing.** Ten days after public notice of the order in the State Register, the chief administrative law judge shall deliver a certified copy of the order to the secretary of state for filing. Thereupon, the sanitary district detachment is deemed complete, and it shall be conclusively presumed that all requirements of law relating thereto have been complied with. The chief administrative law judge shall also transmit a certified copy of the order for filing to the county auditor of each county and the clerk or recorder of each municipality and organized town wherein any part of the territory of the district, including the newly detached area, is situated and to the secretary of the district board.

Sec. 9. **[442A.07] SANITARY DISTRICT DISSOLUTION.**

Subdivision 1. **Dissolution.** (a) An existing sanitary district may be dissolved under this chapter upon a petition to the chief administrative law judge stating the grounds therefor as provided in this section.

(b) The proposed dissolution must not have any negative environmental impact on the existing sanitary district area.

(c) If the chief administrative law judge and the Minnesota Pollution Control Agency disagree on the need to dissolve a sanitary district, they must determine whether not dissolving the sanitary district will have a detrimental effect on the environment. If it is determined that the sanitary district dissolution will cause environmental harm, the sanitary district dissolution is not allowed unless the existing sanitary district area is immediately connected to an existing wastewater treatment system.

Subd. 2. **Proceeding for dissolution.** (a) A proceeding for sanitary district dissolution may be initiated by a petition to the chief administrative law judge containing the following:

(1) a request for proposed sanitary district dissolution;

(2) a statement that the requisite conditions for a sanitary district no longer exist in the district area;

(3) a proposal for distribution of the remaining funds of the district, if any, among the related governmental subdivisions;

(4) a legal description of the territory of the proposed dissolution;

(5) addresses of every property owner within the sanitary district boundaries as provided by the county auditor, with certification from the county auditor; two sets of address labels for said owners; and a list of e-mail addresses for said owners, if available;

(6) a statement of the territorial units represented by and the qualifications of the respective signers; and

(7) the post office address of each signer, given under the signer's signature.

A petition may consist of separate writings of like effect, each signed by one or more qualified persons, and all such writings, when filed, shall be considered together as a single petition.

(b) Petitioners must conduct and pay for a public meeting to inform citizens of the proposed dissolution of a sanitary district. At the meeting, information must be provided, including a description of the existing district's territory. Notice of the meeting must be published for two successive weeks in a qualified newspaper, as defined under chapter 331A, published within the territory of the sanitary district or, if there is no qualified newspaper published within that territory, in a qualified newspaper of general circulation in the territory and must be posted for two weeks in each territorial unit of the sanitary district and on the Web site of the existing sanitary district, if one exists. Notice of the meeting must be mailed or e-mailed at least three weeks prior to the meeting to all property tax billing addresses for all parcels included in the sanitary district. The following must be submitted to the chief administrative law judge with the petition:

(1) a record of the meeting, including copies of all information provided at the meeting;

(2) a copy of the mailing list provided by the county auditor and used to notify property owners of the meeting;

(3) a copy of the e-mail list used to notify property owners of the meeting;

(4) the printer's affidavit of publication of public meeting notice;

(5) an affidavit of posting the public meeting notice with information on dates and locations of posting; and

(6) minutes or other record of the public meeting documenting that the following topics were discussed: printer's affidavit of publication of each resolution, with copy of resolution from newspaper attached; and affidavit of resolution posting on town or existing sanitary district Web site.

(c) Every petition must be signed as follows:

(1) by an authorized officer of the existing sanitary district pursuant to a resolution of the board;

(2) for each municipality wherein there is a territorial unit of the existing sanitary district, by an authorized officer pursuant to a resolution of the municipal governing body;

(3) for each organized town wherein there is a territorial unit of the existing sanitary district, by an authorized officer pursuant to a resolution of the town board; and

(4) for each county wherein there is a territorial unit of the existing sanitary district consisting of an unorganized area, by an authorized officer pursuant to a resolution of the county board or by at least 20 percent of the voters residing and owning land within the unit.

(d) Each resolution must be published in the official newspaper of the governing body adopting it and becomes effective 40 days after publication, unless within said period there shall be filed with the governing body a petition signed by qualified electors of a territorial unit of the district, equal in number to five percent of the number of electors voting at the last preceding election of the governing body, requesting a referendum on the resolution, in which case the resolution may not become effective until approved by a majority of the qualified electors voting at a regular election or special election that the governing body may call. The notice of an election and the ballot to be used must contain the text of the resolution followed by the question: "Shall the above resolution be approved?"

(e) If any signer is alleged to be a landowner in a territorial unit, a statement as to the signer's landowner status as shown by the county auditor's tax assessment records, certified by the auditor, shall be attached to or endorsed upon the petition.

(f) At any time before publication of the public notice required in subdivision 3, additional signatures may be added to the petition or amendments of the petition may be made to correct or remedy any error or defect in signature or otherwise except a material error or defect in the description of the territory of the proposed dissolution area. If the qualifications of any signer of a petition are challenged, the chief administrative law judge shall determine the challenge forthwith on the allegations of the petition, the county auditor's certificate of land ownership, and such other evidence as may be received.

Subd. 3. Notice of intent for sanitary district dissolution. (a) Upon receipt of a petition and record of the public meeting required under subdivision 2, the chief administrative law judge shall publish a notice of intent of sanitary district dissolution in the State Register and mail or e-mail information of the publication to each property owner in the affected territory at the owner's address as given by the county auditor. The information must state the date that the notice will appear in the State Register and give the Web site location for the State Register. The notice must:

(1) describe the petition for sanitary district dissolution;

(2) describe the territory affected by the petition;

(3) allow 30 days for submission of written comments on the petition;

(4) state that a person who objects to the petition may submit a written request for hearing to the chief administrative law judge within 30 days of the publication of the notice in the State Register; and

(5) state that if a timely request for hearing is not received, the chief administrative law judge may make a decision on the petition.

(b) If 50 or more individual timely requests for hearing are received, the chief administrative law judge must hold a hearing on the petition according to the contested case provisions of chapter 14. The sanitary district dissolution proposers are responsible for paying all costs involved in publicizing and holding a hearing on the petition.

Subd. 4. Hearing time, place. If a hearing is required under subdivision 3, the chief administrative law judge shall designate a time and place for a hearing according to section 442A.13.

Subd. 5. Relevant factors. (a) In arriving at a decision, the chief administrative law judge shall consider the following factors:

(1) public health, safety, and welfare impacts for the proposed dissolution;

(2) alternatives for managing the public health impacts for the proposed dissolution;

(3) equities of the petition proposal;

(4) contours of the petition proposal; and

(5) public notification of and interaction on the petition proposal.

(b) Based upon these factors, the chief administrative law judge may order the dissolution of the sanitary district on finding that:

(1) the proposed dissolution area has adequate alternatives for managing public health impacts due to the dissolution;

(2) the sanitary district is not necessary to provide a long-term, equitable solution to pollution problems affecting public health, safety, and welfare;

(3) property owners within the sanitary district were provided notice of the proposed dissolution and opportunity to comment on the petition proposal; and

(4) the petition complied with the requirements of all applicable statutes and rules pertaining to sanitary district dissolution.

(c) The chief administrative law judge may alter the boundaries of the proposed dissolution area by increasing or decreasing the area to be included or may exclude property that may be better served by another unit of government. The chief administrative law judge may also alter the boundaries of the proposed dissolution area so as to follow visible, clearly recognizable physical features for municipal boundaries.

(d) The chief administrative law judge may deny sanitary district dissolution if the area, or a part thereof, would be better served by an alternative method.

(e) In all cases, the chief administrative law judge shall set forth the factors that are the basis for the decision.

Subd. 6. **Findings; order.** (a) After the public notice period or the public hearing, if required under subdivision 3, and based on the petition, any public comments received, and, if a hearing was held, the hearing record, the chief administrative law judge shall make findings of fact and conclusions determining whether the conditions requisite for the sanitary district dissolution exist in the territory described in the petition. If the chief administrative law judge finds that conditions exist, the judge may make an order for sanitary district dissolution for the territory described in the petition.

(b) If the chief administrative law judge determines that the conditions requisite for the creation of the district no longer exist therein, that all indebtedness of the district has been paid, and that all property of the district except funds has been disposed of, the judge may make an order dissolving the district and directing the distribution of its remaining funds, if any, among the related governmental subdivisions on such basis as the chief administrative law judge determines to be just and equitable, to be specified in the order.

Subd. 7. **Denial of petition.** If the chief administrative law judge, after conclusion of the public notice period or holding a hearing, if required, determines that the sanitary district dissolution in the territory described in the petition is not warranted, the judge shall make an order denying the petition. The chief administrative law judge shall give notice of the denial by mail or e-mail to each signer of the petition. No petition for the dissolution of a district consisting of the same territory shall be entertained within a year after the date of an order under this subdivision.

Subd. 8. **Notice of order for sanitary district dissolution.** The chief administrative law judge shall publish in the State Register a notice of the final order for sanitary district dissolution, referring to the date of the order and describing the territory of the dissolved district and shall mail or e-mail information of the publication to each property owner in the affected territory at the owner's address as given by the county auditor. The information must state the date that the notice will appear in the State Register and give the Web site location of the State Register. The notice must:

(1) describe the petition for dissolution of the district;

(2) describe the territory affected by the petition; and

(3) state that a certified copy of the order shall be delivered to the secretary of state for filing ten days after public notice of the order in the State Register.

Subd. 9. **Filing.** (a) Ten days after public notice of the order in the State Register, the chief administrative law judge shall deliver a certified copy of the order to the secretary of state for filing. Thereupon, the sanitary district dissolution is deemed complete, and it shall be conclusively presumed that all requirements of law relating thereto have been complied with. The chief administrative law judge shall also transmit a certified copy of the order for filing to the county auditor of each county and the clerk or recorder of each municipality and organized town wherein any part of the territory of the dissolved district is situated and to the secretary of the district board.

(b) The chief administrative law judge shall also transmit a certified copy of the order to the treasurer of the district, who must thereupon distribute the remaining funds of the district as directed by the order and who is responsible for the funds until so distributed.

Sec. 10. **[442A.08] JOINT PUBLIC INFORMATIONAL MEETING.**

There must be a joint public informational meeting of the local governments of any proposed sanitary district creation, annexation, detachment, or dissolution. The joint public informational meeting must be held after the final mediation meeting or the final meeting held according to section 442A.02, subdivision 8, if any, and before the hearing on the matter is held. If no mediation meetings are held, the joint public informational meeting must be held after the initiating documents have been filed and before the hearing on the matter. The time, date, and place of the public informational meeting must be determined jointly by the local governments in the proposed creation, annexation, detachment, or dissolution areas and by the sanitary district, if one exists. The chair of the sanitary district, if one exists, and the responsible official for one of the local governments represented at the meeting must serve as the co-chairs for the informational meeting. Notice of the time, date, place, and purpose of the informational meeting must be posted by the sanitary district, if one exists, and local governments in designated places for posting notices. The sanitary district, if one exists, and represented local governments must also publish, at their own expense, notice in their respective official newspapers. If the same official newspaper is used by multiple local government representatives or the sanitary district, a joint notice may be published and the costs evenly divided. All notice required by this section must be provided at least ten days before the date for the public informational meeting. At the public informational meeting, all persons appearing must have an opportunity to be heard, but the co-chairs may, by mutual agreement, establish the amount of time allowed for each speaker. The sanitary district board, the local government representatives, and any resident or affected property owner may be represented by counsel and may place into the record of the informational meeting documents, expert opinions, or other materials supporting their positions on issues raised by the proposed proceeding. The secretary of the sanitary district, if one exists, or a person appointed by the chair must record minutes of the proceedings of the informational meeting and must make an audio recording of the informational meeting. The sanitary district, if one exists, or a person appointed by the chair must provide the chief administrative law judge and the represented local governments with a copy of the printed minutes and must provide the chief administrative law judge and the represented local governments with a copy of the audio recording. The record of the informational meeting for a proceeding under section 442A.04, 442A.05, 442A.06, or 442A.07 is admissible in any proceeding under this chapter and shall be taken into consideration by the chief administrative law judge or the chief administrative law judge's designee.

Sec. 11. **[442A.09] ANNEXATION BY ORDER OF POLLUTION CONTROL AGENCY.**

Subdivision 1. **Annexation by ordinance alternative.** If a determination or order by the Minnesota Pollution Control Agency under section 115.49 or other similar statute is made that cooperation by contract is necessary and feasible between a sanitary district and an unincorporated area located outside the existing corporate limits of the sanitary district, the sanitary district required to provide or extend through a contract a governmental service to an unincorporated area, during the statutory 90-day period provided in section 115.49 to formulate a contract, may in the alternative to formulating a service contract to provide or extend the service, declare the unincorporated area described in the Minnesota Pollution Control Agency's determination letter or order annexed to the sanitary district by adopting an ordinance and submitting it to the chief administrative law judge.

Subd. 2. **Chief administrative law judge's role.** The chief administrative law judge may review and comment on the ordinance but shall approve the ordinance within 30 days of receipt. The ordinance is final and the annexation is effective on the date the chief administrative law judge approves the ordinance.

Sec. 12. **[442A.10] PETITIONERS TO PAY EXPENSES.**

Expenses of the preparation and submission of petitions in the proceedings under sections 442A.04 to 442A.09 shall be paid by the petitioners. Notwithstanding section 16A.1283, the Office of Administrative Hearings may adopt rules according to section 14.386 to establish fees necessary to support the preparation and submission of petitions in proceedings under sections 442A.04 to 442A.09. The fees collected by the Office of Administrative Hearings shall be deposited in the environmental fund.

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

Sec. 13. **[442A.11] TIME LIMITS FOR ORDERS; APPEALS.**

Subdivision 1. **Orders; time limit.** All orders in proceedings under this chapter shall be issued within one year from the date of the first hearing thereon, provided that the time may be extended for a fixed additional period upon consent of all parties of record. Failure to so order shall be deemed to be an order denying the matter. An appeal may be taken from such failure to so order in the same manner as an appeal from an order as provided in subdivision 2.

Subd. 2. **Grounds for appeal.** (a) Any person aggrieved by an order issued under this chapter may appeal to the district court upon the following grounds:

(1) the order was issued without jurisdiction to act;

(2) the order exceeded the jurisdiction of the presiding administrative law judge;

(3) the order was arbitrary, fraudulent, capricious, or oppressive or in unreasonable disregard of the best interests of the territory affected; or

(4) the order was based upon an erroneous theory of law.

(b) The appeal must be taken in the district court in the county in which the majority of the area affected is located. The appeal does not stay the effect of the order. All notices and other documents must be served on both the chief administrative law judge and the attorney general's assistant assigned to the chief administrative law judge for purposes of this chapter.

(c) If the court determines that the action involved is unlawful or unreasonable or is not warranted by the evidence in case an issue of fact is involved, the court may vacate or suspend the action involved, in whole or in part, as the case requires. The matter shall then be remanded for further action in conformity with the decision of the court.

(d) To render a review of an order effectual, the aggrieved person shall file with the court administrator of the district court of the county in which the majority of the area is located, within 30 days of the order, an application for review together with the grounds upon which the review is sought.

(e) An appeal lies from the district court as in other civil cases.

Sec. 14. **[442A.12] CHIEF ADMINISTRATIVE LAW JUDGE MAY APPEAL FROM DISTRICT COURT.**

An appeal may be taken under the Rules of Civil Appellate Procedure by the chief administrative law judge from a final order or judgment made or rendered by the district court when the chief administrative law judge determines that the final order or judgment adversely affects the public interest.

Sec. 15. **[442A.13] UNIFORM PROCEDURES.**

Subdivision 1. **Hearings.** (a) Proceedings initiated by the submission of an initiating document or by the chief administrative law judge shall come on for hearing within 30 to 60 days from receipt of the document by the chief administrative law judge or from the date of the chief administrative law judge's action and the person conducting the hearing must submit an order no later than one year from the date of the first hearing.

(b) The place of the hearing shall be in the county where a majority of the affected territory is situated, and shall be established for the convenience of the parties.

(c) The chief administrative law judge shall mail notice of the hearing to the following parties: the sanitary district; any township or municipality presently governing the affected territory; any township or municipality abutting the affected territory; the county where the affected territory is situated; and each planning agency that has jurisdiction over the affected area.

(d) The chief administrative law judge shall see that notice of the hearing is published for two successive weeks in a legal newspaper of general circulation in the affected area.

(e) When the chief administrative law judge exercises authority to change the boundaries of the affected area so as to increase the quantity of land, the hearing shall be recessed and reconvened upon two weeks' published notice in a legal newspaper of general circulation in the affected area.

Subd. 2. **Transmittal of order.** The chief administrative law judge shall see that copies of the order are mailed to all parties entitled to mailed notice of hearing under subdivision 1, individual property owners if initiated in that manner, and any other party of record.

Sec. 16. **[442A.14] DISTRICT BOARD OF MANAGERS.**

Subdivision 1. **Composition.** The governing body of each district shall be a board of managers of five members, who shall be voters residing in the district and who may but need not be officers, members of governing bodies, or employees of the related governmental subdivisions, except that when there are more than five territorial units in a district, there must be one board member for each unit.

Subd. 2. **Terms.** The terms of the first board members elected after creation of a district shall be so arranged and determined by the electing body as to expire on the first business day in January as follows:

(1) the terms of two members in the second calendar year after the year in which they were elected;

(2) the terms of two other members in the third calendar year after the year in which they were elected; and

(3) the term of the remaining member in the fourth calendar year after the year in which the member was elected. In case a board has more than five members, the additional members shall be assigned to the groups under clauses (1) to (3) to equalize the groups as far as practicable. Thereafter, board members shall be elected successively for regular terms beginning upon expiration of the preceding terms and expiring on the first business day in January of the third calendar year thereafter. Each board member serves until a successor is elected and has qualified.

Subd. 3. **Election of board.** In a district having only one territorial unit, all the members of the board shall be elected by the related governing body. In a district having more than one territorial unit, the members of the board shall be elected by the members of the related governing bodies in joint session except as otherwise provided. The electing bodies concerned shall meet and elect the first board members of a new district as soon as practicable after creation of the district and shall meet and elect board members for succeeding regular terms as soon as practicable after November 1 next preceding the beginning of the terms to be filled, respectively.

Subd. 4. **Central related governing body.** Upon the creation of a district having more than one territorial unit, the chief administrative law judge, on the basis of convenience for joint meeting purposes, shall designate one of the related governing bodies as the central related governing body in the order creating the district or in a subsequent special order, of which the chief administrative law judge shall notify the clerks or recorders of all the related governing bodies. Upon receipt of the notification, the clerk or recorder of the central related governing body shall immediately transmit the notification to the presiding officer of the body. The officer shall thereupon call a joint meeting of the members of all the related governing bodies to elect board members, to be held at such time as the officer shall fix at the regular meeting place of the officer's governing body or at such other place in the district as the officer shall determine. The clerk or recorder of the body must give at least ten days' notice of the meeting by mail to the clerks or recorders of all the other related governing bodies, who shall immediately transmit the notice to all the members of the related governing bodies, respectively. Subsequent joint meetings to elect board members for regular terms must be called and held in like manner. The presiding officer and the clerk or recorder of the central related governing body shall act respectively as chair and secretary of the joint electing body at any meeting thereof, but in case of the absence or disability of either of them, the body may elect a temporary substitute. A majority of the members of each related governing body is required for a quorum at any meeting of the joint electing body.

Subd. 5. **Nominations.** Nominations for board members may be made by petitions, each signed by ten or more voters residing and owning land in the district, filed with the clerk, recorder, or secretary of the electing body before the election meeting. No person shall sign more than one petition. The electing body shall give due consideration to all nominations but is not limited thereto.

Subd. 6. **Election; single governing body.** In the case of an electing body consisting of a single related governing body, a majority vote of all members is required for an election. In the case of a joint electing body, a majority vote of members present is required for an election. In case of lack of a quorum or failure to elect, a meeting of an electing body may be adjourned to a stated time and place without further notice.

Subd. 7. **Election; multiple governing bodies.** In any district having more than one territorial unit, the related governing bodies, instead of meeting in joint session, may elect a board member by resolutions adopted by all of them separately, concurring in the election of the same person. A majority vote of all members of each related governing body is required for the adoption of any such resolution. The clerks or recorders of the other related governing bodies shall transmit certified copies of the resolutions to the clerk or recorder of the central related governing body. Upon receipt of concurring resolutions from all the related governing bodies, the presiding officer and clerk or recorder of the central related governing body shall certify the results and furnish certificates of election as provided for a joint meeting.

Subd. 8. **Vacancies.** Any vacancy in the membership of a board must be filled for the unexpired term in like manner as provided for the regular election of board members.

Subd. 9. **Certification of election; temporary chair.** The presiding and recording officers of the electing body shall certify the results of each election to the county auditor of each county wherein any part of the district is situated and to the clerk or recorder of each related governing body and shall make and transmit to each board member elected a certificate of the board member's election. Upon electing the first board members of a district, the presiding officer of the electing body shall designate a member to serve as temporary chair for purposes of initial organization of the board, and the recording officer of the body shall include written notice thereof to all the board members with their certificates of election.

Sec. 17. **[442A.15] BOARD ORGANIZATION AND PROCEDURES.**

Subdivision 1. Initial, annual meetings. As soon as practicable after the election of the first board members of a district, the board shall meet at the call of the temporary chair to elect officers and take other appropriate action for organization and administration of the district. Each board shall hold a regular annual meeting at the call of the chair or otherwise as the board prescribes on or as soon as practicable after the first business day in January of each year and such other regular and special meetings as the board prescribes.

Subd. 2. Officers. The officers of each district shall be a chair and a vice-chair, who shall be members of the board, and a secretary and a treasurer, who may but need not be members of the board. The board of a new district at its initial meeting or as soon thereafter as practicable shall elect the officers to serve until the first business day in January next following. Thereafter, the board shall elect the officers at each regular annual meeting for terms expiring on the first business day in January next following. Each officer serves until a successor is elected and has qualified.

Subd. 3. Meeting place; offices. The board at its initial meeting or as soon thereafter as practicable shall provide for suitable places for board meetings and for offices of the district officers and may change the same thereafter as the board deems advisable. The meeting place and offices may be the same as those of any related governing body, with the approval of the body. The secretary of the board shall notify the secretary of state, the county auditor of each county wherein any part of the district is situated, and the clerk or recorder of each related governing body of the locations and post office addresses of the meeting place and offices and any changes therein.

Subd. 4. Budget. At any time before the proceeds of the first tax levy in a district become available, the district board may prepare a budget comprising an estimate of the expenses of organizing and administering the district until the proceeds are available, with a proposal for apportionment of the estimated amount among the related governmental subdivisions, and may request the governing bodies thereof to advance funds according to the proposal. The governing bodies may authorize advancement of the requested amounts, or such part thereof as they respectively deem proper, from any funds available in their respective treasuries. The board shall include in its first tax levy after receipt of any such advancements a sufficient sum to cover the same and shall cause the same to be repaid, without interest, from the proceeds of taxes as soon as received.

Sec. 18. **[442A.16] DISTRICT STATUS AND POWERS.**

Subdivision 1. Status. Every district shall be a public corporation and a governmental subdivision of the state and shall be deemed to be a municipality or municipal corporation for the purpose of obtaining federal or state grants or loans or otherwise complying with any provision of federal or state law or for any other purpose relating to the powers and purposes of the district for which such status is now or hereafter required by law.

Subd. 2. Powers and purpose. Every district shall have the powers and purposes prescribed by this chapter and such others as may now or hereafter be prescribed by law. No express grant of power or enumeration of powers herein shall be deemed to limit the generality or scope of any grant of power.

Subd. 3. Scope of powers and duties. Except as otherwise provided, a power or duty vested in or imposed upon a district or any of its officers, agents, or employees shall not be deemed exclusive and shall not supersede or abridge any power or duty vested in or imposed upon any other agency of the state or any governmental subdivision thereof, but shall be supplementary thereto.

Subd. 4. Exercise of power. All the powers of a district shall be exercised by its board of managers except so far as approval of any action by popular vote or by any other authority may be expressly required by law.

Subd. 5. Lawsuits; contracts. A district may sue and be sued and may enter into any contract necessary or proper for the exercise of its powers or the accomplishment of its purposes.

Subd. 6. **Property acquisition.** A district may acquire by purchase, gift, or condemnation or may lease or rent any real or personal property within or without the district that may be necessary for the exercise of district powers or the accomplishment of district purposes, may hold the property for such purposes, and may lease, rent out, sell, or otherwise dispose of any property not needed for such purposes.

Subd. 7. **Acceptance of money or property.** A district may accept gifts, grants, or loans of money or other property from the United States, the state, or any person, corporation, or other entity for district purposes; may enter into any agreement required in connection therewith; and may hold, use, and dispose of the money or property according to the terms of the gift, grant, loan, or agreement relating thereto.

Sec. 19. **[442A.17] SPECIFIC PURPOSES AND POWERS.**

Subdivision 1. **Pollution prevention.** A district may construct, install, improve, maintain, and operate any system, works, or facilities within or without the district required to control and prevent pollution of any waters of the state within its territory.

Subd. 2. **Sewage disposal.** A district may construct, install, improve, maintain, and operate any system, works, or facilities within or without the district required to provide for, regulate, and control the disposal of sewage, industrial waste, and other waste originating within its territory. The district may require any person upon whose premises there is any source of sewage, industrial waste, or other waste within the district to connect the premises with the disposal system, works, or facilities of the district whenever reasonable opportunity therefor is provided.

Subd. 3. **Garbage, refuse disposal.** A district may construct, install, improve, maintain, and operate any system, works, or facilities within or without the district required to provide for, regulate, and control the disposal of garbage or refuse originating within the district. The district may require any person upon whose premises any garbage or refuse is produced or accumulated to dispose of the garbage or refuse through the system, works, or facilities of the district whenever reasonable opportunity therefor is provided.

Subd. 4. **Water supply.** A district may procure supplies of water necessary for any purpose under subdivisions 1 to 3 and may construct, install, improve, maintain, and operate any system, works, or facilities required therefor within or without the district.

Subd. 5. **Roads.** (a) To maintain the integrity of and facilitate access to district systems, works, or facilities, the district may maintain and repair a road by agreement with the entity that was responsible for the performance of maintenance and repair immediately prior to the agreement. Maintenance and repair includes but is not limited to providing lighting, snow removal, and grass mowing.

(b) A district shall establish a taxing subdistrict of benefited property and shall levy special taxes, pursuant to section 442A.24, subdivision 2, for the purposes of paying the cost of improvement or maintenance of a road under paragraph (a).

(c) For purposes of this subdivision, a district shall not be construed as a road authority under chapter 160.

(d) The district and its officers and employees are exempt from liability for any tort claim for injury to person or property arising from travel on a road maintained by the district and related to the road's maintenance or condition.

Sec. 20. **[442A.18] DISTRICT PROJECTS AND FACILITIES.**

Subdivision 1. **Public property.** For the purpose of constructing, improving, maintaining, or operating any system, works, or facilities designed or used for any purpose under section 442A.17, a district, its officers, agents, employees, and contractors may enter, occupy, excavate, and otherwise operate in, upon, under, through, or along

any public highway, including a state trunk highway, or any street, park, or other public grounds so far as necessary for such work, with the approval of the governing body or other authority in charge of the public property affected and on such terms as may be agreed upon with the governing body or authority respecting interference with public use, restoration of previous conditions, compensation for damages, and other pertinent matters. If an agreement cannot be reached after reasonable opportunity therefor, the district may acquire the necessary rights, easements, or other interests in the public property by condemnation, subject to all applicable provisions of law as in case of taking private property, upon condition that the court shall determine that there is paramount public necessity for the acquisition.

Subd. 2. **Use of other systems.** A district may, upon such terms as may be agreed upon with the respective governing bodies or authorities concerned, provide for connecting with or using; lease; or acquire and take over any system, works, or facilities for any purpose under section 442A.17 belonging to any other governmental subdivision or other public agency.

Subd. 3. **Use by other governmental bodies.** A district may, upon such terms as may be agreed upon with the respective governing bodies or authorities concerned, authorize the use by any other governmental subdivision or other public agency of any system, works, or facilities of the district constructed for any purpose under section 442A.17 so far as the capacity thereof is sufficient beyond the needs of the district. A district may extend any such system, works, or facilities and permit the use thereof by persons outside the district, so far as the capacity thereof is sufficient beyond the needs of the district, upon such terms as the board may prescribe.

Subd. 4. **Joint projects.** A district may be a party to a joint cooperative project, undertaking, or enterprise with one or more other governmental subdivisions or other public agencies for any purpose under section 442A.17 upon such terms as may be agreed upon between the governing bodies or authorities concerned. Without limiting the effect of the foregoing provision or any other provision of this chapter, a district, with respect to any of said purposes, may act under and be subject to section 471.59, or any other appropriate law providing for joint or cooperative action between governmental subdivisions or other public agencies.

Sec. 21. **[442A.19] CONTROL OF SANITARY FACILITIES.**

A district may regulate and control the construction, maintenance, and use of privies, cesspools, septic tanks, toilets, and other facilities and devices for the reception or disposal of human or animal excreta or other domestic wastes within its territory so far as necessary to prevent nuisances or pollution or to protect the public health, safety, and welfare and may prohibit the use of any such facilities or devices not connected with a district disposal system, works, or facilities whenever reasonable opportunity for such connection is provided; provided, that the authority of a district under this section does not extend or apply to the construction, maintenance, operation, or use by any person other than the district of any disposal system or part thereof within the district under and in accordance with a valid and existing permit issued by the Minnesota Pollution Control Agency.

Sec. 22. **[442A.20] DISTRICT PROGRAMS, SURVEYS, AND STUDIES.**

A district may develop general programs and particular projects within the scope of its powers and purposes and may make all surveys, studies, and investigations necessary for the programs and projects.

Sec. 23. **[442A.21] GENERAL AND MUNICIPALITY POWERS.**

A district may do and perform all other acts and things necessary or proper for the effectuation of its powers and the accomplishment of its purposes. Without limiting the effect of the foregoing provision or any other provision of this chapter, a district, with respect to each and all of said powers and purposes, shall have like powers as are vested in municipalities with respect to any similar purposes. The exercise of such powers by a district and all matters pertaining thereto are governed by the law relating to the exercise of similar powers by municipalities and matters pertaining thereto, so far as applicable, with like force and effect, except as otherwise provided.

Sec. 24. **[442A.22] ADVISORY COMMITTEE.**

A district board of managers may appoint an advisory committee with membership and duties as the board prescribes.

Sec. 25. **[442A.23] BOARD POWERS.**

Subdivision 1. **Generally.** The board of managers of every district shall have charge and control of all the funds, property, and affairs of the district. With respect thereto, the board has the same powers and duties as are provided by law for a municipality with respect to similar municipal matters, except as otherwise provided. Except as otherwise provided, the chair, vice-chair, secretary, and treasurer of the district have the same powers and duties, respectively, as the mayor, acting mayor, clerk, and treasurer of a municipality. Except as otherwise provided, the exercise of the powers and the performance of the duties of the board and officers of the district and all other activities, transactions, and procedures of the district or any of its officers, agents, or employees, respectively, are governed by the law relating to similar matters in a municipality, so far as applicable, with like force and effect.

Subd. 2. **Regulation of district.** The board may enact ordinances, prescribe regulations, adopt resolutions, and take other appropriate action relating to any matter within the powers and purposes of the district and may do and perform all other acts and things necessary or proper for the effectuation of said powers and the accomplishment of said purposes. The board may provide that violation of a district ordinance is a penal offense and may prescribe penalties for violations, not exceeding those prescribed by law for violation of municipal ordinances.

Subd. 3. **Arrest; prosecution.** (a) Violations of district ordinances may be prosecuted before any court having jurisdiction of misdemeanors. Any peace officer may make arrests for violations committed anywhere within the district in the same manner as for violations of city ordinances or for statutory misdemeanors.

(b) All fines collected shall be deposited in the treasury of the district.

Sec. 26. **[442A.24] TAX LEVIES, ASSESSMENTS, AND SERVICE CHARGES.**

Subdivision 1. **Tax levies.** The board may levy taxes for any district purpose on all property taxable within the district.

Subd. 2. **Particular area.** In the case where a particular area within the district, but not the entire district, is benefited by a system, works, or facilities of the district, the board, after holding a public hearing as provided by law for levying assessments on benefited property, shall by ordinance establish such area as a taxing subdistrict, to be designated by number, and shall levy special taxes on all the taxable property therein, to be accounted for separately and used only for the purpose of paying the cost of construction, improvement, acquisition, maintenance, or operation of such system, works, or facilities, or paying the principal and interest on bonds issued to provide funds therefor and expenses incident thereto. The hearing may be held jointly with a hearing for the purpose of levying assessments on benefited property within the proposed taxing subdistrict.

Subd. 3. **Benefited property.** The board shall levy assessments on benefited property to provide funds for payment of the cost of construction, improvement, or acquisition of any system, works, or facilities designed or used for any district purpose or for payment of the principal of and interest on any bonds issued therefor and expenses incident thereto.

Subd. 4. **Service charges.** The board shall prescribe service, use, or rental charges for persons or premises connecting with or making use of any system, works, or facilities of the district; prescribe the method of payment and collection of the charges; and provide for the collection thereof for the district by any related governmental subdivision or other public agency on such terms as may be agreed upon with the governing body or other authority thereof.

Sec. 27. **[442A.25] BORROWING POWERS; BONDS.**

Subdivision 1. **Borrowing power.** The board may authorize the borrowing of money for any district purpose and provide for the repayment thereof, subject to chapter 475. The taxes initially levied by any district according to section 475.61 for the payment of district bonds, upon property within each municipality included in the district, shall be included in computing the levy of the municipality.

Subd. 2. **Bond issuance.** The board may authorize the issuance of bonds or obligations of the district to provide funds for the construction, improvement, or acquisition of any system, works, or facilities for any district purpose or for refunding any prior bonds or obligations issued for any such purpose and may pledge the full faith and credit of the district; the proceeds of tax levies or assessments; service, use, or rental charges; or any combination thereof to the payment of such bonds or obligations and interest thereon or expenses incident thereto. An election or vote of the people of the district is required to authorize the issuance of any bonds or obligations. Except as otherwise provided in this chapter, the forms and procedures for issuing and selling bonds and provisions for payment thereof must comply with chapter 475.

Sec. 28. **[442A.26] FUNDS; DISTRICT TREASURY.**

The proceeds of all tax levies, assessments, service, use, or rental charges, and other income of the district must be deposited in the district treasury and must be held and disposed of as the board may direct for district purposes, subject to any pledges or dedications made by the board for the use of particular funds for the payment of bonds, interest thereon, or expenses incident thereto or for other specific purposes.

Sec. 29. **[442A.27] EFFECT OF DISTRICT ORDINANCES AND FACILITIES.**

In any case where an ordinance is enacted or a regulation adopted by a district board relating to the same subject matter and applicable in the same area as an existing ordinance or regulation of a related governmental subdivision for the district, the district ordinance or regulation, to the extent of its application, supersedes the ordinance or regulation of the related governmental subdivision. In any case where an area within a district is served for any district purpose by a system, works, or facilities of the district, no system, works, or facilities shall be constructed, maintained, or operated for the same purpose in the same area by any related governmental subdivision or other public agency except as approved by the district board.

Sec. 30. **[442A.28] APPLICATION.**

This chapter does not abridge or supersede any authority of the Minnesota Pollution Control Agency or the commissioner of health, but is subject and supplementary thereto. Districts and members of district boards are subject to the authority of the Minnesota Pollution Control Agency and have no power or authority to abate or control pollution that is permitted by and in accord with any classification of waters, standards of water quality, or permit established, fixed, or issued by the Minnesota Pollution Control Agency.

Sec. 31. **[442A.29] CHIEF ADMINISTRATIVE LAW JUDGE'S POWERS.**

Subdivision 1. **Alternative dispute resolution.** (a) Notwithstanding sections 442A.01 to 442A.28, before assigning a matter to an administrative law judge for hearing, the chief administrative law judge, upon consultation with affected parties and considering the procedures and principles established in sections 442A.01 to 442A.28, may require that disputes over proposed sanitary district creations, attachments, detachments, or dissolutions be addressed in whole or in part by means of alternative dispute resolution processes in place of, or in connection with, hearings that would otherwise be required under sections 442A.01 to 442A.28, including those provided in chapter 14.

(b) In all proceedings, the chief administrative law judge has the authority and responsibility to conduct hearings and issue final orders related to the hearings under sections 442A.01 to 442A.28.

Subd. 2. **Cost of proceedings.** (a) The parties to any matter directed to alternative dispute resolution under subdivision 1 must pay the costs of the alternative dispute resolution process or hearing in the proportions that the parties agree to.

(b) Notwithstanding section 14.53 or other law, the Office of Administrative Hearings is not liable for the costs.

(c) If the parties do not agree to a division of the costs before the commencement of mediation, arbitration, or hearing, the costs must be allocated on an equitable basis by the mediator, arbitrator, or chief administrative law judge.

(d) The chief administrative law judge may contract with the parties to a matter for the purpose of providing administrative law judges and reporters for an administrative proceeding or alternative dispute resolution.

(e) The chief administrative law judge shall assess the cost of services rendered by the Office of Administrative Hearings as provided by section 14.53.

Subd. 3. **Parties.** In this section, "party" means:

(1) a property owner, group of property owners, sanitary district, municipality, or township that files an initiating document or timely objection under this chapter;

(2) the sanitary district, municipality, or township within which the subject area is located;

(3) a municipality abutting the subject area; and

(4) any other person, group of persons, or governmental agency residing in, owning property in, or exercising jurisdiction over the subject area that submits a timely request and is determined by the presiding administrative law judge to have a direct legal interest that will be affected by the outcome of the proceeding.

Subd. 4. **Effectuation of agreements.** Matters resolved or agreed to by the parties as a result of an alternative dispute resolution process, or otherwise, may be incorporated into one or more stipulations for purposes of further proceedings according to the applicable procedures and statutory criteria of this chapter.

Subd. 5. **Limitations on authority.** Nothing in this section shall be construed to permit a sanitary district, municipality, town, or other political subdivision to take, or agree to take, an action that is not otherwise authorized by this chapter.

Sec. 32. **REPEALER.**

Minnesota Statutes 2012, sections 115.18, subdivisions 1, 3, 4, 5, 6, 7, 8, 9, and 10; 115.19; 115.20; 115.21; 115.22; 115.23; 115.24; 115.25; 115.26; 115.27; 115.28; 115.29; 115.30; 115.31; 115.32; 115.33; 115.34; 115.35; 115.36; and 115.37, are repealed.

Sec. 33. **EFFECTIVE DATE.**

Unless otherwise provided in this article, sections 1 to 32 are effective August 1, 2013."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for environment, natural resources, and agriculture; modifying and providing for certain fees; modifying and providing for disposition of certain revenue; creating accounts; modifying payment of certain costs; modifying grant programs; providing for agricultural water quality certification; modifying Minnesota Noxious Weed Law; modifying pesticide control; modifying animal waste technician provisions; modifying certain renewable energy and biofuel provisions; modifying bonding requirements for grain buyers and grain storage; making technical changes; modifying certain permit requirements; providing for federal law compliance; providing for certain easements; establishing pollinator habitat program; modifying state trails; providing for donations to grant-in-aid trail programs; modifying all-terrain vehicle operating provisions; modifying State Timber Act; modifying water use requirements; modifying certain park boundaries; modifying reporting requirements; modifying Petroleum Tank Release Cleanup Act; providing for silica sand mining model standards and technical assistance; establishing criteria for wastewater treatment system projects; providing for wastewater laboratory certification; providing for product stewardship programs; modifying Minnesota Power Plant Siting Act; providing for sanitary districts; requiring rulemaking; amending Minnesota Statutes 2012, sections 17.03, subdivision 3; 17.1015; 17.118, subdivision 2; 18.77, subdivisions 3, 4, 10, 12; 18.78, subdivision 3; 18.79, subdivisions 6, 13; 18.82, subdivision 1; 18.91, subdivisions 1, 2; 18B.01, by adding a subdivision; 18B.065, subdivision 2a; 18B.07, subdivisions 4, 5, 7; 18B.26, subdivision 3; 18B.305; 18B.316, subdivisions 1, 3, 4, 8, 9; 18B.37, subdivision 4; 18C.430; 18C.433, subdivision 1; 31.94; 41A.10, subdivision 2, by adding a subdivision; 41A.105, subdivisions 1a, 3, 5; 41A.12, by adding a subdivision; 41B.04, subdivision 9; 41D.01, subdivision 4; 84.027, by adding a subdivision; 84.788, by adding a subdivision; 84.794, subdivision 1; 84.798, by adding a subdivision; 84.803, subdivision 1; 84.82, by adding subdivisions; 84.83, subdivision 2; 84.922, by adding subdivisions; 84.9256, subdivision 1; 84.928, subdivision 1; 84D.108, subdivision 2; 85.015, subdivision 13; 85.052, subdivision 6; 85.054, by adding a subdivision; 85.055, subdivisions 1, 2; 85.41, by adding a subdivision; 85.42; 85.43; 85.46, subdivision 6, by adding a subdivision; 89.0385; 89.17; 90.01, subdivisions 4, 5, 6, 8, 11; 90.031, subdivision 4; 90.041, subdivisions 2, 5, 6, 9, by adding subdivisions; 90.045; 90.061, subdivision 8; 90.101, subdivision 1; 90.121; 90.145; 90.151, subdivisions 1, 2, 3, 4, 6, 7, 8, 9; 90.161; 90.162; 90.171; 90.181, subdivision 2; 90.191, subdivision 1; 90.193; 90.195; 90.201, subdivision 2a; 90.211; 90.221; 90.252, subdivision 1; 90.301, subdivisions 2, 4; 90.41, subdivision 1; 92.50; 93.17, subdivision 1; 93.1925, subdivision 2; 93.25, subdivision 2; 93.285, subdivision 3; 93.46, by adding a subdivision; 93.481, subdivisions 3, 5, by adding subdivisions; 93.482; 97A.401, subdivision 3; 103G.265, subdivisions 2, 3; 103G.271, subdivision 6; 103G.282; 103G.287, subdivisions 1, 5; 103G.615, subdivision 2; 103I.205, subdivision 1; 103I.601, by adding a subdivision; 114D.50, subdivision 4; 115A.1320, subdivision 1; 115B.20, subdivision 6; 115B.28, subdivision 1; 115C.02, subdivision 4; 115C.08, subdivision 4, by adding a subdivision; 115D.10; 116.48, subdivision 6; 116C.03, subdivisions 2, 4, 5; 116D.04, by adding a subdivision; 116J.437, subdivision 1; 168.1296, subdivision 1; 216E.12, subdivision 4; 223.17, by adding a subdivision; 232.22, by adding a subdivision; 239.051, by adding subdivisions; 239.791, subdivisions 1, 2a, 2b; 239.7911; 275.066; 296A.01, subdivision 19, by adding a subdivision; 473.846; Laws 2012, chapter 249, section 11; proposing coding for new law in Minnesota Statutes, chapters 17; 18; 84; 90; 93; 115; 115A; 116C; 216E; proposing coding for new law as Minnesota Statutes, chapter 442A; repealing Minnesota Statutes 2012, sections 18.91, subdivisions 3, 5; 18B.07, subdivision 6; 90.163; 90.173; 90.41, subdivision 2; 103G.265, subdivision 2a; 115.18, subdivisions 1, 3, 4, 5, 6, 7, 8, 9, 10; 115.19; 115.20; 115.21; 115.22; 115.23; 115.24; 115.25; 115.26; 115.27; 115.28; 115.29; 115.30; 115.31; 115.32; 115.33; 115.34; 115.35; 115.36; 115.37; 239.791, subdivision 1a; Minnesota Rules, parts 7021.0010, subparts 1, 2, 4, 5; 7021.0020; 7021.0030; 7021.0040; 7021.0050, subpart 5; 9210.0300; 9210.0310; 9210.0320; 9210.0330; 9210.0340; 9210.0350; 9210.0360; 9210.0370; 9210.0380; 9220.0530, subpart 6."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Carlson from the Committee on Ways and Means to which was referred:

H. F. No. 1041, A bill for an act relating to education finance; clarifying the alternative attendance program adjustment; amending Minnesota Statutes 2012, section 127A.47, subdivision 7.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Nelson from the Committee on Government Operations to which was referred:

H. F. No. 1152, A bill for an act relating to retirement; volunteer firefighter relief associations; defining a relief association fiscal year; clarifying leaves exempted from minimum resumption service requirements for break-in-service service credit; mandating municipal approval for certain interest rates creditable to deferred service credits; amending Minnesota Statutes 2012, sections 69.771, subdivision 1; 69.774, subdivision 1; 424A.001, by adding a subdivision; 424A.01, subdivision 6; 424A.015, subdivisions 1, 4; 424A.016, subdivision 6; 424A.02, subdivision 7; 424A.10, subdivisions 1, 2; repealing Minnesota Statutes 2012, section 424A.10, subdivision 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
STATE PATROL RETIREMENT PLAN FINANCIAL SOLVENCY MEASURES

Section 1. Minnesota Statutes 2012, section 352B.011, subdivision 4, is amended to read:

Subd. 4. **Average monthly salary.** (a) Subject to the limitations of section 356.611, "average monthly salary" means the average of the highest monthly salaries for five years of service as a member upon which contributions were deducted from pay under section 352B.02, or upon which appropriate contributions or payments were made to the fund to receive allowable service and salary credit as specified under the applicable law. Average monthly salary must be based upon all allowable service if this service is less than five years.

(b) The salary used for the calculation of "average monthly salary" means the salary of the member as defined in section 352.01, subdivision 13. "Average monthly salary" includes the salary of the member during the period of covered employment rendered after reaching the allowable service credit limit of section 352B.08, subdivision 2, paragraph (b). The salary used for the calculation of "average monthly salary" does not include any lump-sum annual leave payments and overtime payments made at the time of separation from state service, any amounts of severance pay, or any reduced salary paid during the period the person is entitled to workers' compensation benefit payments for temporary disability.

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

Sec. 2. Minnesota Statutes 2012, section 352B.02, subdivision 1a, is amended to read:

Subd. 1a. **Member contributions.** (a) The member contribution is the following percentage of the member's salary:

- | | |
|---|-------------------------------|
| (1) before the first day of the first pay period beginning after July 1, 2011 2014 | 10.40 12.4 percent |
| (2) on or after the first day of the first pay period beginning after July 1, 2011 2014, to <u>June 30, 2016</u> | 12.40 13.4 percent |
| (3) after <u>June 30, 2016</u> | 14.4 percent |

(b) These contributions must be made by deduction from salary as provided in section 352.04, subdivision 4.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 3. Minnesota Statutes 2012, section 352B.02, subdivision 1c, is amended to read:

Subd. 1c. **Employer contributions.** (a) In addition to member contributions, department heads shall pay a sum equal to the specified percentage of the salary upon which deductions were made, which constitutes the employer contribution to the fund as follows:

- | | |
|--|--------------------------------------|
| (1) before the first day of the first pay period beginning after July 1, 2014 <u>2014</u> | 15.60 <u>18.6</u> percent |
| (2) on or after the first day of the first pay period beginning after July 1, 2014 <u>2014</u> , to
<u>June 30, 2016</u> | 18.60 <u>20.1</u> percent |
| (3) after June 30, 2016 | <u>21.6</u> percent |

(b) Department contributions must be paid out of money appropriated to departments for this purpose.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 4. Minnesota Statutes 2012, section 352B.08, subdivision 1, is amended to read:

Subdivision 1. **Eligibility; when to apply; accrual.** (a) Every member who is credited with three or more years of allowable service if first employed before July 1, ~~2010~~ 2013, or with at least ~~five~~ ten years of allowable service if first employed after June 30, ~~2010~~ 2013, is entitled to separate from state service and upon becoming 50 years old, is entitled to receive a life annuity, upon separation from state service.

(b) Members must apply for an annuity in a form and manner prescribed by the executive director.

(c) No application may be made more than 90 days before the date the member is eligible to retire by reason of both age and service requirements.

(d) An annuity begins to accrue no earlier than 180 days before the date the application is filed with the executive director.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 5. Minnesota Statutes 2012, section 352B.08, subdivision 2, is amended to read:

Subd. 2. **Normal retirement annuity.** (a) The annuity must be paid in monthly installments. The annuity shall be equal to the amount determined by multiplying the average monthly salary of the member by the percent specified in section 356.315, subdivision 6, for each year of allowable service and ~~pro-rata~~ prorated for additional completed months of allowable service, unless restricted under paragraph (b).

(b) Allowable service in excess of 33 years must not be used in computing the annuity. This restriction does not apply to any member who has at least 28 years of allowable service before July 1, 2013.

(c) When the annuity commences, any member contributions attributable to allowable service not used to compute the annuity due to the restrictions in paragraph (b) must be refunded using procedures specified in section 352B.11, subdivision 1.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 6. Minnesota Statutes 2012, section 352B.08, subdivision 2a, is amended to read:

Subd. 2a. **Early retirement.** Any member who has become at least 50 years old and who has at least three years of allowable service if first employed before July 1, ~~2010~~ 2013, or who has at least ~~five~~ ten years of allowable service if first employed after June 30, ~~2010~~ 2013, is entitled upon application to a reduced retirement annuity equal to the annuity calculated under subdivision 2, reduced by one-tenth of one percent for each month that the member is under age 55 at the time of retirement, ~~if first employed the effective date of retirement is before July 1, 2010, or reduced by two-tenths of one percent 2015. If the effective date of retirement is after June 30, 2015, the reduction is 0.34 percent for each month that the member is under age 55 at the time of retirement if first employed after June 30, 2010.~~

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 7. Minnesota Statutes 2012, section 352B.10, subdivision 5, is amended to read:

Subd. 5. **Optional annuity.** A disablitant may elect, in lieu of spousal survivorship coverage under section 352B.11, ~~subdivisions subdivision 2b and 2e,~~ the normal disability benefit or an optional annuity as provided in section 352B.08, subdivision 3. The choice of an optional annuity must be made in writing, on a form prescribed by the executive director, and must be made before the commencement of the payment of the disability benefit, or within 90 days before reaching age 55 or before reaching the five-year anniversary of the effective date of the disability benefit, whichever is later. The optional annuity is effective on the date on which the disability benefit begins to accrue, or the month following the attainment of age 55 or following the five-year anniversary of the effective date of the disability benefit, whichever is later.

Sec. 8. Minnesota Statutes 2012, section 352B.11, subdivision 1, is amended to read:

Subdivision 1. **Refund of payments.** (a) A member who has not received other benefits under this chapter is entitled to a refund of payments made by salary deduction, plus interest, if the member is separated, either voluntarily or involuntarily, from the state service that entitled the member to membership.

(b) A refund under section 352B.08, subdivision 2, paragraph (c), does not result in a forfeiture of salary credit for the allowable service credit covered by the refund.

~~(b)~~ (c) In the event of the member's death, if there are no survivor benefits payable under this chapter, a refund plus interest is payable to the last designated beneficiary on a form filed with the director before death, or if no designation is filed, is payable to the member's estate. Interest under this subdivision must be calculated as provided in section 352.22, subdivision 2. To receive a refund, the application must be made on a form prescribed by the executive director.

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

Sec. 9. Minnesota Statutes 2012, section 352B.11, subdivision 2b, is amended to read:

Subd. 2b. **Surviving spouse benefit eligibility.** (a) If an active member with three or more years of allowable service if first employed before July 1, ~~2010~~ 2013, or with at least five years of allowable service if first employed after June 30, ~~2010~~ 2013, dies before attaining age 55, the surviving spouse is entitled to ~~the a benefit specified in subdivision 2c, paragraph (b)~~ for life equal to 50 percent of the average monthly salary of the deceased member. On the first of the month next following the date on which the deceased member would have attained exact age 55, in lieu of continued receipt of the prior benefit, the surviving spouse is eligible to commence receipt of the second half of a 100 percent joint and survivor annuity if this provides a larger benefit. The joint and survivor annuity must be computed assuming the exact age 55 for the deceased member and the age of the surviving spouse on the date of death.

(b) If an active member with less than three years of allowable service if first employed before July 1, ~~2010~~ 2013, or with fewer than five years of allowable service if first employed after June 30, ~~2010~~ 2013, dies at any age, the surviving spouse is entitled to receive ~~the a benefit specified in subdivision 2c, paragraph (c) for life equal to 50 percent of the average monthly salary of the deceased member.~~

(c) If an active member with three or more years of allowable service if first employed before July 1, ~~2010~~ 2013, or with at least five years of allowable service if first employed after June 30, ~~2010~~ 2013, dies on or after attaining exact age 55, the surviving spouse is entitled to receive ~~the benefits specified in subdivision 2c, paragraph (d) a benefit for life equal to 50 percent of the average monthly salary of the deceased member, or the second half of a 100 percent joint and survivor annuity, whichever is larger. The joint and survivor annuity must be computed using the age of the deceased member on the date of death and the age of the surviving spouse on that same date.~~

(d) If a disabiltant dies while receiving a disability benefit under section 352B.10 or before the benefit under that section commenced, and an optional annuity was not elected under section 352B.10, subdivision 5, the surviving spouse is entitled to receive ~~the a benefit specified in subdivision 2c, paragraph (b) for life equal to 50 percent of the average monthly salary of the deceased member. On the first of the month next following the date on which the deceased member would have attained exact age 55, in lieu of continued receipt of the prior benefit, the surviving spouse is eligible to commence receipt of the second half of a 100 percent joint and survivor annuity if this provides a larger benefit. The joint and survivor annuity must be computed assuming the exact age 55 for the deceased member and the age of the surviving spouse on the date of death.~~

(e) If a former member with three or more years of allowable service if first employed before July 1, ~~2010~~ 2013, or with at least five years of allowable service if first employed after June 30, ~~2010~~ 2013, who terminated from service and has not received a refund or commenced receipt of any other benefit provided by this chapter, dies, the surviving spouse is entitled to receive ~~the as a benefit specified in subdivision 2c, paragraph (e) the second half of a 100 percent joint and survivor annuity, commencing on the first of the month next following the deceased member's date of death, or the first of the month next following the date on which the deceased member would have attained age 55, whichever is later. The joint and survivor annuity must be computed using the age of the deceased member on the date of death and the age of the surviving spouse on that same date.~~

(f) If a former member with less than three years of allowable service if first employed before July 1, ~~2010~~ 2013, or with fewer than five years of allowable service if first employed after June 30, ~~2010~~ 2013, who terminated from service and has not received a refund or commenced receipt of any other benefit, if applicable, provided by this chapter, dies, the surviving spouse ~~is entitled to receive the refund specified in subdivision 2c, paragraph (f) or, if none, the children or, if none, the deceased member's estate is entitled to a refund of the employee contributions plus interest computed as specified in subdivision 1.~~

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 10. Minnesota Statutes 2012, section 356.415, subdivision 1e, is amended to read:

Subd. 1e. **Annual postretirement adjustments; State Patrol retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of ~~4.5~~ one percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months before the January 1 increase; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months, an annual postretirement increase of 1/12 of ~~4.5~~ one percent for each month that the person has been receiving an annuity or benefit must be applied, effective January 1, following the calendar year in which the person has been retired for at least six months, but has been retired for less than 18 months.

(b) The increases provided by this subdivision commence on January 1, ~~2014~~ 2014. Increases under ~~this subdivision paragraph (a)~~ for the State Patrol retirement plan terminate on December 31 of the calendar year in which the actuarial valuation prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the retirement plan equals or exceeds ~~90~~ 85 percent of the actuarial accrued liability of the retirement plan and increases under ~~subdivision 1 paragraph (c)~~ recommence after that date.

(c) Retirement annuity, disability benefit, or survivor benefit recipients of the State Patrol retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of 1.5 percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months before the January 1 increase; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months, an annual postretirement increase of 1/12 of 1.5 percent for each month that the person has been receiving an annuity or benefit must be applied, effective January 1, following the calendar year in which the person has been retired for at least six months, but has been retired for less than 18 months.

(d) Increases under paragraph (c) for the State Patrol retirement plan terminate on December 31 of the calendar year in which the actuarial valuation prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work adopted by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the retirement plan equals or exceeds 90 percent of the actuarial accrued liability of the retirement plan and increases under subdivision 1 recommence after that date.

~~(e)~~ (e) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the applicable covered retirement plan requesting that the increase not be made.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 11. **REPEALER.**

Minnesota Statutes 2012, section 352B.11, subdivision 2c, is repealed.

EFFECTIVE DATE. This section is effective July 1, 2013.

ARTICLE 2 PERA PLANS SALARY DEFINITION

Section 1. Minnesota Statutes 2012, section 353.01, subdivision 10, is amended to read:

Subd. 10. **Salary.** (a) Subject to the limitations of section 356.611, "salary" means:

(1) the wages or periodic compensation of payable to a public employee, by the employing governmental subdivision before;

(i) employee retirement deductions that are designated as picked-up contributions under section 356.62;

(ii) any employee-elected deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs, and also means "wages" and includes net income from fees that would have otherwise been available as a cash payment to the employee; and

(iii) employee deductions for contributions to a supplemental plan or to a governmental trust established under section 356.24, subdivision 1, clause (7), to save for postretirement health care expenses, unless otherwise excluded under paragraph (b);

(2) for a public employee who is covered by a supplemental retirement plan under section 356.24, subdivision 1, clause (8), (9), or (10), ~~which require all plan contributions be made by or~~ (12), the employer, the contribution contributions to the applicable supplemental retirement plan when an agreement between the parties establishes that the ~~contribution~~ contributions will either result in a mandatory reduction of employees' wages through payroll withholdings, or be made in lieu of an amount that would otherwise be paid as wages; ~~and~~

(3) for a public employee who has prior service covered by a local police or firefighters relief association that has consolidated with the Public Employees Retirement Association or to which section 353.665 applies and who has elected coverage either under the public employees police and fire fund benefit plan under section 353A.08 following the consolidation or under section 353.665, subdivision 4, the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified by law and by bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure and the actual periodic compensation of the public employee after the effective date of consolidation;

(4) a payment from a public employer through a grievance proceeding, settlement, or court order that is attached to a specific earnings period in which the employee's regular salary was not earned or paid to the member due to a suspension or a period of involuntary termination that is not a wrongful discharge under section 356.50; provided the amount is not less than the equivalent of the average of the hourly base salary rate in effect during the last six months of allowable service prior to the suspension or period of involuntary termination, plus any applicable increases awarded during the period that would have been paid under a collective bargaining agreement or personnel policy but for the suspension or involuntary termination, multiplied by the average number of regular hours for which the employee was compensated during the six months of allowable service prior to the suspension or period of involuntary termination, but not to exceed the compensation that the public employee would have earned if regularly employed during the applicable period;

(5) the amount paid to a member who is absent from employment by reason of personal, parental, or military leave of absence if equivalent to the hourly base salary rate in effect during the six months of allowable service, or portions thereof, prior to the leave, multiplied by the average number of regular hours for which the employee was compensated during the six months of allowable service prior to the applicable leave of absence;

(6) the amount paid to a member who is absent from employment by reason of an authorized medical leave of absence if specified in advance to be at least one-half but no more than equal to the earnings the member received, on which contributions were reported and allowable service credited during the six months immediately preceding the medical leave of absence; and

(7) for a public employee who receives performance or merit bonus payment under a written compensation plan, policy, or collective bargaining agreement in addition to regular salary or in lieu of regular salary increases, the compensation paid to the employee for attaining or exceeding performance goals, duties, or measures during a specified period of employment.

(b) Salary does not mean:

(1) ~~the~~ fees paid to district court reporters;

(2) unused annual leave, vacation, or sick leave payments, in the form of lump-sum or periodic payments;

(3) for the donor, payment to another person of the value of hours donated under a benevolent vacation, personal, or sick leave donation program;

(4) any form of severance ~~payments~~, or retirement incentive payments;

(5) an allowance payment or per diem payments for or reimbursement of expenses;

(6) lump-sum settlements not attached to a specific earnings period, ~~or;~~

(7) workers' compensation payments or disability insurance payments, including payments from employer self-insurance arrangements;

~~(2)~~ (8) employer-paid amounts used by an employee toward the cost of insurance coverage, ~~employer-paid fringe benefits~~, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage and certain amounts determined by the executive director to be ineligible;

(9) employer-paid fringe benefits, including, but not limited to:

(i) employer-paid premiums or supplemental contributions for employees for all types of insurance;

(ii) membership dues or fees for the use of fitness or recreational facilities;

(iii) incentive payments or cash awards relating to a wellness program;

(iv) the value of any nonmonetary benefits;

(v) any form of payment made in lieu of an employer-paid fringe benefit;

(vi) an employer-paid amount made to a deferred compensation or tax-sheltered annuity program; and

(vii) any amount paid by the employer as a supplement to salary, either as a lump-sum amount or a fixed or matching amount paid on a recurring basis, that is not available to the employee as cash;

~~(3)~~ (10) the amount equal to that which the employing governmental subdivision would otherwise pay toward single or family insurance coverage for a covered employee when, through a contract or agreement with some but not all employees, the employer:

(i) discontinues, or for new hires does not provide, payment toward the cost of the employee's selected insurance coverages under a group plan offered by the employer;

(ii) makes the employee solely responsible for all contributions toward the cost of the employee's selected insurance coverages under a group plan offered by the employer, including any amount the employer makes toward other employees' selected insurance coverages under a group plan offered by the employer; and

(iii) provides increased salary rates for employees who do not have any employer-paid group insurance coverages;

(4) ~~(11)~~ except as provided in section 353.86 or 353.87, compensation of any kind paid to volunteer ambulance service personnel or volunteer firefighters, as defined in subdivision 35 or 36;

(5) ~~(12)~~ the amount of compensation that exceeds the limitation provided in section 356.611; ~~and~~

(6) ~~(13)~~ amounts paid by a federal or state grant for which the grant specifically prohibits grant proceeds from being used to make pension plan contributions, unless the contributions to the plan are made from sources other than the federal or state grant; ~~and~~

~~(14) bonus pay that is not performance or merit pay under paragraph (a), clause (6).~~

(c) Amounts, other than those provided under paragraph (a), clause (4), provided to an employee by the employer through a grievance proceeding, a court order, or a legal settlement are salary only if the settlement or court order is reviewed by the executive director and the amounts are determined by the executive director to be consistent with paragraph (a) and prior determinations.

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

ARTICLE 3
PUBLIC EMPLOYEES POLICE AND FIRE
RETIREMENT PLAN FINANCIAL SOLVENCY MEASURES

Section 1. Minnesota Statutes 2012, section 353.01, subdivision 17a, is amended to read:

Subd. 17a. **Average salary.** (a) "Average salary," for purposes of calculating a retirement annuity under section 353.29, subdivision 3, means an amount equivalent to the average of the highest salary of the member, police officer, or firefighter, whichever applies, upon which employee contributions were paid for any five successive years of allowable service, based on dates of salary periods as listed on salary deduction reports. "Average salary" includes the salary of the employee during the period of covered employment rendered after reaching the allowable service credit limit of section 353.651, subdivision 3, paragraph (b). Average salary must be based upon all allowable service if this service is less than five years.

(b) "Average salary" may not include any reduced salary paid during a period in which the employee is entitled to benefit payments from workers' compensation for temporary disability, unless the average salary is higher, including this period.

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

Sec. 2. Minnesota Statutes 2012, section 353.01, subdivision 41, is amended to read:

Subd. 41. **Duty disability.** "Duty disability," physical or psychological, means a condition that is expected to prevent a member, for a period of not less than 12 months, from performing the normal duties of the position held by a person who is a member of the public employees police and fire retirement plan, and that is the direct result of an injury incurred during, or a disease arising out of, the performance of ~~normal duties or the actual performance of less frequent~~ inherently dangerous duties, ~~either of which are specific to protecting the property and personal safety of others and that present inherent dangers that are specific to the positions covered by the public employees police and fire retirement plan.~~

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

Sec. 3. Minnesota Statutes 2012, section 353.01, subdivision 47, is amended to read:

Subd. 47. **Vesting.** (a) "Vesting" means obtaining a nonforfeitable entitlement to an annuity or benefit from a retirement plan administered by the Public Employees Retirement Association by having credit for sufficient allowable service under paragraph (b) ~~or~~ (c), or (d), whichever applies.

(b) For purposes of qualifying for an annuity or benefit as a basic or coordinated plan member of the general employees retirement plan of the Public Employees Retirement Association:

(1) a public employee who first became a member of the association before July 1, 2010, is 100 percent vested when the person has accrued credit for not less than three years of allowable service as defined under subdivision 16; and

(2) a public employee who first becomes a member of the association after June 30, 2010, is 100 percent vested when the person has accrued credit for not less than five years of allowable service as defined under subdivision 16.

(c) For purposes of qualifying for an annuity or benefit as a member of the ~~police and fire plan or a member of the~~ local government correctional employees retirement plan:

(1) a public employee who first became a member of the association before July 1, 2010, is 100 percent vested when the person has accrued credit for not less than three years of allowable service as defined under subdivision 16; and

(2) a public employee who first becomes a member of the association after June 30, 2010, is vested at the following percentages when the person has accrued credited allowable service as defined under subdivision 16, as follows:

- (i) 50 percent after five years;
- (ii) 60 percent after six years;
- (iii) 70 percent after seven years;
- (iv) 80 percent after eight years;
- (v) 90 percent after nine years; and
- (vi) 100 percent after ten years.

(d) For purposes of qualifying for an annuity or benefit as a member of the public employees police and fire retirement plan:

(1) a public employee who first became a member of the association before July 1, 2010, is 100 percent vested when the person has accrued credit for not less than three years of allowable service as defined under subdivision 16;

(2) a public employee who first becomes a member of the association after June 30, 2010, and before July 1, 2014, is vested at the following percentages when the person has accrued credited allowable service as defined under subdivision 16, as follows:

- (i) 50 percent after five years;
- (ii) 60 percent after six years;
- (iii) 70 percent after seven years;

(iv) 80 percent after eight years;

(v) 90 percent after nine years; and

(vi) 100 percent after ten years; and

(3) a public employee who first becomes a member of the association after June 30, 2014, is vested at the following percentages when the person has accrued credited allowable service as defined under subdivision 16, as follows:

(i) 50 percent after ten years;

(ii) 55 percent after 11 years;

(iii) 60 percent after 12 years;

(iv) 65 percent after 13 years;

(v) 70 percent after 14 years;

(vi) 75 percent after 15 years;

(vii) 80 percent after 16 years;

(viii) 85 percent after 17 years;

(ix) 90 percent after 18 years;

(x) 95 percent after 19 years; and

(xi) 100 percent after 20 or more years.

Sec. 4. Minnesota Statutes 2012, section 353.031, subdivision 4, is amended to read:

Subd. 4. **Additional requirements; eligibility for police and fire or local government correctional service retirement plan disability benefits.** (a) If an application for disability benefits is filed within two years of the date of the injury or the onset of the illness that gave rise to the disability application, the application must be supported by evidence that the applicant is unable to perform the duties of the position held by the applicant on the date of the injury or the onset of the illness causing the disability. The employer must provide evidence indicating whether the applicant is able or unable to perform the duties of the position held on the date of the injury or onset of the illness causing the disability and the specifications, a clear explanation of any duties that the individual can or cannot perform, and an explanation of why the employer may or may not authorize continued employment to the applicant in the current or other position.

(b) If an application for disability benefits is filed more than two years after the date of injury or the onset of an illness causing the disability, the application must be supported by evidence that the applicant is unable to perform the ~~most recent~~ duties that ~~are~~ were expected to be performed by the applicant during the 90 days ~~before preceding~~ the filing of last day the application applicant performed services for the employer. The employer must provide evidence of the duties that ~~are~~ were expected to be performed by the applicant during the 90 days ~~before preceding~~ the filing of last day the application applicant performed services, whether the applicant can or cannot perform those duties overall, and the specifications a clear explanation of any duties that the applicant can or cannot perform, and an explanation of why the employer may or may not authorize continued employment to the applicant in the current or other position.

(c) Any report supporting a claim to disability benefits under section 353.656 or 353E.06 must specifically relate the disability to its cause; and for any claim to duty disability from an injury or illness arising out of an act of duty, the report must state the specific act of duty giving rise to the claim, and relate the cause of disability to inherently dangerous duties ~~specific tasks or functions required to be performed by the employee in fulfilling the employee's duty-related acts which must be specific to the inherent dangers of the positions eligible for membership in~~ covered by the public employees police and fire ~~fund~~ plan and the local government correctional service retirement plan. Any report that does not relate the cause of disability to specific ~~acts or functions~~ inherently dangerous duties performed by the employee may not be relied upon as evidence to support eligibility for benefits and may be disregarded in the executive director's decision-making process.

(d) Any application for duty disability must be supported by a first report of injury as defined in section 176.231.

(e) If a member who has applied for and been approved for disability benefits before the termination of service does not terminate service or is not placed on an authorized leave of absence as certified by the governmental subdivision within 45 days following the date on which the application is approved, the application shall be canceled. If an approved application for disability benefits has been canceled, a subsequent application for disability benefits may not be filed on the basis of the same medical condition for a minimum of one year from the date on which the previous application was canceled.

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

Sec. 5. Minnesota Statutes 2012, section 353.35, subdivision 1, is amended to read:

Subdivision 1. **Refund rights.** (a) Except as provided in paragraph (b), when any former member accepts a refund, all existing service credits and all rights and benefits to which the person was entitled prior to the acceptance of the refund must terminate.

(b) A refund under section 353.651, subdivision 3, paragraph (c), does not result in a forfeiture of salary credit for the allowable service credit covered by the refund.

(c) The rights and benefits of a former member must not be restored until the person returns to active service and acquires at least six months of allowable service credit after taking the last refund and repays the refund or refunds taken and interest received under section 353.34, subdivisions 1 and 2, plus interest at an annual rate of 8.5 percent compounded annually. If the person elects to restore service credit in a particular fund from which the person has taken more than one refund, the person must repay all refunds to that fund. All refunds must be repaid within six months of the last date of termination of public service.

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

Sec. 6. Minnesota Statutes 2012, section 353.65, subdivision 2, is amended to read:

Subd. 2. **Employee contribution.** (a) For members other than members who were active members of the former Minneapolis Firefighters Relief Association on December 29, 2011, or for members other than members who were active members of the former Minneapolis Police Relief Association on December 29, 2011, the employee contribution is ~~9.4 percent~~ an amount equal to the following percentage of the total salary of the each member in ~~calendar year 2010 and is, as follows: 9.6 percent of the salary of the member in each before calendar year after 2010~~ 2014; 10.2 percent in calendar year 2014; and 10.8 percent in calendar year 2015 and thereafter.

(b) For members who were active members of the former Minneapolis Firefighters Relief Association on December 29, 2011, the employee contribution is an amount equal to eight percent of the monthly unit value under section 353.01, subdivision 10a, multiplied by 80 and expressed as a biweekly amount for each member. The

employee contribution made by a member with at least 25 years of service credit as an active member of the former Minneapolis Firefighters Relief Association must be deposited in the postretirement health care savings account established under section 352.98.

(c) For members who were active members of the former Minneapolis Police Relief Association on December 29, 2011, the employee contribution is an amount equal to eight percent of the monthly unit value under section 353.01, subdivision 10b, multiplied by 80 and expressed as a biweekly amount for each member. The employee contribution made by a member with at least 25 years of service credit as an active member of the former Minneapolis Police Relief Association must be deposited in the postretirement health care savings account established under section 352.98.

(d) Contributions under this section must be made by deduction from salary in the manner provided in subdivision 4. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution is based on the total salary received from all sources.

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

Sec. 7. Minnesota Statutes 2012, section 353.65, subdivision 3, is amended to read:

Subd. 3. **Employer contribution.** (a) With respect to members other than members who were active members of the former Minneapolis Firefighters Relief Association on December 29, 2011, or for members other than members who were active members of the former Minneapolis Police Relief Association on December 29, 2011, the employer contribution is ~~14.1 percent~~ an amount equal to the following percentage of the total salary of the each member in calendar year 2010 and is, as follows: 14.4 percent of the salary of the member in each before calendar year after 2010 2014; 15.3 percent in calendar year 2014; and 16.2 percent in calendar year 2015 and thereafter.

(b) With respect to members who were active members of the former Minneapolis Firefighters Relief Association on December 29, 2011, the employer contribution is an amount equal to the amount of the member contributions under subdivision 2, paragraph (b).

(c) With respect to members who were active members of the former Minneapolis Police Relief Association on December 29, 2011, the employer contribution is an amount equal to the amount of the member contributions under subdivision 2, paragraph (c).

(d) Contributions under this subdivision must be made from funds available to the employing subdivision by the means and in the manner provided in section 353.28.

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

Sec. 8. Minnesota Statutes 2012, section 353.651, subdivision 3, is amended to read:

Subd. 3. **Retirement annuity formula.** (a) The average salary as defined in section 353.01, subdivision 17a, multiplied by the percent specified in section 356.315, subdivision 6, ~~per year~~ multiplied by years of allowable service, multiplied by the applicable vesting percentage indicated in section 353.01, subdivision 47, determines the amount of the normal retirement annuity. If the member has earned allowable service for performing services other than those of a police officer or firefighter, the annuity representing that service must be computed under sections 353.29 and 353.30.

(b) For a member first enrolled in the public employees police and fire retirement plan after June 30, 2014, the average salary as defined in section 353.01, subdivision 17a, paragraph (a), includes salary for all years for which contributions have been reported to the public employees police and fire retirement plan, but allowable service included in the calculation is limited to 33 years and the normal retirement annuity must not exceed 99 percent of the average salary.

(c) When the annuity begins for members of the public employees police and fire retirement plan enrolled after June 30, 2014, a prorated share of the contributions for allowable service exceeding 33 years must be refunded to the member. The prorated share of the contributions to be refunded is determined by multiplying the accumulated deductions paid by the member to the public employees police and fire retirement plan by a percentage determined using the number of months of service in excess of 396 as the numerator and the total number of months of allowable service on which contributions were reported as the denominator. Interest as defined in section 353.34, subdivision 2, is to be applied to the prorated share of contributions from the first of the 397th month of allowable service reported to the public employees police and fire retirement plan to the first of the month the annuity begins.

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

Sec. 9. Minnesota Statutes 2012, section 353.651, subdivision 4, is amended to read:

Subd. 4. **Early retirement.** (a) A person who becomes a public employees police and fire retirement plan member after June 30, 2007, or a former member who is reinstated as a member of the plan after that date, who is at least 50 years of age and who is at least partially vested under section 353.01, subdivision 47, upon the termination of public service before July 1, 2014, if the person is other than a county sheriff or after January 4, 2015, if the person is a county sheriff is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by two-tenths of one percent for each month that the member is under age 55 at the time of retirement.

(b) Upon the termination of public service before July 1, 2014, if the person is other than a county sheriff or upon the termination of public service before January 5, 2015, if the person is a county sheriff, any public employees police and fire retirement plan member who first became a member of the plan before July 1, 2007, and who is not specified in paragraph (a), upon attaining at least 50 years of age with at least three years of allowable service is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by one-tenth of one percent for each month that the member is under age 55 at the time of retirement.

(c) A person other than a county sheriff who is a member of the public employees police and fire retirement plan on or after July 1, 2014, or a county sheriff who is a member of the public employees police and fire retirement plan on or after January 5, 2015, and who is at least 50 years old and is at least partially vested under section 353.01, subdivision 47, and whose benefit effective date is after July 1, 2014, if other than a county sheriff or after January 4, 2015, if a county sheriff and on or before July 1, 2019, is entitled upon application to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced for each month the member is under age 55 at the time of retirement by applying a blended monthly rate that is equivalent to the sum of:

(1) one-sixtieth of the annual rate of five percent, prorated for each month the person's benefit effective date is after July 1, 2014, or after December 31, 2014, whichever applies; and

(2) one-sixtieth of the annual rate provided under paragraph (a) or (b), whichever applies, for each month the person's benefit effective date is before July 1, 2019.

(d) A person other than a county sheriff who is a member of the public employees police and fire retirement plan on or after July 1, 2014, or a county sheriff who is a member of the public employees police and fire retirement plan on or after January 5, 2015, and who is at least 50 years old and is at least partially vested under section 353.01, subdivision 47, whose benefit effective date is after July 1, 2019, is entitled, upon application, to a retirement annuity equal to the normal annuity calculated under subdivision 3, reduced by five percent annually, prorated for each month that the member is under age 55.

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

Sec. 10. Minnesota Statutes 2012, section 353.657, subdivision 2a, is amended to read:

Subd. 2a. **Death while eligible survivor benefit.** (a) If a member or former member who has attained the age of at least 50 years and either who is vested under section 353.01, subdivision 47, or who has credit for at least 30 years of allowable service, regardless of age attained, dies before the annuity or disability benefit becomes payable, notwithstanding any designation of beneficiary to the contrary, the surviving spouse may elect to receive a death while eligible survivor benefit.

(b) Notwithstanding the definition of surviving spouse in section 353.01, subdivision 20, a former spouse of the member, if any, is entitled to a portion of the death while eligible survivor benefit if stipulated under the terms of a marriage dissolution decree filed with the association. If there is no surviving spouse or child or children, a former spouse may be entitled to a lump-sum refund payment under section 353.32, subdivision 1, if provided for in a marriage dissolution decree but not a death while eligible survivor benefit despite the terms of a marriage dissolution decree filed with the association.

(c) The benefit may be elected instead of a refund with interest under section 353.32, subdivision 1, or surviving spouse benefits otherwise payable under subdivisions 1 and 2. The benefit must be an annuity equal to the 100 percent joint and survivor annuity which the member could have qualified for on the date of death, computed as provided in sections 353.651, ~~subdivisions 2 and~~ subdivision 3, and 353.30, subdivision 3.

(d) The surviving spouse may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. Sections 353.34, subdivision 3, and 353.71, subdivision 2, apply to a deferred annuity payable under this subdivision.

(e) No payment accrues beyond the end of the month in which entitlement to such annuity has terminated. An amount equal to the excess, if any, of the accumulated contributions which were credited to the account of the deceased employee over and above the total of the annuities paid and payable to the surviving spouse must be paid to the deceased member's last designated beneficiary or, if none, to the legal representative of the estate of such deceased member.

(f) Any member may request in writing, with the signed consent of the spouse, that this subdivision not apply and that payment be made only to the designated beneficiary, as otherwise provided by this chapter.

(g) For a member who is employed as a full-time firefighter by the Department of Military Affairs of the state of Minnesota, allowable service as a full-time state Military Affairs Department firefighter credited by the Minnesota State Retirement System may be used in meeting the minimum allowable service requirement of this subdivision.

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

Sec. 11. Minnesota Statutes 2012, section 353.657, subdivision 3a, is amended to read:

Subd. 3a. **Maximum and minimum family benefits.** (a) The maximum monthly benefit per family must not exceed the following percentages of the member's average monthly salary as specified in subdivision 3:

(1) 80 percent, if the member's death was a line of duty death; or

(2) 70 percent, if the member's death was not a line of duty death or occurred while the member was receiving a disability benefit that accrued before July 1, 2007.

(b) The minimum monthly benefit per family, including the joint and survivor optional annuity under subdivision 2a, and section 353.656, subdivision 1a, must not be less than the following percentage of the member's average monthly salary as specified in subdivision 3:

(1) 60 percent, if the death was a line of duty death; or

(2) 50 percent, if the death was not a line of duty death or occurred while the member was receiving a disability benefit that accrued before July 1, 2007.

(c) If the maximum under paragraph (a) is exceeded, the monthly benefit of the joint annuitant, surviving spouse, and dependent children, as applicable, must each be reduced to the amount necessary proportionately so that the total family benefit does not exceed the applicable maximum. The joint and survivor optional annuity, surviving spouse, or dependent children benefit, as applicable, must be restored, plus applicable postretirement adjustments under Minnesota Statutes 2008, section 356.41 or section 356.415, as the dependent child or children become no longer dependent under section 353.01, subdivision 15, or in the event of the death of the joint and survivor annuity recipient or the surviving spouse.

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

Sec. 12. Minnesota Statutes 2012, section 353E.001, subdivision 1, is amended to read:

Subdivision 1. **Duty disability.** "Duty disability," physical or psychological, means a condition that is expected to prevent a member, for a period of not less than 12 months, from performing the normal duties of a local government correctional service employee as defined under section 353E.02 and that is the direct result of an injury incurred during, or a disease arising out of, the performance of ~~normal duties or the actual performance of less frequent inherently dangerous duties, either of which are specific to protecting the property and personal safety of others and that present inherent dangers~~ that are specific to the positions covered by the local government correctional service retirement plan.

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

Sec. 13. Minnesota Statutes 2012, section 356.415, subdivision 1b, is amended to read:

Subd. 1b. **Annual postretirement adjustments; PERA; general employees retirement plan and local government correctional retirement plan.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the general employees retirement plan of the Public Employees Retirement Association and the local government correctional service retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) for ~~January 1, 2011, and~~ each successive January 1 until funding stability is restored for the applicable retirement plan, a postretirement increase of one percent must be applied each year, effective on January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12 full months as of the current June 30;

(2) for ~~January 1, 2011, and~~ each successive January 1 until funding stability is restored for the applicable retirement plan, for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the current June 30, an annual postretirement increase of 1/12 of one percent for each month the person has been receiving an annuity or benefit must be applied;

(3) for each January 1 following the restoration of funding stability for the applicable retirement plan, a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit amount of each annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12 full months as of the current June 30; and

(4) for each January 1 following restoration of funding stability for the applicable retirement plan, for each annuity or benefit recipient who has been receiving an annuity or a benefit for at least one full month, but less than 12 full months as of the current June 30, an annual postretirement increase of 1/12 of 2.5 percent for each month the person has been receiving an annuity or benefit must be applied.

(b) Funding stability is restored when the market value of assets of the applicable retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the applicable plan in the two most recent prior consecutive actuarial valuation valuations prepared under section 356.215 and the standards for actuarial work by the approved actuary retained by the Public Employees Retirement Association under section 356.214.

~~(c) If, after applying the increase as provided for in paragraph (a), clauses (3) and (4), the market value of the applicable retirement plan is determined in the next subsequent actuarial valuation prepared under section 356.215 to be less than 90 percent of the actuarial accrued liability of any of the applicable Public Employees Retirement Association plans; After having met the definition of funding stability under paragraph (b), the increase provided in paragraph (a), clauses (1) and (2), are rather than an increase under subdivision 1, is again to be applied as of the next successive January until funding stability is again restored. in a subsequent year or years if the market value of assets of the applicable plan equals or is less than:~~

(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive actuarial valuations; or

(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent actuarial valuation.

(d) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

(e) The retirement annuity payable to a person who retires before becoming eligible for Social Security benefits and who has elected the optional payment, as provided in section 353.29, subdivision 6, must be treated as the sum of a period-certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period-certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62 for section 353.29, subdivision 6. A postretirement adjustment granted on the period-certain retirement annuity must terminate when the period-certain retirement annuity terminates.

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

Sec. 14. Minnesota Statutes 2012, section 356.415, subdivision 1c, is amended to read:

Subd. 1c. **Annual postretirement adjustments; PERA-police and fire.** (a) Retirement annuity, disability benefit, or survivor benefit recipients of the public employees police and fire retirement plan are entitled to a postretirement adjustment annually on January 1, until funding stability is restored, as follows:

(1) for ~~January 1, 2011, and for January 1, 2012,~~ for each annuitant or benefit recipient whose annuity or benefit effective date is on or before June 1, 2014, who has been receiving the annuity or benefit for at least 12 full months as of the immediate preceding June 30, an amount equal to one percent in each year; or

(2) for ~~January 1, 2011, and for January 1, 2012,~~ for each annuitant or benefit recipient whose annuity or benefit effective date is on or before June 1, 2014, who has been receiving the annuity or benefit for at least one full month, but not less than 11 months, as of the immediate preceding June 30, an amount equal to 1/12 of one percent ~~in each year~~ for each month of annuity or benefit receipt; and

~~(3) for January 1, 2013, and each successive January 1 that follows the loss of funding stability as defined under paragraph (b) until funding stability as defined under paragraph (b) is again restored, for each annuitant or benefit recipient whose annuity or benefit effective date is after June 1, 2014, who has will have been receiving the an~~ annuity or benefit for at least ~~42~~ 36 full months as of the immediate preceding June 30, an amount equal to the ~~percentage increase in the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor between the immediate preceding June 30 and the June 30 occurring 12 months previous, but not to exceed 1.5~~ one percent; or

~~(4) for January 1, 2013, and each successive January 1 that follows the loss of funding stability as defined under paragraph (b) until funding stability as defined under paragraph (b) is again restored, for each annuitant or benefit recipient whose annuity or benefit effective date is after June 1, 2014, who has been receiving the annuity or benefit for at least one 25 full month months, but less than 36 months as of the immediate preceding June 30, an amount equal to 1/12 of the percentage increase in the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor between the immediate preceding June 30 and the June 30 occurring 12 months previous for each full month of annuity or benefit receipt, but not to exceed 1/12 of 1.5~~ one percent for each full month of annuity or benefit receipt; during the fiscal year in which the annuity or benefit was effective.

~~(5) for (b) Retirement annuity, disability benefit, or survivor benefit recipients of the public employees police and fire retirement plan are entitled to a postretirement adjustment annually on each January 1 following the restoration of funding stability as defined under paragraph (b) (c) and during the continuation of funding stability as defined under paragraph (b) (c), as follows:~~

~~(1) for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least 42~~ 36 full months as of the immediate preceding June 30, an amount equal to the percentage increase in the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor between the immediate preceding June 30 and the June 30 occurring 12 months previous, but not to exceed 2.5 percent; and

~~(6) for each January 1 following the restoration of funding stability as defined under paragraph (b) and during the continuation of funding stability as defined under paragraph (b); (2) for each annuitant or benefit recipient who has been receiving the annuity or benefit for at least one 25 full month months, but less than 36 full months, as of the immediate preceding June 30, an amount equal to 1/12 of the percentage increase in the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor between the immediate preceding June 30 and the June 30 occurring 12 months previous for each full month of annuity or benefit receipt during the fiscal year in which the annuity or benefit was effective, but not to exceed 1/12 of 2.5 percent for each full month of annuity or benefit receipt during the fiscal year in which the annuity or benefit was effective.~~

~~(b) (c) Funding stability is restored when the market value of assets of the public employees police and fire retirement plan equals or exceeds 90 percent of the actuarial accrued liabilities of the applicable plan in the two most recent prior consecutive actuarial valuation valuations prepared under section 356.215 and under the standards for actuarial work of the Legislative Commission on Pensions and Retirement by the approved actuary retained by the Public Employees Retirement Association under section 356.214.~~

~~(d) After having met the definition of funding stability under paragraph (c), a full or prorated increase, as provided in paragraph (a), clause (1), (2), (3), or (4), whichever applies, rather than adjustments under paragraph (b), is again applied in a subsequent year or years if the market value of assets of the public employees police and fire retirement plan equals or is less than:~~

(1) 85 percent of the actuarial accrued liabilities of the applicable plan for two consecutive actuarial valuations; or

(2) 80 percent of the actuarial accrued liabilities of the applicable plan for the most recent actuarial valuation.

(e) (e) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the Public Employees Retirement Association requesting that the increase not be made.

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

ARTICLE 4
TEACHERS RETIREMENT ASSOCIATION
EARLY RETIREMENT REDUCTION FACTORS

Section 1. Minnesota Statutes 2012, section 354.44, subdivision 6, is amended to read:

Subd. 6. **Computation of formula program retirement annuity.** (a) The formula retirement annuity must be computed in accordance with the applicable provisions of the formulas stated in paragraph (b) or (d) on the basis of each member's average salary under section 354.05, subdivision 13a, for the period of the member's formula service credit.

(b) This paragraph, in conjunction with paragraph (c), applies to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefor is entitled for service rendered before July 1, 2006:

	Coordinated Member	Basic Member
Each year of service during first ten	the percent specified in section 356.315, subdivision 1, per year	the percent specified in section 356.315, subdivision 3, per year
Each year of service thereafter	the percent specified in section 356.315, subdivision 2, per year	the percent specified in section 356.315, subdivision 4, per year

For service rendered on or after July 1, 2006, the average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of service credit, determines the amount the annuity to which the member qualifying therefor is entitled:

	Coordinated Member	Basic Member
Each year of service during first ten	the percent specified in section 356.315, subdivision 1a, per year	the percent specified in section 356.315, subdivision 3, per year
Each year of service after ten years of service	the percent specified in section 356.315, subdivision 2b, per year	the percent specified in section 356.315, subdivision 4, per year

(c)(i) This paragraph applies only to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in conjunction with this paragraph than when calculated under paragraph (d), in conjunction with paragraph (e).

(ii) Where any member retires prior to normal retirement age under a formula annuity, the member shall be paid a retirement annuity in an amount equal to the normal annuity provided in paragraph (b) reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement except that for any member who has 30 or more years of allowable service credit, the reduction shall be applied only for each month that the member is under age 62.

(iii) Any member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in paragraph (b), without any reduction by reason of early retirement.

(d) This paragraph applies to a member who has become at least 55 years old and first became a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount when calculated under this paragraph and in conjunction with paragraph (e), is higher than it is when calculated under paragraph (b), in conjunction with paragraph (c). For a basic member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by the percent specified by section 356.315, subdivision 4, for each year of service for a basic member shall determine the amount of the retirement annuity to which the basic member is entitled. The annuity of a basic member who was a member of the former Minneapolis Teachers Retirement Fund Association as of June 30, 2006, must be determined according to the annuity formula under the articles of incorporation of the former Minneapolis Teachers Retirement Fund Association in effect as of that date. For a coordinated member, the average salary, as defined in section 354.05, subdivision 13a, multiplied by the percent specified in section 356.315, subdivision 2, for each year of service rendered before July 1, 2006, and by the percent specified in section 356.315, subdivision 2b, for each year of service rendered on or after July 1, 2006, determines the amount of the retirement annuity to which the coordinated member is entitled.

(e) This paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b), in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity provided in paragraph (d) reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee became an employee after June 30, 2006. Except in regards to section 354.46, this paragraph remains in effect until June 30, 2015.

(f) After June 30, 2020, this paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b), in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age is entitled to receive the normal annuity provided in paragraph (d). For a person who is at least age 62 or older and has at least 30 years of service, the annuity must be reduced by an early reduction factor of six percent per year of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee became an employee after June 30, 2006. For a person who is not at least age 62 or older and does not have at least 30 years of service, the annuity would be reduced by an early reduction factor of four percent per year for ages 55 through 59 and seven percent per year of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee became an employee after June 30, 2006.

(g) After June 30, 2015, and before July 1, 2020, for a person who would have a reduced retirement annuity under either paragraph (e) or (f) if they were applicable, the employee is entitled to receive a reduced annuity which must be calculated using a blended reduction factor augmented monthly by 1/60 of the difference between the reduction required under paragraph (e) and the reduction required under paragraph (f).

(+) (h) No retirement annuity is payable to a former employee with a salary that exceeds 95 percent of the governor's salary unless and until the salary figures used in computing the highest five successive years average salary under paragraph (a) have been audited by the Teachers Retirement Association and determined by the executive director to comply with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

EFFECTIVE DATE. This section is effective July 1, 2013.

ARTICLE 5
FIRST CLASS CITY TEACHER RETIREMENT
INCREASES AND FINANCIAL SOLVENCY MEASURES

Section 1. [354.436] DIRECT STATE AID ON BEHALF OF THE FORMER MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION.

Subdivision 1. Aid authorization. The state shall pay \$12,954,000 to the Teachers Retirement Association on behalf of the former Minneapolis Teachers Retirement Fund Association.

Subd. 2. Aid appropriation. The commissioner of management and budget shall pay the aid annually on October 1. The amount required is appropriated annually from the general fund to the commissioner of management and budget.

Subd. 3. Aid expiration. The aid specified in this section terminates and this section expires when the current assets of the Teachers Retirement Association fund equal or exceed the actuarial accrued liabilities of the fund as determined in the most recent actuarial valuation report for the Teachers Retirement Association fund by the actuary retained under section 356.214, or on the established date for full funding under section 356.215, subdivision 11, whichever occurs earlier.

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

Sec. 2. Minnesota Statutes 2012, section 354A.011, subdivision 21, is amended to read:

Subd. 21. **Retirement.** (a) "Retirement" means the time after the date of cessation of active teaching service by a teacher who is ~~thereafter then~~ entitled to an accrued retirement annuity ~~commencing beginning~~ as designated by the board of trustees and payable ~~pursuant to an~~ upon filing a valid application for an annuity ~~filed~~ with the board. The applicable provisions of law, articles of incorporation and bylaws in effect on the date of cessation of active teaching service thereafter determine the rights of the person.

(b) For members of the St. Paul Teachers Retirement Fund Association, a right to a retirement annuity requires a complete and continuous separation for 90 days from employment in any form with Independent School District No. 625, including service provided to the school district as an independent contractor or as an employee of an independent contractor.

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

Sec. 3. Minnesota Statutes 2012, section 354A.12, subdivision 1, is amended to read:

Subdivision 1. **Employee contributions.** (a) The contribution required to be paid by each member of a teachers retirement fund association is the percentage of total salary specified below for the applicable association and program:

Association and Program	Percentage of Total Salary
Duluth Teachers Retirement Fund Association	
old law and new law coordinated programs	
before July 1, 2011 2013	5.5 6.5 percent
effective July 1, 2011 2013	6.0 7.0 percent
effective July 1, 2012 2014	6.5 7.5 percent

St. Paul Teachers Retirement Fund Association

basic program before July 1, 2011	8 percent
basic program after June 30, 2011	8.25 percent
basic program after June 30, 2012	8.5 percent
basic program after June 30, 2013	8.75 percent
basic program after June 30, 2014	9.0 percent
<u>basic program after June 30, 2015</u>	<u>9.5 percent</u>
<u>basic program after June 30, 2016</u>	<u>10.0 percent</u>
coordinated program before July 1, 2011	5.5 percent
coordinated program after June 30, 2011	5.75 percent
coordinated program after June 30, 2012	6.0 percent
coordinated program after June 30, 2013	6.25 percent
coordinated program after June 30, 2014	6.50 percent
<u>coordinated program after June 30, 2015</u>	<u>7.0 percent</u>
<u>coordinated program after June 30, 2016</u>	<u>7.50 percent</u>

(b) Contributions shall be made by deduction from salary and must be remitted directly to the respective teachers retirement fund association at least once each month.

(c) When an employee contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

EFFECTIVE DATE. This section is effective with respect to the Duluth Teachers Retirement Fund Association on July 1, 2013, and is effective with respect to the St. Paul Teachers Retirement Fund Association on the day following final enactment.

Sec. 4. Minnesota Statutes 2012, section 354A.12, subdivision 2a, is amended to read:

Subd. 2a. **Employer regular and additional contributions.** (a) The employing units shall make the following employer contributions to teachers retirement fund associations:

(1) for any coordinated member of one of the following teachers retirement fund associations in a city of the first class, the employing unit shall make a regular employer contribution to the respective retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

Duluth Teachers Retirement Fund Association

before July 1, 2011 <u>2013</u>	5.79 <u>6.79</u> percent
effective July 1, 2011 <u>2013</u>	6.29 <u>7.29</u> percent
effective July 1, 2012 <u>2014</u>	6.79 <u>7.50</u> percent

St. Paul Teachers Retirement Fund Association

before July 1, 2011	4.50 percent
after June 30, 2011	4.75 percent
after June 30, 2012	5.0 percent
after June 30, 2013	5.25 percent
after June 30, 2014	5.5 percent
<u>after June 30, 2015</u>	<u>6.0 percent</u>
<u>after June 30, 2016</u>	<u>6.25 percent</u>
<u>after June 30, 2017</u>	<u>6.5 percent</u>

(2) for any basic member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make a regular employer contribution to the respective retirement fund in an amount according to the schedule below:

before July 1, 2011	8.0 percent of salary
after June 30, 2011	8.25 percent of salary
after June 30, 2012	8.5 percent of salary
after June 30, 2013	8.75 percent of salary
after June 30, 2014	9.0 percent of salary
<u>after June 30, 2015</u>	<u>9.5 percent of salary</u>
<u>after June 30, 2016</u>	<u>9.75 percent of salary</u>
<u>after June 30, 2017</u>	<u>10.0 percent of salary</u>

(3) for a basic member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to 3.64 percent of the salary of the basic member;

(4) for a coordinated member of the St. Paul Teachers Retirement Fund Association, the employing unit shall make an additional employer contribution to the respective fund in an amount equal to the applicable percentage of the coordinated member's salary, as provided below:

St. Paul Teachers Retirement Fund Association	3.84 percent
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(b) The regular and additional employer contributions must be remitted directly to the respective teachers retirement fund association at least once each month. Delinquent amounts are payable with interest under the procedure in subdivision 1a.

(c) Payments of regular and additional employer contributions for school district or technical college employees who are paid from normal operating funds must be made from the appropriate fund of the district or technical college.

(d) When an employer contribution rate changes for a fiscal year, the new contribution rate is effective for the entire salary paid by the employer with the first payroll cycle reported.

EFFECTIVE DATE. This section is effective with respect to the Duluth Teachers Retirement Fund Association on July 1, 2013, and is effective with respect to the St. Paul Teachers Retirement Fund Association on the day following final enactment.

Sec. 5. Minnesota Statutes 2012, section 354A.12, is amended by adding a subdivision to read:

Subd. 2c. Duluth Teachers Retirement Fund Association; employer contributions for reemployed annuitants. The school district shall make the regular employer contributions and additional employer contributions specified in subdivision 2a on behalf of any retired member of the Duluth Teachers Retirement Fund Association who is reemployed by Independent School District No. 709, including providing service to the school district as an independent contractor or as an employee of an independent contractor.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 6. Minnesota Statutes 2012, section 354A.12, is amended by adding a subdivision to read:

Subd. 2d. St. Paul Teachers Retirement Fund Association; employer contributions for reemployed annuitants. Independent School District No. 625 shall make the regular employer contribution and additional employer contribution specified in subdivision 2a, plus a supplemental contribution equal to 2.5 percent of salary, on

behalf of any retired member of the St. Paul Teachers Retirement Fund Association who is reemployed by Independent School District No. 625, including providing service to the school district as an independent contractor or as an employee of an independent contractor.

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

Sec. 7. Minnesota Statutes 2012, section 354A.12, subdivision 3a, is amended to read:

Subd. 3a. **Special direct state aid to first class city teachers retirement fund associations.** (a) The state shall pay ~~\$346,000~~ \$6,346,000 as special direct state aid to the Duluth Teachers Retirement Fund Association, and ~~\$2,827,000~~ \$9,827,000 to the St. Paul Teachers Retirement Fund Association ~~and, for the former Minneapolis Teachers Retirement Fund Association, \$12,954,000 to the Teachers Retirement Association.~~

(b) The ~~direct state~~ aids under this subdivision are payable October 1 annually. The commissioner of management and budget shall pay the ~~direct state aid~~ aids specified in this subdivision. The ~~amount~~ amounts required ~~under this subdivision is~~ are appropriated annually from the general fund to the commissioner of management and budget.

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

Sec. 8. Minnesota Statutes 2012, section 354A.12, subdivision 3c, is amended to read:

Subd. 3c. **Termination of supplemental contributions and direct matching and state aid.** (a) The supplemental contributions payable to the St. Paul Teachers Retirement Fund Association by Independent School District No. 625 under section 423A.02, subdivision 3, ~~or the direct~~ and all forms of state aid under subdivision 3a to the St. Paul Teachers Retirement Fund Association must continue until the current assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under section 356.214 or until June 30, 2037, whichever occurs earlier.

(b) The aid to the Duluth Teachers Retirement Fund Association under section 423A.02, subdivision 3, and all forms of state aid under subdivision 3a to the Duluth Teachers Retirement Fund Association must continue until the current assets of the fund equal or exceed the actuarial accrued liability of the fund as determined in the most recent actuarial report for the fund by the actuary retained under section 356.214 or until the established date for full funding under section 356.215, subdivision 11, whichever occurs earlier.

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

Sec. 9. Minnesota Statutes 2012, section 354A.12, subdivision 7, is amended to read:

Subd. 7. **Recovery of benefit overpayments.** (a) If the executive director discovers, within the time period specified in subdivision 8 following the payment of a refund or the accrual date of any retirement annuity, survivor benefit, or disability benefit, that benefit overpayment has occurred due to using invalid service or salary, or due to any erroneous calculation procedure, the executive director must recalculate the annuity or benefit payable and recover any overpayment. The executive director shall recover the overpayment by requiring direct repayment or by suspending or reducing the payment of a retirement annuity or other benefit payable under this chapter to the applicable person or the person's estate, whichever applies, until all outstanding amounts have been recovered. If a benefit overpayment or improper payment of benefits occurred caused by a failure of the person to satisfy length of separation requirements for retirement under section 354A.011, subdivision 21, the executive director shall recover the improper payments by requiring direct repayment. The repayment must include interest at the rate of 0.71 percent per month from the first of the month in which a monthly benefit amount was paid to the first of the month in which the amount is repaid, with annual compounding.

(b) In the event the executive director determines that an overpaid annuity or benefit that is the result of invalid salary included in the average salary used to calculate the payment amount must be recovered, the executive director must determine the amount of the employee deductions taken in error on the invalid salary, with interest as determined under 354A.37, subdivision 3, and must subtract that amount from the total annuity or benefit overpayment, and the remaining balance of the overpaid annuity or benefit, if any, must be recovered.

(c) If the invalid employee deductions plus interest exceed the amount of the overpaid benefits, the balance must be refunded to the person to whom the benefit or annuity is being paid.

(d) Any invalid employer contributions reported on the invalid salary must be credited against future contributions payable by the employer.

(e) If a member or former member, who is receiving a retirement annuity or disability benefit for which an overpayment is being recovered, dies before recovery of the overpayment is completed and an optional annuity or refund is payable, the remaining balance of the overpaid annuity or benefit must continue to be recovered from the payment to the optional annuity beneficiary or refund recipient.

(f) The board of trustees shall adopt policies directing the period of time and manner for the collection of any overpaid retirement or optional annuity, and survivor or disability benefit, or a refund that the executive director determines must be recovered as provided under this section.

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

Sec. 10. Minnesota Statutes 2012, section 354A.27, is amended by adding a subdivision to read:

Subd. 6a. Postretirement adjustment transition. (a) If the funded ratio of the retirement plan based on the actuarial value of assets is at least 90 percent as reported in the most recent actuarial valuation prepared under sections 356.214 and 356.215, this subdivision expires and subsequent postretirement adjustments are governed by subdivision 7.

(b) Each annuity or benefit recipient of the retirement plan who has been receiving that annuity or benefit for at least 12 months as of the applicable January 1 is eligible to receive a postretirement adjustment of one percent, payable on January 1.

EFFECTIVE DATE. This section is effective July 1, 2013, and applies to the January 1, 2014, postretirement increase.

Sec. 11. Minnesota Statutes 2012, section 354A.27, subdivision 7, is amended to read:

Subd. 7. Calculation of postretirement adjustments. (a) This subdivision applies if subdivision 6 6a has expired.

(b) A percentage adjustment must be computed and paid under this subdivision to eligible persons under subdivision 5. This adjustment is determined by reference to the Consumer Price Index for urban wage earners and clerical workers all items index as reported by the Bureau of Labor Statistics within the United States Department of Labor each year as part of the determination of annual cost-of-living adjustments to recipients of federal old-age, survivors, and disability insurance. For calculations of cost-of-living adjustments under paragraph (c), the term "average third quarter Consumer Price Index value" means the sum of the monthly index values as initially reported by the Bureau of Labor Statistics for the months of July, August, and September, divided by 3.

(c) Before January 1 of each year, the executive director must calculate the amount of the cost-of-living adjustment by dividing the most recent average third quarter index value by the same average third quarter index value from the previous year, subtract one from the resulting quotient, and express the result as a percentage amount, which must be rounded to the nearest one-tenth of one percent.

(d) The amount calculated under paragraph (c) is the full cost-of-living adjustment to be applied as a permanent increase to the regular payment of each eligible member on January 1 of the next calendar year. For any eligible member whose effective date of benefit commencement occurred during the calendar year before the cost-of-living adjustment is applied, the full increase amount must be prorated on the basis of whole calendar quarters in benefit payment status in the calendar year prior to the January 1 on which the cost-of-living adjustment is applied, calculated to the third decimal place.

(e) The adjustment must not be less than zero nor greater than five percent.

(f) If the funding ratio of the plan as determined in the most recent actuarial valuation using the actuarial value of assets is less than 80 percent there will be no postretirement adjustment the following January 1.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 12. Minnesota Statutes 2012, section 354A.31, subdivision 3, is amended to read:

Subd. 3. **Resumption of teaching after commencement of a retirement annuity.** (a) Any person who retired and is receiving a coordinated program retirement annuity under the provisions of sections 354A.31 to 354A.41 or any person receiving a basic program retirement annuity under the governing sections in the articles of incorporation or bylaws and who has resumed teaching service for the school district in which the teachers retirement fund association exists is entitled to continue to receive retirement annuity payments, except that all or a portion of the annuity payments must be deferred during the calendar year immediately following the calendar year in which the person's salary from the teaching service is in an amount greater than \$46,000. The amount of the annuity deferral is one-third the salary amount in excess of \$46,000 and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned.

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment salary exempt from triggering a deferral as specified in this subdivision must be prorated for that calendar year.

(c) After a person has reached the Social Security normal retirement age, no deferral requirement is applicable regardless of the amount of any compensation received for teaching service for the school district in which the teachers retirement fund association exists.

(d) The amount of the retirement annuity deferral must be handled or disposed of as provided in section 356.47.

(e) Notwithstanding other paragraphs of this subdivision, for any retired Duluth Teachers Retirement Fund Association member whose effective date of retirement is after June 30, 2013, amounts specified as deferred under this subdivision must instead be forfeited to the Duluth Teachers Retirement Fund Association fund.

(f) Notwithstanding other paragraphs of this subdivision, for any retired St. Paul Teachers Retirement Fund Association basic or coordinated program member whose effective date of retirement is after June 30, 2013, amounts specified as deferred under this subdivision must instead be forfeited to the St. Paul Teachers Retirement Fund Association fund.

~~(e)~~ (g) For the purpose of this subdivision, salary from teaching service includes: (i) all income for services performed as a consultant or independent contractor; or income resulting from working with the school district in any capacity; and (ii) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in the school district in which the teachers retirement fund association exists and at the same level as the position occupied by the person who resumes teaching service.

(h) On or before February 15 of each year, each applicable employing unit shall report to the teachers retirement fund association the amount of postretirement salary as defined in this subdivision, earned as a teacher, consultant, or independent contractor during the previous calendar year by each retiree of the teachers retirement fund association for teaching service performed after retirement. The report must be in a format approved by the executive secretary or director.

EFFECTIVE DATE. This section is effective with respect to the Duluth Teachers Retirement Fund Association on July 1, 2013, and is effective with respect to the St. Paul Teachers Retirement Fund Association the day following final enactment.

Sec. 13. Minnesota Statutes 2012, section 354A.31, subdivision 4, is amended to read:

Subd. 4. **Computation of normal coordinated retirement annuity; St. Paul fund.** (a) This subdivision applies to the coordinated program of the St. Paul Teachers Retirement Fund Association.

(b) The normal coordinated retirement annuity is an amount equal to a retiring coordinated member's average salary under section 354A.011, subdivision 7a, multiplied by the retirement annuity formula percentage.

(c) This paragraph, in conjunction with subdivision 6, applies to a person who first became a member or a member in a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a higher annuity amount, in which case paragraph (d) will apply. For service rendered before July 1, 2015, the retirement annuity formula percentage for purposes of this paragraph is the percent specified in section 356.315, subdivision 1, per year for each year of coordinated service for the first ten years and the percent specified in section 356.315, subdivision 2, for each year of coordinated service thereafter. For service rendered after June 30, 2015, the retirement annuity formula percentage for purposes of this paragraph is the percent specified in section 356.315, subdivision 1a, per year for each year of coordinated service for the first ten years and the percent specified in section 356.315, subdivision 2b, for each year of coordinated service thereafter.

(d) This paragraph applies to a person who has become at least 55 years old and who first becomes a member after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with subdivision 7 is higher than it is when calculated under paragraph (c), in conjunction with the provisions of subdivision 6. The retirement annuity formula percentage for purposes of this paragraph is the percent specified in section 356.315, subdivision 2, for each year of coordinated service rendered before July 1, 2015, and the percent specified in section 356.215, subdivision 2b, for each year of coordinated service thereafter.

EFFECTIVE DATE. This section is effective July 1, 2014.

Sec. 14. Minnesota Statutes 2012, section 354A.31, subdivision 4a, is amended to read:

Subd. 4a. **Computation of normal coordinated retirement annuity; Duluth fund.** (a) This subdivision applies to the new law coordinated program of the Duluth Teachers Retirement Fund Association.

(b) The normal coordinated retirement annuity is an amount equal to a retiring coordinated member's average salary under section 354A.011, subdivision 7a, multiplied by the retirement annuity formula percentage.

(c) This paragraph, in conjunction with subdivision 6, applies to a person who first became a member or a member in a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with subdivision 7, produces a higher annuity amount, in which case paragraph (d) applies. The retirement annuity formula percentage for purposes of this paragraph is the percent specified in section 356.315, subdivision 1, per year for each year of coordinated program service for the first ten years rendered through

June 30, 2013, and the percent specified in section 356.315, subdivision 1a, per year for each year of coordinated program service rendered after June 30, 2013, and the percent specified in section 356.315, subdivision 2, for each subsequent year of coordinated program service through June 30, 2013, and the percent specified in section 356.315, subdivision 2b, per year for each year of coordinated program service rendered after June 30, 2013.

(d) This paragraph applies to a person who is at least 55 years old and who first becomes a member after June 30, 1989, and to any other member who is at least 55 years old and whose annuity amount, when calculated under this paragraph and in conjunction with subdivision 7, is higher than it is when calculated under paragraph (c) in conjunction with subdivision 6. The retirement annuity formula percentage for purposes of this paragraph is the percent specified in section 356.315, subdivision 2, for each year of coordinated program service through June 30, 2013, and the percent specified in section 356.315, subdivision 2b, per year for each year of coordinated program service rendered after June 30, 2013.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 15. Minnesota Statutes 2012, section 354A.31, subdivision 7, is amended to read:

Subd. 7. **Actuarial Reduction for early retirement.** (a) This subdivision applies to a person who has become at least 55 years old and first becomes a coordinated member after June 30, 1989, and to any other coordinated member who has become at least 55 years old and whose annuity is higher when calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), ~~and~~ or subdivision 4a, paragraph (d), as applicable, in conjunction with this subdivision than when calculated under subdivision 4, paragraph (c), or subdivision 4a, paragraph (c), in conjunction with subdivision 6.

(b) A coordinated member who retires before the ~~full benefit normal retirement~~ normal retirement age shall be paid the retirement annuity calculated using the retirement annuity formula percentage in subdivision 4, paragraph (d), or subdivision 4a, paragraph (d), ~~reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the member if the member deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the person initially becomes a teacher after June 30, 2006.~~ whichever is applicable, multiplied by the applicable early retirement factor specified below:

	<u>Under age 62 or less than 30 years of service</u>		<u>Age 62 or older with 30 years of service</u>	
<u>Normal retirement age:</u>	<u>65</u>	<u>66</u>	<u>65</u>	<u>66</u>
<u>Age at retirement</u>				
<u>55</u>	<u>0.5376</u>	<u>0.4592</u>		
<u>56</u>	<u>0.5745</u>	<u>0.4992</u>		
<u>57</u>	<u>0.6092</u>	<u>0.5370</u>		
<u>58</u>	<u>0.6419</u>	<u>0.5726</u>		
<u>59</u>	<u>0.6726</u>	<u>0.6062</u>		
<u>60</u>	<u>0.7354</u>	<u>0.6726</u>		
<u>61</u>	<u>0.7947</u>	<u>0.7354</u>		
<u>62</u>	<u>0.8507</u>	<u>0.7947</u>	<u>0.8831</u>	<u>0.8389</u>
<u>63</u>	<u>0.9035</u>	<u>0.8507</u>	<u>0.9246</u>	<u>0.8831</u>
<u>64</u>	<u>0.9533</u>	<u>0.9035</u>	<u>0.9635</u>	<u>0.9246</u>
<u>65</u>	<u>1.0000</u>	<u>0.9533</u>	<u>1.0000</u>	<u>0.9635</u>
<u>66</u>		<u>1.0000</u>		<u>1.0000</u>

For normal retirement ages between ages 65 and 66, the early retirement factors will be determined by linear interpolation between the early retirement factors applicable for normal retirement ages 65 and 66.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 16. Minnesota Statutes 2012, section 354A.35, subdivision 2, is amended to read:

Subd. 2. **Death while eligible to retire; surviving spouse optional annuity.** (a) The surviving spouse of a vested coordinated member who dies prior to retirement may elect to receive, instead of a refund with interest under subdivision 1, an annuity equal to the 100 percent joint and survivor annuity the member could have qualified for had the member terminated service on the date of death. The surviving spouse eligible for a surviving spouse benefit under this paragraph may apply for the annuity at any time after the date on which the deceased employee would have attained the required age for retirement based on the employee's allowable service. A surviving spouse eligible for surviving spouse benefits under paragraph (b) or (c) may apply for an annuity at any time after the member's death. The member's surviving spouse shall be paid a joint and survivor annuity under section 354A.32 and computed under section 354A.31.

(b) If the member was under age 55 and has credit for at least 30 years of allowable service on the date of death, the surviving spouse may elect to receive a 100 percent joint and survivor annuity based on the age of the member and surviving spouse on the date of death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6, paragraph (a), to age 55 and one-half of the early retirement reduction from age 55 to the age payment begins.

(c) If a vested member of the Duluth Teachers Retirement Fund Association was under age 55 on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive the 100 percent joint and survivor annuity based on the age of the member and the survivor at the time of death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and one-half of the early retirement reduction from age 55 to the date payment begins.

(d) If a vested member of the St. Paul Teachers Retirement Fund Association was under age 55 on the date of death but did not yet qualify for retirement, the surviving spouse may elect to receive the 100 percent joint and survivor annuity based on the age of the member and the survivor at the time of death. The annuity is payable using the full early retirement reduction under section 354A.31, subdivision 6 or 7, to age 55 and one-half of the actuarial equivalent reduction from age 55 to the date payment begins. The actuarial equivalent reduction is calculated so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the member if the member deferred receipt of the annuity and the annuity amount were augmented at an annual rate of 2.5 percent compounded annually from the day the annuity begins to accrue until the normal retirement age.

~~(d)~~ (e) Sections 354A.37, subdivision 2, and 354A.39 apply to a deferred annuity or surviving spouse benefit payable under this section. The benefits are payable for the life of the surviving spouse, or upon expiration of the term certain benefit payment under subdivision 2b.

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

Sec. 17. Minnesota Statutes 2012, section 356.215, subdivision 8, is amended to read:

Subd. 8. **Interest and salary assumptions.** (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

(1) select and ultimate interest rate assumption

plan	ultimate preretirement interest rate assumption	ultimate postretirement interest rate assumption
general state employees retirement plan	8.5%	6.0%
correctional state employees retirement plan	8.5	6.0
State Patrol retirement plan	8.5	6.0
legislators retirement plan	0.0	-2.0 until June 30, 2040, and -2.5 after June 30, 2040
elective state officers retirement plan	0.0	-2.0 until June 30, 2040, and -2.5 after June 30, 2040
judges retirement plan	8.5	6.0
general public employees retirement plan	8.5	6.0
public employees police and fire retirement plan	8.5	6.0
local government correctional service retirement plan	8.5	6.0
teachers retirement plan	8.5	6.0
Duluth teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	8.5

Except for the legislators retirement plan and the elective state officers retirement plan, the select preretirement interest rate assumption for the period after June 30, 2012, through June 30, 2017, is 8.0 percent. Except for the legislators retirement plan and the elective state officers retirement plan, the select postretirement interest rate assumption for the period after June 30, 2012, through June 30, 2017, is 5.5 percent, except for the Duluth teachers retirement plan and the St. Paul teachers retirement plan, each with a select postretirement interest rate assumption for the period after June 30, 2012, through June 30, 2017, of 8.0 percent.

(2) single rate preretirement and postretirement interest rate assumption

plan	interest rate assumption
Bloomington Fire Department Relief Association	6.0
local monthly benefit volunteer firefighters relief associations	5.0

(b) The actuarial valuation must use the applicable following single rate future salary increase assumption, the applicable following modified single rate future salary increase assumption, or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
judges retirement plan	3.0
Bloomington Fire Department Relief Association	4.0

(2) age-related future salary increase age-related select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
local government correctional service retirement plan	assumption C
Duluth teachers retirement plan	assumption A
St. Paul teachers retirement plan	assumption B

For plans other than the Duluth teachers retirement plan, the select calculation is: during the designated select period, a designated percentage rate is multiplied by the result of the designated integer minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption. The designated select period is ten years and the designated integer is ten for ~~all retirement plans covered by this clause~~ the Duluth Teachers Retirement Fund Association and for the local government correctional service retirement plan and 15 for the St. Paul Teachers Retirement Fund Association. The designated percentage rate is ~~0.3~~ 0.2 percent for the St. Paul Teachers Retirement Fund Association. The select calculation for the Duluth Teachers Retirement Fund Association is 8.00 percent per year for service years one through seven, 7.25 percent per year for service years seven and eight, and 6.50 percent per year for service years eight and nine.

The ultimate future salary increase assumption is:

age	A	B	C
16	8.00% <u>6.00%</u>	6.90% <u>5.90%</u>	9.00%
17	8.00 <u>6.00</u>	6.90 <u>5.90</u>	9.00
18	8.00 <u>6.00</u>	6.90 <u>5.90</u>	9.00
19	8.00 <u>6.00</u>	6.90 <u>5.90</u>	9.00
20	6.90 <u>6.00</u>	6.90 <u>5.90</u>	9.00
21	6.90 <u>6.00</u>	6.90 <u>5.90</u>	8.75
22	6.90 <u>6.00</u>	6.90 <u>5.90</u>	8.50
23	6.85 <u>6.00</u>	6.85 <u>5.85</u>	8.25
24	6.80 <u>6.00</u>	6.80 <u>5.80</u>	8.00
25	6.75 <u>6.00</u>	6.75 <u>5.75</u>	7.75
26	6.70 <u>6.00</u>	6.70 <u>5.70</u>	7.50
27	6.65 <u>6.00</u>	6.65 <u>5.65</u>	7.25
28	6.60 <u>6.00</u>	6.60 <u>5.60</u>	7.00
29	6.55 <u>6.00</u>	6.55 <u>5.55</u>	6.75
30	6.50 <u>6.00</u>	6.50 <u>5.50</u>	6.75
31	6.45 <u>6.00</u>	6.45 <u>5.45</u>	6.50
32	6.40 <u>6.00</u>	6.40 <u>5.40</u>	6.50
33	6.35 <u>6.00</u>	6.35 <u>5.35</u>	6.50
34	6.30 <u>6.00</u>	6.30 <u>5.30</u>	6.25
35	6.25 <u>6.00</u>	6.25 <u>5.25</u>	6.25
36	6.20 <u>5.86</u>	6.20 <u>5.20</u>	6.00
37	6.15 <u>5.73</u>	6.15 <u>5.15</u>	6.00
38	6.10 <u>5.59</u>	6.10 <u>5.10</u>	6.00
39	6.05 <u>5.45</u>	6.05 <u>5.05</u>	5.75
40	6.00 <u>5.31</u>	6.00 <u>5.00</u>	5.75
41	5.90 <u>5.18</u>	5.95 <u>4.95</u>	5.75
42	5.80 <u>5.04</u>	5.90 <u>4.90</u>	5.50
43	5.70 <u>4.90</u>	5.85 <u>4.85</u>	5.25
44	5.60 <u>4.76</u>	5.80 <u>4.80</u>	5.25
45	5.50 <u>4.63</u>	5.75 <u>4.75</u>	5.00

46	<u>5.40</u> <u>4.49</u>	<u>5.70</u> <u>4.70</u>	5.00
47	<u>5.30</u> <u>4.35</u>	<u>5.65</u> <u>4.65</u>	5.00
48	<u>5.20</u> <u>4.21</u>	<u>5.60</u> <u>4.60</u>	5.00
49	<u>5.10</u> <u>4.08</u>	<u>5.55</u> <u>4.55</u>	5.00
50	<u>5.00</u> <u>3.94</u>	<u>5.50</u> <u>4.50</u>	5.00
51	<u>4.90</u> <u>3.80</u>	<u>5.45</u> <u>4.45</u>	5.00
52	<u>4.80</u> <u>3.66</u>	<u>5.40</u> <u>4.40</u>	5.00
53	<u>4.70</u> <u>3.53</u>	<u>5.35</u> <u>4.35</u>	5.00
54	<u>4.60</u> <u>3.39</u>	<u>5.30</u> <u>4.30</u>	5.00
55	<u>4.50</u> <u>3.25</u>	<u>5.25</u> <u>4.25</u>	4.75
56	<u>4.40</u> <u>3.25</u>	<u>5.20</u> <u>4.20</u>	4.75
57	<u>4.30</u> <u>3.25</u>	<u>5.15</u> <u>4.15</u>	4.50
58	<u>4.20</u> <u>3.25</u>	<u>5.10</u> <u>4.10</u>	4.25
59	<u>4.10</u> <u>3.25</u>	<u>5.05</u> <u>4.05</u>	4.25
60	<u>4.00</u> <u>3.25</u>	<u>5.00</u> <u>4.00</u>	4.25
61	<u>3.90</u> <u>3.25</u>	<u>5.00</u> <u>4.00</u>	4.25
62	<u>3.80</u> <u>3.25</u>	<u>5.00</u> <u>4.00</u>	4.25
63	<u>3.70</u> <u>3.25</u>	<u>5.00</u> <u>4.00</u>	4.25
64	<u>3.60</u> <u>3.25</u>	<u>5.00</u> <u>4.00</u>	4.25
65	<u>3.50</u> <u>3.25</u>	<u>5.00</u> <u>4.00</u>	4.00
66	<u>3.50</u> <u>3.25</u>	<u>5.00</u> <u>4.00</u>	4.00
67	<u>3.50</u> <u>3.25</u>	<u>5.00</u> <u>4.00</u>	4.00
68	<u>3.50</u> <u>3.25</u>	<u>5.00</u> <u>4.00</u>	4.00
69	<u>3.50</u> <u>3.25</u>	<u>5.00</u> <u>4.00</u>	4.00
70	<u>3.50</u> <u>3.25</u>	<u>5.00</u> <u>4.00</u>	4.00

(3) service-related ultimate future salary increase assumption

general state employees retirement plan of the Minnesota State Retirement System	assumption A
general employees retirement plan of the Public Employees Retirement Association	assumption B
Teachers Retirement Association	assumption C
public employees police and fire retirement plan	assumption D
State Patrol retirement plan	assumption E
correctional state employees retirement plan of the Minnesota State Retirement System	assumption F

service length	A	B	C	D	E	F
1	10.50%	12.03%	12.00%	13.00%	8.00%	6.00%
2	8.10	8.90	9.00	11.00	7.50	5.85
3	6.90	7.46	8.00	9.00	7.00	5.70
4	6.20	6.58	7.50	8.00	6.75	5.55
5	5.70	5.97	7.25	6.50	6.50	5.40
6	5.30	5.52	7.00	6.10	6.25	5.25
7	5.00	5.16	6.85	5.80	6.00	5.10
8	4.70	4.87	6.70	5.60	5.85	4.95
9	4.50	4.63	6.55	5.40	5.70	4.80
10	4.40	4.42	6.40	5.30	5.55	4.65
11	4.20	4.24	6.25	5.20	5.40	4.55
12	4.10	4.08	6.00	5.10	5.25	4.45
13	4.00	3.94	5.75	5.00	5.10	4.35

14	3.80	3.82	5.50	4.90	4.95	4.25
15	3.70	3.70	5.25	4.80	4.80	4.15
16	3.60	3.60	5.00	4.80	4.65	4.05
17	3.50	3.51	4.75	4.80	4.50	3.95
18	3.50	3.50	4.50	4.80	4.35	3.85
19	3.50	3.50	4.25	4.80	4.20	3.75
20	3.50	3.50	4.00	4.80	4.05	3.75
21	3.50	3.50	3.90	4.70	4.00	3.75
22	3.50	3.50	3.80	4.60	4.00	3.75
23	3.50	3.50	3.70	4.50	4.00	3.75
24	3.50	3.50	3.60	4.50	4.00	3.75
25	3.50	3.50	3.50	4.50	4.00	3.75
26	3.50	3.50	3.50	4.50	4.00	3.75
27	3.50	3.50	3.50	4.50	4.00	3.75
28	3.50	3.50	3.50	4.50	4.00	3.75
29	3.50	3.50	3.50	4.50	4.00	3.75
30 or more	3.50	3.50	3.50	4.50	4.00	3.75

(c) The actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

plan	payroll growth assumption
general state employees retirement plan of the Minnesota State Retirement System	3.75%
correctional state employees retirement plan	3.75
State Patrol retirement plan	3.75
judges retirement plan	3.00
general employees retirement plan of the Public Employees Retirement Association	3.75
public employees police and fire retirement plan	3.75
local government correctional service retirement plan	3.75
teachers retirement plan	3.75
Duluth teachers retirement plan	4.50 3.50
St. Paul teachers retirement plan	5.00 4.00

(d) The assumptions set forth in paragraphs (b) and (c) continue to apply, unless a different salary assumption or a different payroll increase assumption:

(1) has been proposed by the governing board of the applicable retirement plan;

(2) is accompanied by the concurring recommendation of the actuary retained under section 356.214, subdivision 1, if applicable, or by the approved actuary preparing the most recent actuarial valuation report if section 356.214 does not apply; and

(3) has been approved or deemed approved under subdivision 18.

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

Sec. 18. Minnesota Statutes 2012, section 356.47, subdivision 1, is amended to read:

Subdivision 1. **Application.** (a) This section applies to the balance of annual retirement annuities on the amount of retirement annuity reductions after reemployed annuitant earnings limitations for retirement plans governed by section 352.115, subdivision 10; 353.37; 354.44, subdivision 5; or 354A.31, subdivision 3.

(b) This section also applies to the balance of annual retirement annuities on the amount of retirement annuity reductions under section 354A.31, subdivision 3, for members of the Duluth Teachers Retirement Fund Association whose effective date of retirement is before July 1, 2013.

(c) This section also applies to the balance of annual retirement annuities on the amount of retirement annuity reductions under section 354A.31, subdivision 3, for members of the St. Paul Teachers Retirement Fund Association whose effective date of retirement is before July 1, 2013.

EFFECTIVE DATE. This section is effective with respect to the Duluth Teachers Retirement Fund Association on July 1, 2013, and is effective with respect to the St. Paul Teachers Retirement Fund Association the day following final enactment.

Sec. 19. Minnesota Statutes 2012, section 423A.02, subdivision 5, is amended to read:

Subd. 5. **Termination of state aid programs.** The amortization state aid, supplemental amortization state aid, and additional amortization state aid programs terminate as of the December 31, next following the date of the actuarial valuation when the assets of the St. Paul Teachers Retirement Fund Association equal the actuarial accrued liability of that plan or ~~December 31, 2009~~ June 30, 2037, whichever is ~~later~~ earlier.

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

Sec. 20. **DULUTH TEACHERS RETIREMENT FUND ASSOCIATION BYLAW AMENDMENT AUTHORIZATION.**

Consistent with Minnesota Statutes, section 354A.12, subdivision 4, the Duluth Teachers Retirement Fund Association is authorized to amend its articles of incorporation or its bylaws to specify the revised contribution rates under sections 3 and 4, required employee contributions on behalf of reemployed annuitants as specified under section 5, and revised treatment of reemployed annuitant holding accounts under sections 12 and 18.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 21. **ST. PAUL TEACHERS RETIREMENT FUND ASSOCIATION BYLAW AMENDMENT AUTHORIZATION.**

Consistent with Minnesota Statutes, section 354A.12, subdivision 4, the St. Paul Teachers Retirement Fund Association is authorized to amend its articles of incorporation or its bylaws to apply the reduction factors stated in section 15 rather than the actuarial reduction factors previously authorized.

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

Sec. 22. **REPEALER.**

Minnesota Statutes 2012, section 354A.27, subdivision 6, is repealed.

ARTICLE 6
JUDGES RETIREMENT PLAN FINANCIAL SOLVENCY MEASURES

Section 1. Minnesota Statutes 2012, section 356.315, is amended by adding a subdivision to read:

Subd. 8a. **Judges plan.** The applicable benefit accrual rate is 2.5 percent.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 2. Minnesota Statutes 2012, section 356.415, subdivision 1, is amended to read:

Subdivision 1. **Annual postretirement adjustments; generally.** (a) Except as otherwise provided in subdivision 1a, 1b, 1c, 1d, ~~or 1e,~~ or 1f, retirement annuity, disability benefit, or survivor benefit recipients of a covered retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of 2.5 percent must be applied each year, effective January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 12 full months prior to the January 1 increase; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit amount for at least one full month, an annual postretirement increase of 1/12 of 2.5 percent for each month that the person has been receiving an annuity or benefit must be applied, effective on January 1 following the calendar year in which the person has been retired for less than 12 months.

(b) The increases provided by this subdivision commence on January 1, 2010.

(c) An increase in annuity or benefit payments under this section must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the covered retirement plan requesting that the increase not be made.

(d) The retirement annuity payable to a person who retires before becoming eligible for Social Security benefits and who has elected the optional payment as provided in section 353.29, subdivision 6, must be treated as the sum of a period certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62 for section 353.29, subdivision 6. A postretirement adjustment granted on the period certain retirement annuity must terminate when the period certain retirement annuity terminates.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 3. Minnesota Statutes 2012, section 356.415, is amended by adding a subdivision to read:

Subd. 1f. **Annual postretirement adjustments; Minnesota State Retirement System judges retirement plan.**

(a) The increases provided under this subdivision begin on January 1, 2014, and are in lieu of increases under subdivision 1 or 1a for retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan.

(b) Retirement annuity, disability benefit, or survivor benefit recipients of the judges retirement plan are entitled to a postretirement adjustment annually on January 1, as follows:

(1) a postretirement increase of 1.75 percent must be applied each year, effective on January 1, to the monthly annuity or benefit of each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least 18 full months before the January 1 increase; and

(2) for each annuitant or benefit recipient who has been receiving an annuity or a benefit for at least six full months, an annual postretirement increase of 1/12 of 1.75 percent for each month that the person has been receiving an annuity or benefit must be applied, effective January 1, following the calendar year in which the person has been retired for at least six months, but has been retired for less than 18 months.

(c) Increases under this subdivision terminate on December 31 of the calendar year in which the actuarial valuation prepared by the approved actuary under sections 356.214 and 356.215 and the standards for actuarial work promulgated by the Legislative Commission on Pensions and Retirement indicates that the market value of assets of the judges retirement plan equals or exceeds 70 percent of the actuarial accrued liability of the retirement plan. Increases under subdivision 1 or 1a, whichever is applicable, begin on the January 1 next following that date.

(d) An increase in annuity or benefit payments under this subdivision must be made automatically unless written notice is filed by the annuitant or benefit recipient with the executive director of the applicable covered retirement plan requesting that the increase not be made.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 4. Minnesota Statutes 2012, section 490.121, subdivision 21f, is amended to read:

Subd. 21f. **Normal retirement date.** (a) For a judge in the tier I program, "normal retirement date" means the date a judge attains the age of 65.

(b) For a judge in the tier II program, normal retirement date means the date the judge attains age 66.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 5. Minnesota Statutes 2012, section 490.121, subdivision 22, is amended to read:

Subd. 22. **Service credit limit.** "Service credit limit" means, for a judge covered by tier I, the greater of: (1) 24 years of allowable service under this chapter; or (2), for judges a judge with allowable service rendered before July 1, 1980, the number of years of allowable service under chapter 490, which, when multiplied by the percentage listed in section 356.315, subdivision 7 or 8, whichever is applicable to each year of service, equals 76.8. For a judge covered by tier II, there is no service credit limit.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 6. Minnesota Statutes 2012, section 490.121, is amended by adding a subdivision to read:

Subd. 25. **Tier I.** "Tier I" is the benefit program of the retirement plan with a membership specified by section 490.1221, paragraph (b), and governed by sections 356.315, subdivisions 7 and 8; 356.415, subdivisions 1 and 1f; and 490.121 to 490.133, except as modified in sections 356.315, subdivision 8a; 490.121, subdivision 21f, paragraph (b); 490.1222; 490.123, subdivision 1a, paragraph (b); and 490.124, subdivision 1, paragraphs (c) and (d).

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 7. Minnesota Statutes 2012, section 490.121, is amended by adding a subdivision to read:

Subd. 26. **Tier II.** "Tier II" is the benefit program of the retirement plan with a membership specified by section 490.1221, paragraph (c), and governed by sections 356.315, subdivision 8a; 356.415, subdivisions 1 and 1f; 490.121 to 490.133, as modified in section 490.121, subdivision 21f, paragraph (b); 490.1222; 490.123, subdivision 1a, paragraph (b); and 490.124, subdivision 1, paragraphs (c) and (d).

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 8. **[490.1221] JUDGES PLAN PROGRAMS.**

(a) Members of the judges retirement plan are members of either the tier I or tier II program.

(b) A tier I program judge is a person who was first appointed or elected as a judge before July 1, 2013, who was not eligible for the tier II program because the judge had five or more years of allowable service on or before December 30, 2013, or did not elect that program.

(c) A tier II program judge is a person who:

(1) was first appointed or elected as a judge after June 30, 2013; or

(2) was first appointed or elected as a judge before July 1, 2013, had less than five years of allowable service on or before December 30, 2013, and made an election under section 14 to be in the tier II program.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 9. **[490.1222] APPLICATION OF SERVICE CREDIT LIMIT.**

The service credit limit specified in section 490.121, subdivision 22, does not apply to a judge in the tier II program.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 10. Minnesota Statutes 2012, section 490.123, subdivision 1a, is amended to read:

Subd. 1a. **Member contribution rates.** (a) A judge ~~who is covered by the federal Old Age, Survivors, Disability, and Health Insurance Program and~~ in the tier I program whose service does not exceed the service credit limit in section 490.121, subdivision 22, shall contribute to the fund from each salary payment a sum equal to ~~8.00~~ 9.00 percent of salary.

(b) A judge in the tier II program shall contribute to the fund from each salary payment a sum equal to 7.00 percent of salary.

~~(b) The contribution~~ (c) Contributions under this subdivision is are payable by salary deduction. The deduction must be made by the state court administrator under section 352.04, subdivisions 4, 5, and 8.

EFFECTIVE DATE. This section is effective beginning on the first day of the first full payroll period following an increase in judicial salaries of at least one percent due to action by the legislature during calendar year 2013 or later.

Sec. 11. Minnesota Statutes 2012, section 490.123, subdivision 1b, is amended to read:

Subd. 1b. **Employer contribution rate.** (a) The employer contribution rate to the fund on behalf of a judge is ~~20.5~~ 22.5 percent of salary. The employer obligation continues after a judge exceeds the service credit limit in section 490.121, subdivision 22.

(b) The employer contribution must be paid by the state court administrator. The employer contribution is payable at the same time as member contributions are made under subdivision 1a or as employee contributions are made to the unclassified program governed by chapter 352D for judges whose service exceeds the limit in section 490.121, subdivision 22, are remitted.

EFFECTIVE DATE. This section is effective the first day of the first full payroll period after June 30, 2013.

Sec. 12. Minnesota Statutes 2012, section 490.124, subdivision 1, is amended to read:

Subdivision 1. **Basic Retirement annuity.** (a) Except as qualified hereinafter from and after the mandatory retirement date, the normal retirement date, the early retirement date, or one year from the disability retirement date, as the case may be, a retiring judge is eligible to receive a retirement annuity from the judges' retirement fund.

(b) For a tier I program judge, the retirement annuity is an amount equal to:

(1) the percent specified in section 356.315, subdivision 7, multiplied by the judge's final average compensation with that result then multiplied by the number of years and fractions of years of allowable service rendered before July 1, 1980; plus

(2) the percent specified in section 356.315, subdivision 8, multiplied by the judge's final average compensation with that result then multiplied by the number of years and fractions of years of allowable service rendered after June 30, 1980.

(c) For a tier II program judge who was first appointed or elected as a judge before July 1, 2013, the retirement annuity is an amount equal to:

(1) the percent specified in section 356.315, subdivision 8, multiplied by the judge's final average compensation with that result then multiplied by the number of years and fractions of years of allowable service rendered before January 1, 2014; plus

(2) the percentage specified in section 356.315, subdivision 8a, multiplied by the judge's final average compensation with that result then multiplied by the number of years and fractions of years of allowable service rendered after December 31, 2013.

(d) For a tier II program judge who was first appointed or elected as a judge after June 30, 2013, the retirement annuity is an amount equal to the percent specified in section 356.315, subdivision 8a, multiplied by the judge's final average compensation with that result then multiplied by the number of years and fractions of years of allowable service.

(e) For a judge in the tier I program, service that exceeds the service credit limit in section 490.121, subdivision 22, must be excluded in calculating the retirement annuity, but the compensation earned by the judge during this period of judicial service must be used in determining a judge's final average compensation and calculating the retirement annuity.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 13. **MEMBER CONTRIBUTION INCREASE CONDITION.**

Any increase in judicial salaries enacted by the legislature during calendar year 2013 or later is not applicable to a judge in the tier I program if the member contribution rate applicable to that judge in the tier I program under Minnesota Statutes, section 490.123, subdivision 1a, is not deducted from the salary of the judge.

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

Sec. 14. **TIER II PROGRAM ELECTION; PRE-JULY 1, 2013, JUDGES.**

Subdivision 1. **Authority.** A person who was first appointed or elected as a judge covered by the Minnesota State Retirement System judges retirement plan before July 1, 2013, is eligible to elect treatment as a tier II program judge if the judge has less than five years of allowable service on the date the judge makes a valid election under subdivision 2.

Subd. 2. **Election procedure.** An eligible judge under subdivision 1 may elect to be subject to the provisions of Minnesota Statutes, chapter 490, applicable to a tier II program judge rather than the tier I program by electing that treatment in writing before January 1, 2014, on a form provided by the executive director of the Minnesota State Retirement System.

Subd. 3. **Effect of election.** (a) The election is irrevocable.

(b) An eligible judge who fails to make an election remains in the tier I program.

(c) If the tier II program is elected by an eligible judge, member contributions based on revised member contribution rates under Minnesota Statutes, section 490.123, subdivision 1a, begin on the first day of the first full pay period occurring after January 1, 2014.

EFFECTIVE DATE. This section is effective July 1, 2013.

ARTICLE 7 MISCELLANEOUS PROVISIONS

Section 1. Minnesota Statutes 2012, section 356.91, is amended to read:

356.91 VOLUNTARY MEMBERSHIP DUES DEDUCTION.

(a) Upon written authorization of a person receiving an annuity from a public pension fund administered by the Minnesota State Retirement System or the Public Employees Retirement Association, the executive director of the public pension fund ~~may shall~~ deduct from the retirement annuity an amount requested by the annuitant to be paid as membership dues or other payments to any labor organization that is an exclusive bargaining agent representing public employees or an organization representing retired public employees of which the annuitant is a member and shall, on a monthly basis, pay the amount to the organization so designated by the annuitant.

(b) A pension fund and the plan fiduciaries which authorize or administer deductions of dues payments under paragraph (a) are not liable for failure to properly deduct or transmit the dues amounts, provided that the fund and the fiduciaries have acted in good faith.

~~(c) The deductions under paragraph (a) may occur no more frequently than two times per year and may not be used for political purposes.~~ Any labor organization that is an exclusive bargaining agent representing public employees or an organization representing retired public employees may conduct blind mailings to the annuitants of a retirement system specified in paragraph (a) by requesting that the retirement system mail voluntary membership information and dues deduction cards to annuitants. Such mailings shall not be for the purpose of supporting or opposing any candidate, political party, or ballot measure. The organization requesting the blind mailing shall pay all costs associated with these mailings, including but not limited to copying, labeling, mailing, postage, and record keeping. In lieu of administering a blind mailing in-house, a retirement system may transmit annuitant data necessary for conducting a blind mailing to a mail center pursuant to a secure data share agreement with the mail center which provides that neither the organization nor any other entity shall have direct access to the data transmitted by the retirement system. The retirement system shall have no obligation to approve or disapprove, or otherwise be responsible for, the content of the mailings. No organization shall conduct more than two blind mailings per calendar year.

~~(d) Any labor organization specified in paragraph (a) shall reimburse the public pension fund for the administrative expense of withholding premium amounts."~~

Delete the title and insert:

"A bill for an act relating to retirement; modifying various retirement plans; redefining salary for benefit and contribution purposes; increasing member and employer contributions; increasing vesting to ten years for new hires; capping allowable service for computing annuities; modifying the trigger for increasing or lowering annual postretirement adjustments for all plans; modifying duty disability definitions and clarifying disability application requirements for the public employees police and fire and local government correctional plan; increasing the reduction for early retirement; clarifying survivor benefit provisions; delaying the first annual postretirement adjustment for the public employees police and fire retirement plan; increasing the normal retirement age for new judges; permitting existing judges to elect to be treated as a new judge for benefit and contribution purposes; mandating certain dues and other payment deductions by MSRS and PERA; modifying the Teachers Retirement Association level benefit tier early retirement reduction factors; increasing member and employer contributions to the Duluth Teachers Retirement Fund Association and the St. Paul Teachers Retirement Fund Association; increasing direct state aid to the DTRFA and to the SPTRFA; increasing the DTRFA and SPTRFA benefit accrual rates for prospective allowable service; revising the DTRFA postretirement adjustment provision; modifying certain salary increase and payroll growth actuarial assumptions; amending Minnesota Statutes 2012, sections 352B.011, subdivision 4; 352B.02, subdivisions 1a, 1c; 352B.08, subdivisions 1, 2, 2a; 352B.10, subdivision 5; 352B.11, subdivisions 1, 2b; 353.01, subdivisions 10, 17a, 41, 47; 353.031, subdivision 4; 353.35, subdivision 1; 353.65, subdivisions 2, 3; 353.651, subdivisions 3, 4; 353.657, subdivisions 2a, 3a; 353E.001, subdivision 1; 354.44, subdivision 6; 354A.011, subdivision 21; 354A.12, subdivisions 1, 2a, 3a, 3c, 7, by adding subdivisions; 354A.27, subdivision 7, by adding a subdivision; 354A.31, subdivisions 3, 4, 4a, 7; 354A.35, subdivision 2; 356.215, subdivision 8; 356.315, by adding a subdivision; 356.415, subdivisions 1, 1b, 1c, 1e, by adding a subdivision; 356.47, subdivision 1; 356.91; 423A.02, subdivision 5; 490.121, subdivisions 21f, 22, by adding subdivisions; 490.123, subdivisions 1a, 1b; 490.124, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 354; 490; repealing Minnesota Statutes 2012, sections 352B.11, subdivision 2c; 354A.27, subdivision 6."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Kahn from the Committee on Legacy to which was referred:

H. F. No. 1183, A bill for an act relating to appropriations; appropriating money from clean water fund and parks and trails fund.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
OUTDOOR HERITAGE FUND

Section 1. **OUTDOOR HERITAGE FUND APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the outdoor heritage fund for the fiscal year indicated for each purpose. The figures "2014" and "2015" used in this article mean that the appropriations listed under the figure are available for the fiscal year ending June 30, 2014, and June 30, 2015, respectively. "The first year" is fiscal year 2014. "The second year" is fiscal year 2015. The "biennium" is fiscal years 2014 and 2015. The appropriations in this article are onetime.

APPROPRIATIONS
Available for the Year
Ending June 30
2014 **2015**

Sec. 2. **OUTDOOR HERITAGE**

Subdivision 1. **Total Appropriation**

\$96,421,000

\$50,674,000

This appropriation is from the outdoor heritage fund. The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Prairies**

26,790,000

6,696,000

(a) **Grasslands for the Future**

\$2,000,000 in the first year and \$2,000,000 in the second year are to the Board of Water and Soil Resources for a pilot project to acquire permanent conservation easements on grasslands in cooperation with the Minnesota Land Trust and the Conservation Fund. Up to \$3,700,000 may be used for agreements with the Minnesota Land Trust to acquire permanent conservation easements and up to \$150,000 may be used for establishing monitoring and enforcement funds with the Minnesota Land Trust and the Board of Water and Soil Resources, as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. Up to \$150,000 may be used for an agreement with the Conservation Fund for professional services. Easements funded under this appropriation are not subject to emergency haying and grazing orders. Any net proceeds accruing to a project partner from real estate transactions related to this project must be used for the purposes outlined in this appropriation. A list of permanent conservation easements must be provided as part of the required accomplishment plan.

(b) **Accelerating Wildlife Management Area Program - Phase V**

\$7,960,000 in the first year is to the commissioner of natural resources for an agreement with Pheasants Forever to acquire land in fee for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(c) **DNR Wildlife Management Area, Scientific and Natural Area, and Native Prairie Bank Easement - Phase V**

\$4,000,000 in the first year and \$2,940,000 in the second year are to the commissioner of natural resources to acquire land in fee for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8; acquire land in fee for scientific and natural area purposes under Minnesota Statutes, section 86A.05, subdivision 5;

and acquire native prairie bank easements under Minnesota Statutes, section 84.96. Up to \$42,000 is for establishing a monitoring and enforcement fund, as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17, for native prairie bank easements. A list of proposed land and permanent conservation easement acquisitions must be provided as part of the required accomplishment plan.

(d) Minnesota Prairie Recovery Project - Phase IV

\$5,310,000 in the first year is to the commissioner of natural resources for an agreement with The Nature Conservancy to acquire native prairie, wetlands, and savanna and restore and enhance grasslands, wetlands, and savanna. A list of proposed land acquisitions must be provided as part of the required accomplishment plan. Annual income statements and balance sheets for income and expenses from land acquired with this appropriation must be submitted to the Lessard-Sams Outdoor Heritage Council no later than 180 days following the close of The Nature Conservancy's fiscal year.

(e) Minnesota Buffers for Wildlife and Water - Phase III

\$3,520,000 in the first year is to the Board of Water and Soil Resources to acquire permanent conservation easements to protect and enhance habitat by expanding clean water fund riparian wildlife buffers on private land. Up to \$120,000 is for establishing a monitoring and enforcement fund, as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. Easements funded under this appropriation are not subject to emergency haying and grazing orders. A list of permanent conservation easements must be provided as part of the final report.

(f) Cannon River Headwaters Habitat Complex - Phase III

\$1,780,000 in the first year is to the commissioner of natural resources for an agreement with Trust for Public Land to acquire and restore lands in the Cannon River watershed for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8, or aquatic management area purposes under Minnesota Statutes, sections 86A.05, subdivision 14, and 97C.02. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(g) Accelerated Prairie Restoration and Enhancement on DNR Lands - Phase V

\$2,220,000 in the first year and \$1,756,000 in the second year are to the commissioner of natural resources to accelerate the restoration and enhancement of wildlife management areas, scientific and natural

areas, and land under native prairie bank easements. A list of proposed land restorations and enhancements must be provided as part of the required accomplishment plan.

Subd. 3. Forests

8,630,000

6,476,000

(a) Young Forest Conservation

\$1,180,000 in the first year is to the commissioner of natural resources for an agreement with the American Bird Conservancy to acquire lands in fee to be added to the wildlife management area system under Minnesota Statutes, section 86A.05, subdivision 8, and to restore and enhance habitat on publicly protected land. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(b) Camp Ripley Partnership - Phase III

\$1,150,000 in the first year is to the Board of Water and Soil Resources and \$300,000 in the first year is to the Department of Natural Resources to acquire land in fee to be added to the wildlife management area system under Minnesota Statutes, section 86A.05, subdivision 8, and to acquire permanent conservation easements on lands adjacent to the Mississippi and Crow Wing Rivers and within the boundaries of the Minnesota National Guard Army Compatible Use Buffer. Of the amount appropriated to the Board of Water and Soil Resources, \$49,900 is for a grant to the Morrison County Soil and Water Conservation District and up to \$33,600 is for establishing a monitoring and enforcement fund, as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of proposed land acquisitions and permanent conservation easements must be provided as part of the required accomplishment plan.

(c) Northeastern Minnesota Sharp-Tailed Grouse Habitat Program - Phase IV

\$1,180,000 in the first year is to the commissioner of natural resources for an agreement with Pheasants Forever in cooperation with the Minnesota Sharp-Tailed Grouse Society to acquire and enhance lands in Aitkin, Carlton, and Kanabec Counties for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(d) Protect Key Forest Habitat Lands in Cass County - Phase IV

\$500,000 in the first year is to the commissioner of natural resources for an agreement with Cass County to acquire land in fee in Cass County for forest wildlife habitat or to prevent forest fragmentation. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(e) Critical Shoreline Habitat Protection Program - Phase II

\$820,000 in the first year is to the commissioner of natural resources for an agreement with the Minnesota Land Trust to acquire permanent conservation easements along rivers and lakes in the northern forest region. Up to \$160,000 is for establishing a monitoring and enforcement fund, as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of proposed permanent conservation easements must be provided as part of the required accomplishment plan.

(f) Minnesota Moose Habitat Collaborative - Phase II

\$2,000,000 in the first year is to the commissioner of natural resources for an agreement with the Minnesota Deer Hunters Association to restore and enhance public forest lands in the northern forest region for moose habitat purposes. A list of proposed land restoration and enhancements must be provided as part of the required accomplishment plan.

(g) Minnesota Forests for the Future

\$500,000 in the first year and \$5,000,000 in the second year are to the commissioner of natural resources to acquire permanent working forest easements on up to 150,000 acres of private forest lands in Itasca, Koochiching, and St. Louis Counties identified through the Minnesota forests for the future program under Minnesota Statutes, section 84.66. Up to \$300,000 is for establishing a monitoring and enforcement fund, as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. The commissioner may use the first year's appropriation for land acquisition pretransaction costs including but not limited to appraisals, surveys, and title research.

(h) Preventing Forest Fragmentation and Protecting and Restoring Lake and Stream Habitat in the St. Louis River Watershed

\$1,000,000 in the first year and \$1,476,000 in the second year are to the commissioner of natural resources for an agreement with the Fond du Lac Band of Lake Superior Chippewa to acquire land in fee and to restore and enhance forests, prairie, and wetlands within the Fond du Lac Reservation. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

Subd. 4. Wetlands32,760,00010,000,000**(a) Reinvest in Minnesota Wetlands Reserve Program Partnership - Phase V**

\$16,000,000 in the first year and \$8,000,000 in the second year are to the Board of Soil and Water Resources to acquire permanent conservation easements and restore wetlands and associated upland

habitat in cooperation with the United States Department of Agriculture Wetlands Reserve Program and Ducks Unlimited, including \$1,000,000 for an agreement with Ducks Unlimited to provide technical and bioengineering assistance. Up to \$240,000 is for establishing a monitoring and enforcement fund, as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of permanent conservation easements must be provided as part of the final report.

(b) Accelerating Waterfowl Production Area Acquisition - Phase V

\$6,830,000 in the first year is to the commissioner of natural resources for an agreement with Pheasants Forever to acquire land in fee to be designated and managed as waterfowl production areas in Minnesota, in cooperation with the United States Fish and Wildlife Service. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(c) Living Shallow Lakes and Wetland Initiative - Phase III

\$3,530,000 in the first year is to the commissioner of natural resources for an agreement with Ducks Unlimited to acquire land in fee for wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8. A list of proposed land acquisitions must be provided as part of the required accomplishment plan.

(d) Wild Rice Shoreland Protection Program - Phase II

\$1,630,000 in the first year is to the Board of Water and Soil Resources to acquire in fee wild rice lake shoreland habitat for native wild rice bed protection and to acquire permanent conservation easements in cooperation with Ducks Unlimited. Of this amount, \$100,000 is for an agreement with Ducks Unlimited for acquisition of land or interests in land to protect native wild rice beds. Up to \$48,000 is for establishing a monitoring and enforcement fund, as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of proposed land acquisitions must be included as part of the required accomplishment plan.

(e) Wetland Habitat Program

\$1,980,000 in the first year is to the commissioner of natural resources for an agreement with the Minnesota Land Trust to acquire permanent conservation easements in high-priority wetland complexes in the prairie and forest/prairie transition regions. Up to \$280,000 is for establishing a monitoring and enforcement fund, as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of proposed land acquisitions must be included as part of the required accomplishment plan.

(f) Accelerated Shallow Lakes and Wetlands Enhancement - Phase V

\$1,790,000 in the first year and \$1,000,000 in the second year are to the commissioner of natural resources to enhance and restore shallow lakes, including \$565,000 for an agreement with Ducks Unlimited to help implement restorations and enhancements. A list of proposed land restorations and enhancements must be provided as part of the required accomplishment plan.

(g) Pelican Lake Enhancement

\$1,000,000 in the first year and \$1,000,000 in the second year are to the commissioner of natural resources for an agreement with Ducks Unlimited to construct a gravity outlet, water control structure, and pump station lift to enhance aquatic habitat in Pelican Lake in Wright County. A list of proposed land restorations and enhancements must be included as part of the required accomplishment plan.

Subd. 5. **Habitats**

27,438,000

27,250,000

(a) DNR Aquatic Habitat - Phase V

\$3,250,000 in the first year and \$2,000,000 in the second year are to the commissioner of natural resources to acquire interests in land in fee for aquatic management purposes under Minnesota Statutes, sections 86A.05, subdivision 14, and 97C.02, and to restore and enhance aquatic habitat. A list of proposed land acquisitions and restorations and enhancements must be provided as part of the required accomplishment plan.

(b) Habitat Protection in Dakota County - Phase IV

\$2,100,000 in the first year and \$2,000,000 in the second year are to the commissioner of natural resources for an agreement with Dakota County to acquire, restore, and enhance lands in Dakota County for fish and wildlife management purposes under Minnesota Statutes, section 86A.05, subdivision 8, or aquatic management area purposes under Minnesota Statutes, sections 86A.05, subdivision 14, and 97C.02, and to acquire permanent conservation easements and restore and enhance habitats in rivers and lake watersheds in Dakota County. Up to \$60,000 is for establishing a monitoring and enforcement fund, as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of proposed land acquisitions and permanent conservation easements must be provided as part of the required accomplishment plan.

(c) Root River Protection and Restoration

\$2,750,000 in the first year and \$1,000,000 in the second year are to the commissioner of natural resources for agreements to acquire land in fee for scientific and natural areas under Minnesota

Statutes, section 86A.05, subdivision 5, and for state forest purposes under Minnesota Statutes, section 86A.05, subdivision 7, and to acquire permanent conservation easements as follows: \$2,894,000 to The Nature Conservancy and \$856,000 to the Minnesota Land Trust. Up to \$137,000 is for establishing a monitoring and enforcement fund, as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of proposed acquisitions and permanent conservation easements must be provided as part of the required accomplishment plan.

(d) Metro Big Rivers Habitat - Phase IV

\$1,720,000 in the first year and \$700,000 in the second year are to the commissioner of natural resources for agreements to acquire land in fee and as permanent conservation easements and to restore and enhance natural systems associated with the Mississippi, Minnesota, and St. Croix Rivers as follows: \$964,000 to the Minnesota Valley National Wildlife Refuge Trust, Inc.; \$160,000 to the Friends of the Mississippi; \$236,000 to the Great River Greening; \$550,000 to the Minnesota Land Trust; and \$510,000 to the Trust for Public Land. Up to \$80,000 is for establishing a monitoring and enforcement fund, as approved in the accomplishment plan and subject to Minnesota Statutes, section 97A.056, subdivision 17. A list of proposed land acquisitions and permanent conservation easements must be provided as part of the required accomplishment plan.

(e) Minnesota Landscape Arboretum

\$1,000,000 in the first year is to the Board of Regents of the University of Minnesota to acquire land in fee surrounding Lake Tamarack in Carver County to be added to the Minnesota Landscape Arboretum. A land description must be provided as part of the required accomplishment plan.

(f) Lower Mississippi River Habitat Partnership - Phase III

\$1,700,000 in the first year and \$1,700,000 in the second year are to the commissioner of natural resources to enhance aquatic habitat. Of this amount, \$450,000 is for an agreement with the United States Fish and Wildlife Service to enhance aquatic habitat in the lower Mississippi River watershed. A list of proposed land restorations and enhancements must be provided as part of the required accomplishment plan.

(g) Coldwater Fish Habitat Enhancement - Phase V

\$2,470,000 in the first year and \$300,000 in the second year are to the commissioner of natural resources for an agreement with Minnesota Trout Unlimited to restore and enhance coldwater river and stream habitats in Minnesota. A list of proposed land restorations and enhancements must be provided as part of the required accomplishment plan.

(h) Albert Lea Lake Management and Invasive Species Control Structure - Phase III

\$1,127,000 in the first year is to the commissioner of natural resources for an agreement with the Shell Rock River Watershed District to construct structural deterrents and lake-level controls to enhance aquatic habitat on Albert Lea Lake in Freeborn County. A list of proposed land restorations and enhancements must be provided as part of the required accomplishment plan.

(i) Metropolitan Regional Parks Wildlife Habitat Protection and Restoration

\$5,346,000 in the first year and \$1,500,000 in the second year are to the Metropolitan Council to restore and enhance fish and wildlife habitat in forests, prairies, and wetlands in the metropolitan regional parks system. Of this amount:

(1) \$500,000 is for Dakota County to convert existing agricultural land and low-quality woods and grassland in Whitetail Woods Regional Park to prairie and oak savanna centered around an existing wetland, resulting in substantial habitat improvements for waterfowl and other wildlife;

(2) \$60,000 is for Dakota County to protect and enhance Miesville Ravine Park Reserve through earth shaping, slope stabilization, and perhaps piping of one severe gully erosion situation and other eroding sites that are presently contributing sediment to Trout Brook, impairing water quality and the brook trout population;

(3) \$500,000 is for the city of St. Paul to restore two acres of prairie adjacent to Pickerel Lake and to plant and enhance an additional two acres of prairie, five acres of forest, and one acre of wetland in Lilydale Regional Park. This will enhance connectivity of existing natural resources including floodplain forest, upland prairie, and emergent marsh;

(4) \$865,000 is for the Minneapolis Park and Recreation Board to protect, restore, and enhance shorelines; reduce invasive upland species; enhance the Wirth Lake wetland complex; and correct erosion problems in Theodore Wirth Regional Park;

(5) \$468,000 is for Ramsey County to restore 72 acres in Battle Creek Regional Park along the bluff of the Mississippi River, including restoration and enhancement of prairie, savanna, oak woods, and shrub swamp seeps to improve waterfowl and upland game bird feeding and nesting habitats;

(6) \$210,000 is for the Three Rivers Park District to restore the water quality and game fish habitat in Lake Independence in Baker Park Reserve by reducing phosphorus loading from Spurzem and Half Moon Lakes through treatment with aluminum sulfate;

(7) \$400,000 is for the Three Rivers Park District to enhance and restore the quality of Cleary Lake and restore the fishery by controlling curly-leaf pondweed, reducing phosphorus runoff from the watershed, and controlling internal phosphorus cycling with aluminum sulfate;

(8) \$200,000 is for Carver County to restore and enhance Lake Minnewashta Regional Park by converting 37 acres of existing turf or old fields to native prairie and oak savanna. These areas are identified in the park master plan as medium to high potential sites for restoration;

(9) \$270,000 is for Anoka County to restore and enhance 120 acres of prairie and woodland habitat within the 273-acre Mississippi West Regional Park. Outcomes will include increased habitat for game and nongame species and benefits to migratory waterfowl on the Mississippi flyway;

(10) \$200,000 is for Anoka County to restore 45 acres of prairie and oak savanna and remove invasive species from 40 acres of riparian forest land at Rum River Central Regional Park. The restoration will benefit the adjacent 550-acre Cedar Creek Conservation Area, which is open to hunting and was funded through a recent appropriation from the outdoor heritage fund;

(11) \$338,000 is for Scott County to restore and enhance 150 acres within the 1,150-acre conservation-focused Doyle-Kennefick Regional Park. The project site is part of an 850-acre mosaic of natural lands including Minnesota County Biological Survey forest and some of the highest-quality wetlands in Scott County. The park master plan identifies this natural complex to be conserved for habitat and biological diversity with very light recreational development;

(12) \$37,000 is for Scott County to restore and enhance Cedar Lake Farm Regional Park by partnering with the Cedar Lake Improvement District and Scott Watershed Management Organization for four years of treatment to control the curly-leaf pondweed infestation dominating Cedar Lake. The goal is to restore 700 acres of shallow lake, improve fishing opportunities, and increase native aquatic plant habitat;

(13) \$1,523,000 is for Scott County to restore and enhance 302 acres of contiguous forest, wetlands, and lakeshore in Spring Lake Regional Park by improving habitat for interior forest birds, waterfowl, and amphibians. Adjacent to Upper Prior, Spring, and Arctic Lakes, this site is part of a larger permanent habitat network;

(14) \$425,000 is for Washington County to restore and enhance Lake Elmo Park Reserve by creating 168 acres of interconnected tallgrass prairie through the restoration of 12 wetland basins that are scattered throughout an existing tallgrass prairie complex. These diverse landscapes provide critical habitat for native ground-nesting birds;

(15) \$350,000 is for Washington County to restore and enhance rare and unique forest communities identified by the Department of Natural Resources in Lake Elmo Park Reserve and St. Croix Bluffs Regional Park. These forests provide exceptional habitat for native and migrating bird species and represent some of the best opportunities for avian habitat improvement in Washington County; and

(16) \$500,000 is for the Pioneer-Sarah Creek Watershed Management Commission to restore and enhance the aquatic habitat of Lake Sarah.

Funded projects must implement priority natural resource management plan components of regional park master plans approved by the Metropolitan Council.

(j) Duluth Flood Stream Habitat Restoration

\$500,000 in the first year and \$4,500,000 in the second year are to the commissioner of natural resources for an agreement with the South St. Louis Soil and Water Conservation District to create a stream habitat repair program for coldwater and brook trout streams in the Duluth area impacted by the 2012 flood.

(k) Protect Aquatic Habitat from Aquatic Invasive Species

\$275,000 in the first year and \$7,200,000 in the second year are to the commissioner of natural resources to protect Minnesota's aquatic habitat from aquatic invasive species. Of this amount: \$3,500,000 is for grants to tribal and local governments for decontamination equipment and inspection and decontamination activities at public water access and other sites; \$275,000 the first year and \$200,000 the second year are for grants to address aquatic invasive species in Hubbard County and Beltrami County, including \$75,000 the first year for an agreement with Beltrami County for decontamination stations and equipment to be placed at public water access sites on Red Lake; and \$200,000 the first year for an agreement with Hubbard County Soil and Water Conservation District and \$200,000 the second year for agreements with Beltrami County and the Hubbard County Soil and Water Conservation District are for;

(1) the purchase, operation, and maintenance of and training for decontamination stations and other equipment to be located at central nonwater sites and public water access sites; and

(2) watercraft inspections.

(l) Lake Minnetonka Protection

\$1,000,000 in the first year and \$2,000,000 in the second year are to the commissioner of natural resources for an agreement with the Minnehaha Creek Watershed District to protect lakes, rivers, and streams in the district from aquatic invasive species.

(m) Environmental Learning Area Habitat Restoration

\$200,000 in the first year and \$350,000 in the second year are to the commissioner of natural resources for an agreement with the West Central Area School District to acquire and restore native prairie and wetland habitats on 45 acres of land adjacent to the existing West Central Area Schools Environmental Learning Center.

(n) Outdoor Heritage Conservation Partners Grant Program - Phase V

\$4,000,000 in the first year and \$4,000,000 in the second year are to the commissioner of natural resources for a program to provide competitive, matching grants of up to \$400,000 to local, regional, state, and national organizations for enhancing, restoring, or protecting forests, wetlands, prairies, and habitat for fish, game, or wildlife in Minnesota. Grants shall not be made for activities required to fulfill the duties of owners of lands subject to conservation easements. Grants shall not be made from appropriations in this paragraph for projects that have a total project cost exceeding \$575,000. Of this appropriation, \$366,000 may be spent for personnel costs and other direct and necessary administrative costs, and \$10,000 is for outreach efforts to encourage underrepresented communities to apply for grants under this paragraph. Grantees may acquire land or interests in land. Easements must be permanent. Land acquired in fee must be open to hunting and fishing during the open season unless otherwise provided by state law. The program shall require a cash match of at least ten percent from nonstate sources for all grants. For grant applications of \$25,000 or less, the commissioner shall provide a separate, simplified application process. Subject to Minnesota Statutes, the commissioner of natural resources shall, when evaluating projects of equal value, give priority to organizations that have a history of receiving or charter to receive private contributions for local conservation or habitat projects. If acquiring land or a conservation easement, priority shall be given to projects associated with existing wildlife management areas under Minnesota Statutes, section 86A.05, subdivision 8; scientific and

natural areas under Minnesota Statutes, sections 84.033 and 86A.05, subdivision 5; and aquatic management areas under Minnesota Statutes, sections 86A.05, subdivision 14, and 97C.02. All restoration or enhancement projects must be on land permanently protected by a conservation easement or public ownership or in public waters as defined in Minnesota Statutes, section 103G.005, subdivision 15. Priority shall be given to restoration and enhancement projects on public lands. Minnesota Statutes, section 97A.056, subdivision 13, applies to grants awarded under this paragraph. This appropriation is available until June 30, 2017. No less than five percent of the amount of each grant must be held back from reimbursement until the grant recipient has completed a grant accomplishment report by the deadline and in the form prescribed by and satisfactory to the Lessard-Sams Outdoor Heritage Council. The commissioner shall provide notice of the grant program in the game and fish law summaries that are prepared under Minnesota Statutes, section 97A.051, subdivision 2.

Subd. 6. **Administration**

803,000

752,000

(a) **Contract Management**

\$175,000 in the first year and \$175,000 in the second year are to the commissioner of natural resources for contract management duties assigned in this section. The commissioner shall provide an accomplishment plan in the form specified by the Lessard-Sams Outdoor Heritage Council on the expenditure of this appropriation. The accomplishment plan must include a copy of the grant contract template and reimbursement manual. No money may be expended prior to Lessard-Sams Outdoor Heritage Council approval of the accomplishment plan.

(b) **Legislative Coordinating Commission**

\$468,000 in the first year and \$468,000 in the second year are to the Legislative Coordinating Commission for administrative expenses of the Lessard-Sams Outdoor Heritage Council and for compensation and expense reimbursement of council members. Funds in this appropriation are available until June 30, 2015. Minnesota Statutes, section 16A.281, applies to this appropriation.

(c) **Technical Evaluation Panel**

\$90,000 in the first year and \$90,000 in the second year are to the commissioner of natural resources for a technical evaluation panel to conduct up to ten restoration evaluations under Minnesota Statutes, section 97A.056, subdivision 10.

(d) High-Priority Pretransaction Service Acceleration for Lessard-Sams Outdoor Heritage Council

\$50,000 in the first year is to the commissioner of natural resources to provide land acquisition pretransaction services including but not limited to appraisals, surveys, or title research for acquisition proposals under consideration by the Lessard-Sams Outdoor Heritage Council. A list of activities must be included in the final accomplishment plan.

(e) Legacy Web Site

\$20,000 in the first year and \$19,000 in the second year are for the Legislative Coordinating Commission for the Web site required in Minnesota Statutes, section 3.303, subdivision 10.

Subd. 7. Availability of Appropriation

Money appropriated in this section may not be spent on activities unless they are directly related to and necessary for a specific appropriation and are specified in the accomplishment plan approved by the Lessard-Sams Outdoor Heritage Council. Money appropriated in this section must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation. Unless otherwise provided in this article, fiscal year 2014 appropriations are available until June 30, 2016, and fiscal year 2015 appropriations are available until June 30, 2017. For acquisition of real property, the amounts in this section are available until: June 30, 2017, for fiscal year 2014 appropriations, if a binding agreement with a landowner or purchase agreement is entered into by June 30, 2016, and closed no later than June 30, 2017; and June 30, 2018, for fiscal year 2015 appropriations, if a binding agreement with a landowner or purchase agreement is entered into by June 30, 2017, and closed no later than June 30, 2018. Funds for restoration or enhancement are available until June 30, 2018, for fiscal year 2014 appropriations and June 30, 2019, for fiscal year 2015 appropriations, or four years after acquisition, whichever is later, in order to complete initial restoration or enhancement work. If a project receives federal funds, the time period of the appropriation is extended to equal the availability of federal funding. If the amount appropriated under this section for the first year is insufficient, the amount in the second year is available in the first year. Funds appropriated for fee title acquisition of land may be used to restore, enhance, and provide for public use of the land acquired with the appropriation. Public use facilities must have a minimal impact on habitat in acquired lands.

Subd. 8. Payment Conditions and Capital Equipment Expenditures

All agreements referred to in this section must be administered on a reimbursement basis unless otherwise provided in this section. Notwithstanding Minnesota Statutes, section 16A.41, expenditures directly related to each appropriation's purpose made on or after July 1, 2013, or the date of accomplishment plan approval, whichever is later, are eligible for reimbursement unless otherwise provided in this section. For the purposes of administering appropriations and legislatively authorized agreements paid out of the outdoor heritage fund, an expense must be considered reimbursable by the administering agency when the recipient presents the agency with an invoice or binding agreement with the landowner and the recipient attests that the goods have been received or the landowner agreement is binding. Periodic reimbursement must be made upon receiving documentation that the items articulated in the accomplishment plan approved by the Lessard-Sams Outdoor Heritage Council have been achieved, including partial achievements as evidenced by progress reports approved by the Lessard-Sams Outdoor Heritage Council. Reasonable amounts may be advanced to projects to accommodate cash flow needs, support future management of acquired lands, or match a federal share. The advances must be approved as part of the accomplishment plan. Capital equipment expenditures for specific items in excess of \$10,000 must be itemized in and approved as part of the accomplishment plan.

Subd. 9. Mapping

Each direct recipient of money appropriated in this section, as well as each recipient of a grant awarded pursuant to this section, must provide geographic information to the Department of Natural Resources for mapping any lands acquired in fee with funds appropriated in this section and open to public taking of fish and game. The commissioner of natural resources shall include the lands acquired in fee with money appropriated in this section on maps showing public recreation opportunities. Maps shall include information on and acknowledgement of the outdoor heritage fund, including a notation of any restrictions.

Subd. 10. Appropriation Carryforward; Fee Title Acquisition

The availability of the appropriation for the following project is extended to July 1, 2015: Laws 2010, chapter 361, article 1, section 2, subdivision 5, paragraph (h), Washington County St. Croix River Land Protection. The appropriation may be spent on acquisition of land in fee title to protect habitat associated with the St. Croix River Valley. A list of proposed acquisitions must be provided as part of the accomplishment plan.

Subd. 11. Conservation Corps Minnesota

A recipient of money from an appropriation under this section must give consideration to Conservation Corps Minnesota for possible use of the corps' services to contract for restoration and enhancement services.

Sec. 3. Minnesota Statutes 2012, section 97A.056, subdivision 3, is amended to read:

Subd. 3. **Council Duties; recommendations and oversight.** (a) The council shall make recommendations to the legislature on appropriations of money from the outdoor heritage fund that are consistent with the Constitution and state law and that will achieve the outcomes of existing natural resource plans, including, but not limited to, the Minnesota Statewide Conservation and Preservation Plan, that directly relate to the restoration, protection, and enhancement of wetlands, prairies, forests, and habitat for fish, game, and wildlife, and that prevent forest fragmentation, encourage forest consolidation, and expand restored native prairie. In making recommendations, the council shall consider a range of options that would best restore, protect, and enhance wetlands, prairies, forests, and habitat for fish, game, and wildlife. The council's biennial recommendations shall be submitted no later than January 15 each odd-numbered year. The council may submit supplemental recommendations by January 15 in even-numbered years. The council shall present its recommendations to the senate and house of representatives committees with jurisdiction over the environment and natural resources budget by February 15 in odd-numbered years, and within the first four weeks of the legislative session in even-numbered years if the council submitted supplemental recommendations. The council's budget recommendations to the legislature shall be separate from the Department of Natural Resource's budget recommendations.

(b) To encourage and support local conservation efforts, the council shall establish a conservation partners program. Local, regional, state, or national organizations may apply for matching grants for restoration, protection, and enhancement of wetlands, prairies, forests, and habitat for fish, game, and wildlife, prevention of forest fragmentation, encouragement of forest consolidation, and expansion of restored native prairie.

(c) The council may work with the Clean Water Council to identify projects that are consistent with both the purpose of the outdoor heritage fund and the purpose of the clean water fund.

(d) The council may make recommendations to the Legislative-Citizen Commission on Minnesota Resources on scientific research that will assist in restoring, protecting, and enhancing wetlands, prairies, forests, and habitat for fish, game, and wildlife, preventing forest fragmentation, encouraging forest consolidation, and expanding restored native prairie.

(e) Recommendations of the council, including approval of recommendations for the outdoor heritage fund, require an affirmative vote of at least nine members of the council.

(f) The council may work with the Clean Water Council, the Legislative-Citizen Commission on Minnesota Resources, the Board of Water and Soil Resources, soil and water conservation districts, and experts from Minnesota State Colleges and Universities and the University of Minnesota in developing the council's recommendations.

(g) The council shall develop and implement a process that ensures that citizens and potential recipients of funds are included throughout the process, including the development and finalization of the council's recommendations. The process must include a fair, equitable, and thorough process for reviewing requests for funding and a clear and easily understood process for ranking projects.

(h) The council shall use the regions of the state based upon the ecological sections and subsections developed by the Department of Natural Resources and establish objectives for each region and subregion to achieve the purposes of the fund outlined in the state constitution.

(i) The council shall develop and submit to the Legislative Coordinating Commission plans for the first ten years of funding, and a framework for 25 years of funding, consistent with statutory and constitutional requirements. The council may use existing plans from other legislative, state, and federal sources, as applicable.

(j) The council shall provide oversight of projects funded by the outdoor heritage fund, including evaluating the outcomes of completed projects.

(k) All proposals requesting funding submitted to the council must be reviewed by each council member in such a manner that each council member generally knows the details of the proposal, including who is proposing a project, the location of the project, the funds requested for the project, the outcomes sought by the project, and how the project will restore, protect, and enhance wetlands, prairies, forests, and habitat for fish, game, and wildlife. If the council uses a process that rejects some proposals and accepts other proposals for a full hearing before the council, the council shall state in writing to the proposer the reasons the proposal or project was not given a full hearing and the reasons the council believes the proposal or project did not merit full consideration.

Sec. 4. Minnesota Statutes 2012, section 97A.056, subdivision 10, is amended to read:

Subd. 10. **Restoration evaluations.** The commissioner of natural resources and the Board of Water and Soil Resources may convene a technical evaluation panel comprised of five members, including one technical representative from the Board of Water and Soil Resources, one technical representative from the Department of Natural Resources, one technical expert from the University of Minnesota or the Minnesota State Colleges and Universities, and two representatives with expertise in the project being evaluated. The board and the commissioner may add a technical representative from a unit of federal or local government. The members of the technical evaluation panel may not be associated with the restoration, may vary depending upon the projects being reviewed, and shall avoid any potential conflicts of interest. Each year, the board and the commissioner may assign a coordinator to identify a sample of ~~up to ten~~ habitat restoration projects completed with outdoor heritage funding. The coordinator shall secure the restoration plans for the projects specified and direct the technical evaluation panel to evaluate the restorations relative to the law, current science, and the stated goals and standards in the restoration plan and, when applicable, to the Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines. The coordinator shall summarize the findings of the panel and provide a report to the chair of the Lessard-Sams Outdoor Heritage Council and the chairs of the respective house of representatives and senate policy and finance committees with jurisdiction over natural resources and spending from the outdoor heritage fund. The report shall determine if the restorations are meeting planned goals, any problems with the implementation of restorations, and, if necessary, recommendations on improving restorations. The report shall be focused on improving future restorations. Up to one-tenth of one percent of forecasted receipts from the outdoor heritage fund may be used for restoration evaluations under this section.

Sec. 5. Minnesota Statutes 2012, section 97A.056, subdivision 11, is amended to read:

Subd. 11. **Recipient requirements.** (a) A state agency or other recipient of a direct appropriation from the outdoor heritage fund must compile and submit all information for funded projects or programs, including the proposed measurable outcomes and all other items required under section 3.303, subdivision 10, to the Legislative Coordinating Commission as soon as practicable or by January 15 of the applicable fiscal year, whichever comes first. The Legislative Coordinating Commission must post submitted information on the Web site required under section 3.303, subdivision 10, as soon as it becomes available.

(b) When practicable, a direct recipient of an appropriation from the outdoor heritage fund shall prominently display on the recipient's Web site home page the legacy logo required under Laws 2009, chapter 172, article 5, section 10, as amended by Laws 2010, chapter 361, article 3, section 5, accompanied by the phrase "Click here for more information." When a person clicks on the legacy logo image, the Web site must direct the person to a Web page that includes both the contact information that a person may use to obtain additional information, as well as a link to the Legislative Coordinating Commission Web site required under section 3.303, subdivision 10.

(c) Future eligibility for money from the outdoor heritage fund is contingent upon a state agency or other recipient satisfying all applicable requirements in this section, as well as any additional requirements contained in applicable session law. If the Office of the Legislative Auditor determines that a recipient of money from the outdoor heritage fund has not complied with the laws, rules, or regulations in this section or other laws applicable to the recipient, the recipient is not eligible for future funding from the outdoor heritage fund until the recipient demonstrates compliance.

(d) Money from the outdoor heritage fund may be used to travel outside the state of Minnesota if the travel is directly related to and necessary for a project that is based in Minnesota.

Sec. 6. Minnesota Statutes 2012, section 97A.056, is amended by adding a subdivision to read:

Subd. 20. **Acquisitions of lands or interest in lands; commissioner approval; appraisals.** (a) A recipient of an appropriation from the outdoor heritage fund that acquires an interest in real property must receive written approval from the commissioner of natural resources prior to the acquisition, if the interest is acquired in whole or in part with the appropriation. Conservation easements to be held by the Board of Water and Soil Resources are not subject to commissioner approval under this section.

(b) The commissioner shall approve acquisitions under this section only when the interest in real property:

(1) is identified as a high priority by the commissioner and meets the objectives and criteria identified in the applicable acquisition plan for the intended management status of the property; or

(2) is otherwise identified by the commissioner as a priority for state financing.

Sec. 7. Minnesota Statutes 2012, section 97A.056, is amended by adding a subdivision to read:

Subd. 21. **Value assessment.** Prior to acquiring an interest in real property with an appropriation from the outdoor heritage fund, a recipient of an appropriation must submit the most recent tax assessed value and most recent tax statement of the real property and the amount the recipient plans to offer for the interest in real property to the Lessard-Sams Outdoor Heritage Council and the commissioner of natural resources. Conservation easements to be held by the Board of Water and Soil Resources are not subject to the requirements of this section. The board shall keep a record of the tax assessed value of the real property at the time of acquisition and the most recent tax statement.

ARTICLE 2 CLEAN WATER FUND

Section 1. **CLEAN WATER FUND APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the clean water fund and are available for the fiscal years indicated for allowable activities under the Minnesota Constitution, article XI, section 15. The figures "2014" and "2015" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. "The first year" is fiscal year 2014. "The second year" is fiscal year 2015. "The biennium" is fiscal years 2014 and 2015. The appropriations in this article are onetime.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2014</u>	<u>2015</u>

Sec. 2. **CLEAN WATER**

Subdivision 1. **Total Appropriation**

\$95,108,000

\$96,096,000

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

Subd. 2. **Availability of Appropriation**

Money appropriated in this article may not be spent on activities unless they are directly related to and necessary for a specific appropriation and the recipient retains documentation sufficient to justify the use of the funds. Money appropriated in this article must be spent in accordance with Minnesota Management and Budget's Guidance to Agencies on Legacy Fund Expenditure. Notwithstanding Minnesota Statutes, section 16A.28, and unless otherwise specified in this article, fiscal year 2014 appropriations are available until June 30, 2015, and fiscal year 2015 appropriations are available until June 30, 2016. If a project receives federal funds, the time period of the appropriation is extended to equal the availability of federal funding.

Sec. 3. **DEPARTMENT OF AGRICULTURE**

\$7,895,000

\$7,895,000

(a) \$350,000 the first year and \$350,000 the second year are to accelerate monitoring for pesticides and pesticide degradates in surface water and groundwater in areas vulnerable to surface water impairments and groundwater degradation and to use data collected to improve pesticide use practices.

(b) \$3,110,000 the first year and \$3,110,000 the second year are to increase monitoring and evaluate trends in the concentration of nitrates in groundwater in areas vulnerable to groundwater degradation, including a substantial increase of monitoring of private wells in cooperation with the commissioner of health, monitoring for pesticides when nitrates are detected, and promoting and evaluating regional and crop-specific nutrient best management practices to protect groundwater from degradation. Of this amount, \$75,000 is for accelerating the update for the commercial manure applicator manual. This amount is to be matched with general funds. This appropriation is available until June 30, 2016, when the commissioner shall submit a report to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over agriculture and environment and natural resources policy and finance on the expenditure of these funds, including the progress in preventing groundwater degradation and recommendations. By

October 15, 2014, the commissioner shall submit an interim report to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over agriculture and environment and natural resources policy and finance on the expenditure of these funds, including recommendations.

(c) \$100,000 the first year and \$100,000 the second year are for transfer to the clean water agricultural best management practices loan account and are available for pass-through to local governments and lenders for low-interest septic system loans under Minnesota Statutes, section 17.117. Any unencumbered balance that is not used for pass-through to local governments does not cancel at the end of the first year and is available for the second year.

(d) \$1,500,000 the first year and \$1,500,000 the second year are for technical assistance including, but not limited to, small watershed evaluation, edge of field monitoring, assessment of stream channel characteristics, terrain analysis, corn stalk testing, sediment fingerprinting, and agronomic assessments, all designed to establish advanced practices for protecting lakes, rivers, and streams and for protecting groundwater from degradation. This appropriation is available until June 30, 2016.

(e) \$1,050,000 the first year and \$1,050,000 the second year are for research that could pass peer review to protect water resources from agricultural-related contaminants, including: pilot projects, including the use of cover crops; development of best management practices; and technical assistance on proper implementation of best management practices to protect and restore surface water and protect groundwater from degradation. This appropriation is available until June 30, 2018.

(f) \$175,000 the first year and \$175,000 the second year are for a research inventory database containing water-related research activities. Any information technology development or support or costs necessary for this research inventory database will be incorporated into the agency's service level agreement with and paid to the Office of Enterprise Technology. This appropriation is available until June 30, 2016.

(g) \$1,500,000 the first year and \$1,500,000 the second year are to implement a Minnesota agricultural water quality certification program. This appropriation is available until June 30, 2018.

(h) \$110,000 the first year and \$110,000 the second year are for a regional irrigation water quality specialist through the University of Minnesota Extension Service to accelerate efforts to provide guidance on managing water and nitrogen fertilizer and to provide assistance complying with permit requirements, regulations, and other related laws. By January 15, 2016, the commissioner shall submit a report to the chairs and ranking minority members of the

senate and house of representatives committees and divisions with jurisdiction over agriculture and environment and natural resources policy and finance on the expenditure of these funds, including recommendations.

Sec. 4. **PUBLIC FACILITIES AUTHORITY**

\$11,000,000

\$11,000,000

(a) \$9,000,000 the first year and \$9,000,000 the second year are for the total maximum daily load grant program under Minnesota Statutes, section 446A.073. This appropriation is available until June 30, 2018.

(b) \$2,000,000 the first year and \$2,000,000 the second year are for small community wastewater treatment grants and loans under Minnesota Statutes, section 446A.075. By January 15, 2014, the authority shall submit recommendations to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over agriculture and environment and natural resources policy and finance on potential criteria that may be used to evaluate the option to buy out properties if it is more cost-effective than a proposed wastewater treatment system project. This appropriation is available until June 30, 2018.

(c) If there are any uncommitted funds at the end of each fiscal year under paragraph (a) or (b), the Public Facilities Authority may transfer the remaining funds to eligible projects under any of the programs listed in this section based on their priority rank on the Pollution Control Agency's project priority list.

Sec. 5. **POLLUTION CONTROL AGENCY**

\$30,315,000

\$30,265,000

(a) \$7,000,000 the first year and \$7,000,000 the second year are for completion of 20 percent of the needed statewide assessments of surface water quality and trends.

(b) \$500,000 the first year and \$500,000 the second year are to monitor and assess unregulated contaminants in surface water. By January 1, 2014, the commissioner shall submit an initial report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources policy and finance on unregulated contaminants, including steps that should be taken to reduce the most problematic contaminants.

(c) \$10,200,000 the first year and \$10,200,000 the second year are to develop watershed restoration and protection strategies (WRAPS), which include: total maximum daily load (TMDL) studies; TMDL implementation plans for waters listed on the United States Environmental Protection Agency approved impaired waters list in accordance with Minnesota Statutes, chapter 114D; and setting reduction and protection goals and a schedule for meeting the goals.

The agency shall complete an average of ten percent of the TMDL's each year over the biennium. Of this amount, \$800,000 each year is for conducting interim assessments of impaired waters five years after the completion of a TMDL to determine the progress made in achieving water quality improvements. Following completion of each interim assessment conducted with this appropriation, the commissioner shall submit the assessment to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over the environment and natural resources policy and finance.

(d) \$1,250,000 the first year and \$1,250,000 the second year are for groundwater assessment, including enhancing the ambient monitoring network, modeling, and evaluating trends, including the reassessment of groundwater that was assessed ten to 15 years ago and found to be contaminated. By January 15, 2016, the commissioner shall submit a report with recommendations for reducing or preventing groundwater degradation from contaminants to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over environment and natural resources policy and finance.

(e) \$750,000 the first year and \$750,000 the second year are for water quality improvements in the lower St. Louis River and Duluth harbor within the St. Louis River System Area of Concern. This appropriation must be matched at a rate of 65 percent nonstate money to 35 percent state money.

(f) \$3,000,000 the first year and \$3,000,000 the second year are for the clean water partnership program. Any unexpended balance in the first year does not cancel but is available in the second year. Priority shall be given to projects preventing impairments and degradation of lakes, rivers, streams, and groundwater according to Minnesota Statutes, section 114D.20, subdivision 2, clause (4).

(g) \$1,150,000 the first year and \$1,150,000 the second year are for TMDL research and database development.

(h) \$1,000,000 the first year and \$1,000,000 the second year are to initiate development of a multiagency watershed database reporting portal. Any information technology development or support or costs necessary for this research inventory database will be incorporated into the agency's service level agreement with and paid to the Office of Enterprise Technology.

(i) \$900,000 the first year and \$900,000 the second year are for national pollutant discharge elimination system wastewater and storm water TMDL implementation efforts.

(j) \$3,450,000 the first year and \$3,450,000 the second year are for grants to counties with specific plans to significantly reduce water pollution by reducing the number of subsurface sewage treatment

systems (SSTS) that are an imminent threat to public health or safety or are otherwise failing. Counties with an ordinance in place that requires an SSTS to be compliant with existing standards upon property transfer and as a condition of obtaining a building permit shall be given priority for grants under this paragraph. Of this amount, \$750,000 each year is available to counties for grants to low-income landowners to address systems that pose an imminent threat to public health or safety or fail to protect groundwater. A grant awarded under this paragraph may not exceed \$500,000. A county receiving a grant under this paragraph must submit a report to the agency listing the projects funded, including an account of the expenditures.

(k) \$550,000 the first year and \$550,000 the second year are for water quality monitoring in watersheds with participants in the agricultural water quality certification program and watersheds targeted by the Board of Water and Soil Resources in order to develop baseline surface water quality information, including water quality data from areas located downstream from impacted areas.

(l) \$375,000 the first year and \$375,000 the second year are for developing wastewater treatment system designs and practices and providing technical assistance. Of this amount, \$145,000 each year is for transfer to the Board of Regents of the University of Minnesota to provide ongoing support for design teams with scientific and technical expertise pertaining to wastewater management and treatment that will include representatives from the University of Minnesota, Pollution Control Agency, and municipal wastewater utilities and other wastewater engineering experts. The design teams shall promote the use of new technology, designs, and practices to address existing and emerging wastewater treatment challenges, including the treatment of wastewater for reuse and the emergence of new and other unregulated contaminants. This appropriation is available until June 30, 2016.

(m) \$100,000 the first year and \$100,000 the second year are for grants to the Red River Watershed Management Board to enhance and expand the existing water quality and watershed monitoring river watch activities, including groundwater, in the schools in the Red River of the North Watershed. The Red River Watershed Management Board shall provide a report to the commissioner and the chair and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over environment and natural resources finance and policy and the clean water fund by February 15, 2015, on the expenditure of these funds.

(n) \$50,000 the first year is for providing technical assistance to local units of government to address the impacts on water quality from polycyclic aromatic hydrocarbons resulting from the use of coal tar products.

(o) \$40,000 the first year and \$40,000 the second year are to support activities of the Clean Water Council according to Minnesota Statutes, section 114D.30, subdivision 1.

(p) Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2015, as grants or contracts in this section are available until June 30, 2018.

Sec. 6. **DEPARTMENT OF NATURAL RESOURCES**

\$14,360,000

\$14,075,000

(a) \$2,500,000 the first year and \$2,500,000 the second year are for stream flow monitoring, including the installation of additional monitoring gauges, and monitoring necessary to determine the relationship between stream flow and groundwater.

(b) \$1,300,000 the first year and \$1,300,000 the second year are for lake Index of Biological Integrity (IBI) assessments.

(c) \$135,000 the first year and \$135,000 the second year are for assessing mercury contamination of fish, including monitoring to track the status of waters impaired by mercury and mercury reduction efforts over time.

(d) \$1,850,000 the first year and \$1,850,000 the second year are for developing targeted, science-based watershed restoration and protection strategies, including regional technical assistance for TMDL plans and development of a watershed assessment tool, in cooperation with the commissioner of the Pollution Control Agency. By January 15, 2016, the commissioner shall submit a report to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over environment and natural resources policy and finance providing the outcomes to lakes, rivers, streams, and groundwater achieved with this appropriation and recommendations.

(e) \$1,500,000 the first year and \$1,500,000 the second year are for water supply planning, aquifer protection, and monitoring activities.

(f) \$1,000,000 the first year and \$1,000,000 the second year are for technical assistance to support local implementation of nonpoint source restoration and protection activities, including water quality protection in forested watersheds.

(g) \$675,000 the first year and \$675,000 the second year are for applied research and tools, including watershed hydrologic modeling; maintaining and updating spatial data for watershed boundaries, streams, and water bodies and integrating high-resolution digital elevation data; assessing effectiveness of forestry best management practices for water quality; and developing an ecological monitoring database.

(h) \$615,000 the first year and \$615,000 the second year are for developing county geologic atlases.

(i) \$85,000 the first year is to develop design standards and best management practices for public water access sites to maintain and improve water quality by avoiding shoreline erosion and runoff.

(j) \$3,500,000 the first year and \$3,500,000 the second year are for beginning to develop and designate groundwater management areas under Minnesota Statutes, section 103G.287, subdivision 4. The commissioner, in consultation with the commissioners of the Pollution Control Agency, health, and agriculture, shall establish a uniform statewide hydrogeologic mapping system that will include designated groundwater management areas. The mapping system must include wellhead protection areas, special well construction areas, groundwater provinces, groundwater recharge areas, and other designated or geographical areas related to groundwater. This mapping system shall be used to implement all groundwater-related laws and for reporting and evaluations. This appropriation is available until June 30, 2017.

(k) \$1,000,000 the first year and \$1,000,000 the second year are for grants to counties and other local units of government that have adopted advanced shoreland protection measures. The grants awarded under this paragraph shall be for \$100,000 and must be used to restore and enhance riparian areas to protect, enhance, and restore water quality in lakes, rivers, and streams. Grant recipients must submit a report to the commissioner on the outcomes achieved with the grant. To be eligible for a grant under this paragraph, a county or other local unit of government must have adopted an ordinance for the subdivision, use, redevelopment, and development of shoreland that has been certified by the commissioner of natural resources as having advanced shoreland protection measures. The commissioner shall only certify an ordinance that meets or exceeds the following standards:

(1) requires new sewage treatment systems to be set back at least 100 feet from the ordinary high water level for recreational development shorelands and 75 feet for general development lake shorelands;

(2) requires redevelopment and new development on shoreland to have at least a 50-foot vegetative buffer. An access path and recreational use area may be allowed;

(3) requires mitigation when any variance to standards designed to protect lakes, rivers, and streams is granted;

(4) requires best management practices to be used to control storm water and sediment when 3,000 or more square feet are disturbed as part of a land alteration;

(5) includes other criteria developed by the commissioner; and

(6) has been adopted by July 1, 2015.

The commissioner may certify an ordinance that does not exceed all the standards in clauses (1) to (5) if the commissioner determines that the ordinance provides significantly greater protection for both waters and shoreland than those standards.

The commissioner of natural resources may develop additional criteria for the grants awarded under this paragraph. In developing the criteria, the commissioner shall consider the proposed changes to the department's shoreland rules discussed during the rulemaking process authorized under Laws 2007, chapter 57, article 1, section 4, subdivision 3. This appropriation is available until spent.

(l) \$100,000 the first year is for preparing and hosting groundwater management workshops to provide an update on scientific, technical, and other information regarding groundwater sustainability, use, and best management practices to groundwater management professionals and mayors or their designees in greater Minnesota.

(m) \$100,000 the first year is for preparing and hosting, in consultation with the Metropolitan Council, groundwater management workshops to provide an update on scientific, technical, and other information regarding groundwater sustainability, use, and best management practices to groundwater management professionals and mayors or their designees in the metropolitan area.

Sec. 7. **BOARD OF WATER AND SOIL RESOURCES**

\$22,711,000

\$24,534,000

(a) \$5,000,000 the first year and \$5,000,000 the second year are for grants to soil and water conservation districts, watershed districts, watershed management organizations, and other joint powers organizations organized for the management of water in a watershed or subwatershed that have multiyear plans that will result in a significant reduction in water pollution in a selected subwatershed. The grants may be used for the following purposes: establishment of riparian buffers; practices to store water for natural treatment and infiltration, including rain gardens; capturing storm water for reuse; stream bank, shoreland, and ravine stabilization; enforcement activities; and implementation of best management practices for feedlots within riparian areas and other practices demonstrated to be most effective in protecting, enhancing, and restoring water quality in lakes, rivers, and streams and protecting groundwater from degradation. Grant recipients must provide a nonstate cash match of at least 25 percent of the total eligible project costs. Grant recipients may use other legacy

funds to supplement projects funded under this paragraph. Prairie restorations conducted with funds awarded under this paragraph must include a diversity of species, including species selected to provide habitat for pollinators throughout the growing season, and protect existing native prairies from genetic contamination. Grants awarded under this paragraph are available for four years and priority shall be given to the three to six best designed plans each year. By January 15, 2016, the board shall submit an interim report on the outcomes achieved with this appropriation, including recommendations, to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over environment and natural resources policy and finance. This appropriation is available until June 30, 2018.

(b) \$2,853,000 the first year and \$4,675,000 the second year are for grants to local government units for the following purposes: establishment of riparian buffers; practices to store water for natural treatment and infiltration, including rain gardens; capturing storm water for reuse; stream bank, shoreland, and ravine stabilization; enforcement activities; and implementation of best management practices for feedlots within riparian areas and other practices demonstrated to be most effective in protecting, enhancing, and restoring water quality in lakes, rivers, and streams and protecting groundwater from degradation.

(c) \$4,000,000 the first year and \$4,000,000 the second year are for targeted local resource protection and enhancement grants for projects and practices that exceed current state standards for protection, enhancement, and restoration of water quality in lakes, rivers, and streams or that protect groundwater from degradation.

(d) \$900,000 the first year and \$900,000 the second year are to provide state oversight and accountability, evaluate results, and measure the value of conservation program implementation by local governments, including submission to the legislature by March 1 each year an annual report prepared by the board, in consultation with the commissioners of natural resources, health, agriculture, and the Pollution Control Agency, detailing the recipients, projects funded under this section, and the amount of pollution reduced.

(e) \$1,700,000 the first year and \$1,700,000 the second year are for grants to local units of government to ensure compliance with Minnesota Statutes, chapter 103E, and sections 103F.401 to 103F.455, including enforcement efforts. Of this amount, \$235,000 the first year is to update the Minnesota Public Drainage Manual and the Minnesota Public Drainage Law Overview for Decision Makers and to provide outreach to users.

(f) \$6,500,000 the first year and \$6,500,000 the second year are to purchase and restore permanent conservation easements on riparian buffers adjacent to lakes, rivers, streams, and tributaries

with a high risk of becoming impaired or that are currently impaired, to keep water on the land in order to decrease sediment, pollutant, and nutrient transport; reduce hydrologic impacts to surface waters; and increase infiltration for groundwater recharge. This appropriation may be used for restoration of riparian buffers protected by easements purchased with this appropriation and for stream bank restorations when the riparian buffers have been restored. Prairie restorations conducted with funds awarded under this paragraph must include a diversity of species, including species selected to provide habitat for pollinators throughout the growing season, and protect existing native prairies from genetic contamination.

(g) \$1,400,000 the first year and \$1,400,000 the second year are for permanent conservation easements on wellhead protection areas under Minnesota Statutes, section 103F.515, subdivision 2, paragraph (d). Priority must be placed on land that is located where the vulnerability of the drinking water supply is designated as high or very high by the commissioner of health.

(h) \$175,000 the first year and \$175,000 the second year are for a technical evaluation panel to conduct at least 20 restoration evaluations under Minnesota Statutes, section 114D.50, subdivision 6.

(i) \$120,000 the first year and \$120,000 the second year are for grants to Area II Minnesota River Basin projects for floodplain management.

(j) \$63,000 the first year and \$64,000 the second year are for implementation of the changes to the Clean Water Legacy Act contained in this article.

(k) The board shall contract for services with Conservation Corps Minnesota for restoration, maintenance, and other activities under this section for \$500,000 the first year and \$500,000 the second year.

(l) The board may adjust the technical and administrative assistance portion of the funds to leverage federal or other nonstate funds or to address oversight responsibilities or high-priority needs identified in local water management plans.

(m) The board shall require grantees to specify the outcomes that will be achieved by the grants prior to any grant awards and the board shall track the cumulative impacts and include those impacts in reports on the expenditure of clean water funds submitted to the legislature.

(n) The appropriations in this section are available until June 30, 2018. Returned grant funds are available until expended and shall be regranted consistent with the purposes of this section.

Sec. 8. **DEPARTMENT OF HEALTH****\$6,198,000****\$6,198,000**

(a) \$1,300,000 the first year and \$1,300,000 the second year are for addressing public health concerns related to contaminants found in Minnesota drinking water for which no health-based drinking water standards exist, including accelerating the development of health risk limits, including triclosan, and improving the capacity of the department's laboratory to analyze unregulated contaminants.

(b) \$1,615,000 the first year and \$1,615,000 the second year are for protection of groundwater and surface water drinking water sources, including protection from viruses.

(c) \$250,000 the first year and \$250,000 the second year are for cost share assistance to public and private well owners for up to 50 percent of the cost of sealing unused wells.

(d) \$390,000 the first year and \$390,000 the second year are to update and expand the County Well Index, in cooperation with the commissioner of natural resources.

(e) \$325,000 the first year and \$325,000 the second year are for studying the occurrence and magnitude of contaminants in private wells and developing guidance to ensure that new well placement minimizes the potential for risks, in cooperation with the commissioner of agriculture.

(f) \$105,000 the first year and \$105,000 the second year are for monitoring recreational beaches on Lake Superior for pollutants that may pose a public health risk and mitigating sources of bacterial contamination that are identified.

(g) \$980,000 the first year and \$980,000 the second year are for a biomonitoring program that will focus on children and disadvantaged communities to provide data on disparities in pollutant exposure and other measures necessary to assist with water quality management and protection decision making.

(h) \$1,233,000 the first year and \$1,233,000 the second year are for the development and implementation of a groundwater virus monitoring plan, including an epidemiological study to determine the association between groundwater virus concentration and community illness rates. This appropriation is available until June 30, 2017.

(i) Unless otherwise specified, the appropriations in this section are available until June 30, 2016.

Sec. 9. **METROPOLITAN COUNCIL****\$2,000,000****\$1,500,000**

(a) \$250,000 the first year and \$250,000 the second year are for grants or loans for local inflow and infiltration reduction programs addressing high priority areas in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2. This appropriation is available until expended.

(b) \$500,000 the first year is for an agreement with the United States Geological Survey to investigate groundwater and surface water interaction in and around White Bear Lake and surrounding northeast metropolitan lakes, including seepage rate determinations, water quality of groundwater and surface water, isotope analyses, lake level analyses, water balance determination, and creation of a calibrated groundwater flow model. The council shall use the results to prepare guidance for other areas to use in addressing groundwater and surface water interaction issues. This is a onetime appropriation and is available until June 30, 2016.

(c) \$1,250,000 the first year and \$1,250,000 the second year are for metropolitan regional groundwater planning to achieve water supply reliability and sustainability, including determination of a sustainable regional balance of surface water and groundwater, a feasibility assessment of potential solutions to rebalance regional water use and identify potential solutions to address emerging subregional water supply issues such as the northeast metro, and development of an implementation plan that addresses regional targets and timelines and defines short- and medium-term milestones for achieving the desirable surface water and groundwater regional balance. By January 15, 2014, the commissioner shall submit an interim report on the expenditure of this appropriation to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over environment and natural resources finance and policy and the clean water fund.

Sec. 10. **UNIVERSITY OF MINNESOTA**

\$615,000

\$615,000

\$615,000 the first year and \$615,000 the second year are for developing county geologic atlases. This appropriation is available until June 30, 2018.

Sec. 11. **LEGISLATURE**

\$14,000

\$14,000

\$14,000 the first year and \$14,000 the second year are for the Legislative Coordinating Commission for the Web site required in Minnesota Statutes, section 3.303, subdivision 10, including detailed mapping.

Sec. 12. **[17.9891] PURPOSE.**

The commissioner, in consultation with the commissioner of natural resources, commissioner of the Pollution Control Agency, and Board of Water and Soil Resources, may implement a Minnesota agricultural water quality certification program whereby a producer who demonstrates practices and management sufficient to protect water quality is certified for up to ten years and presumed to be contributing the producer's share of any targeted reduction of water pollutants during the certification period. The program is voluntary. The program will first be piloted in selected watersheds across the state, until such time as the commissioner, in consultation with the commissioner of natural resources, commissioner of the Pollution Control Agency, and Board of Water and Soil Resources, determines the program is ready for expansion.

Sec. 13. **[17.9892] DEFINITIONS.**

Subdivision 1. **Application.** The definitions in this section apply to sections 17.9891 to 17.993.

Subd. 2. **Certification.** "Certification" means a producer has demonstrated compliance with all applicable environmental rules and statutes for all of the producer's owned and rented agricultural land and has achieved a satisfactory score through the certification instrument as verified by a certifying agent.

Subd. 3. **Certifying agent.** "Certifying agent" means a person who is authorized by the commissioner to assess producers to determine whether a producer satisfies the standards of the program.

Subd. 4. **Effective control.** "Effective control" means possession of land by ownership, written lease, or other legal agreement and authority to act as decision maker for the day-to-day management of the operation at the time the producer achieves certification and for the required certification period.

Subd. 5. **Eligible land.** "Eligible land" means all acres of a producer's agricultural operation, whether contiguous or not, that are under the effective control of the producer at the time the producer enters into the program and that the producer operates with equipment, labor, and management.

Subd. 6. **Program.** "Program" means the Minnesota agricultural water quality certification program.

Subd. 7. **Technical assistance.** "Technical assistance" means professional, advisory, or cost share assistance provided to individuals in order to achieve certification.

Sec. 14. **[17.9893] CERTIFICATION INSTRUMENT.**

The commissioner, in consultation with the commissioner of natural resources, commissioner of the Pollution Control Agency, and Board of Water and Soil Resources, shall develop an analytical instrument to assess the water quality practices and management of agricultural operations. This instrument shall be used to certify that the water quality practices and management of an agricultural operation are consistent with state water quality goals and standards. The commissioner shall define a satisfactory score for certification purposes. The certification instrument tool shall:

- (1) integrate applicable existing regulatory requirements;
- (2) utilize technology and prioritize ease of use;
- (3) utilize a water quality index or score applicable to the landscape;
- (4) incorporate a process for updates and revisions as practices, management, and technology changes become established and approved; and
- (5) comprehensively address water quality impacts.

Sec. 15. **[17.9894] CERTIFYING AGENT LICENSE.**

Subdivision 1. **License.** A person who offers certification services to producers as part of the program must satisfy all criteria in subdivision 2 and be licensed by the commissioner. A certifying agent is ineligible to provide certification services to any producer to whom the certifying agent has also provided technical assistance. Notwithstanding section 16A.1283, the commissioner may set license fees.

Subd. 2. **Certifying agent requirements.** In order to be licensed as a certifying agent, a person must:

(1) be an agricultural conservation professional employed by the state of Minnesota, a soil and water conservation district, or the Natural Resources Conservation Service or a Minnesota certified crop advisor as recognized by the American Society of Agronomy;

(2) have passed a comprehensive exam, as set by the commissioner, evaluating knowledge of water quality, soil health, best farm management techniques, and the certification instrument; and

(3) maintain continuing education requirements as set by the commissioner.

Sec. 16. **[17.9895] DUTIES OF A CERTIFYING AGENT.**

Subdivision 1. **Duties.** A certifying agent shall conduct a formal certification assessment utilizing the certification instrument to determine whether a producer meets program criteria. If a producer satisfies all requirements, the certifying agent shall notify the commissioner of the producer's eligibility and request that the commissioner issue a certificate. All records and documents used in the assessment shall be compiled by the certifying agent and submitted to the commissioner.

Subd. 2. **Violations.** (a) In the event a certifying agent violates any provision of sections 17.9891 to 17.993 or an order of the commissioner, the commissioner may issue a written warning or a correction order and may suspend or revoke a license.

(b) If the commissioner suspends or revokes a license, the certifying agent has ten days from the date of suspension or revocation to appeal. If a certifying agent appeals, the commissioner shall hold an administrative hearing within 30 days of the suspension or revocation of the license, or longer by agreement of the parties, to determine whether the license is revoked or suspended. The commissioner shall issue an opinion within 30 days. If a person notifies the commissioner that the person intends to contest the commissioner's opinion, the Office of Administrative Hearings shall conduct a hearing in accordance with the applicable provisions of chapter 14 for hearings in contested cases.

Sec. 17. **[17.9896] CERTIFICATION PROCEDURES.**

Subdivision 1. **Producer duties.** A producer who seeks certification of eligible land shall conduct an initial assessment using the certification instrument, obtain technical assistance if necessary to achieve a satisfactory score on the certification instrument, and apply for certification from a licensed certifying agent.

Subd. 2. **Additional land.** Once certified, if a producer obtains effective control of additional agricultural land, the producer must notify a certifying agent and obtain certification of the additional land within one year in order to retain the producer's original certification.

Subd. 3. **Violations.** (a) The commissioner may revoke a certification if the producer fails to obtain certification on any additional land for which the producer obtains effective control.

(b) The commissioner may revoke a certification and seek reimbursement of any monetary benefit a producer may have received due to certification from a producer who fails to maintain certification criteria.

(c) If the commissioner revokes a certification, the producer has ten days from the date of suspension or revocation to appeal. If a producer appeals, the commissioner shall hold an administrative hearing within 30 days of the suspension or revocation of the certification, or longer by agreement of the parties, to determine whether the certification is revoked or suspended. The commissioner shall issue an opinion within 30 days. If the producer

notifies the commissioner that the producer intends to contest the commissioner's opinion, the Office of Administrative Hearings shall conduct a hearing in accordance with the applicable provisions of chapter 14 for hearings in contested cases.

Sec. 18. **[17.9897] CERTIFICATION CERTAINTY.**

(a) Once a producer is certified, the producer:

(1) retains certification for up to ten years from the date of certification if the producer complies with the certification agreement, even if the producer does not comply with new state water protection laws or rules that take effect during the certification period;

(2) is presumed to be meeting the producer's contribution to any targeted reduction of pollutants during the certification period;

(3) is required to continue implementation of practices that maintain the producer's certification; and

(4) is required to retain all records pertaining to certification.

(b) Paragraph (a) does not preclude enforcement of a local rule or ordinance by a local unit of government.

Sec. 19. **[17.9898] AUDITS.**

The commissioner shall perform random audits of producers and certifying agents to ensure compliance with the program. All producers and certifying agents shall cooperate with the commissioner during these audits and provide all relevant documents to the commissioner for inspection and copying. Any delay, obstruction, or refusal to cooperate with the commissioner's audit or falsification of or failure to provide required data or information is a violation subject to the provisions of section 17.9895, subdivision 2, or 17.9896, subdivision 3.

Sec. 20. **[17.9899] DATA.**

All data collected under the program that identifies a producer or a producer's location are considered nonpublic data as defined in section 13.02, subdivision 9, or private data on individuals as defined in section 13.02, subdivision 12. The commissioner shall make available summary data of program outcomes on data classified as private or nonpublic under this section.

Sec. 21. **[17.991] RULEMAKING.**

The commissioner may adopt rules to implement the program.

Sec. 22. **[17.992] REPORTS.**

The commissioner, in consultation with the commissioner of natural resources, commissioner of the Pollution Control Agency, and Board of Water and Soil Resources, shall issue a biennial report to the chairs and ranking minority members of the legislative committees with jurisdiction over agricultural policy on the status of the program.

Sec. 23. **[17.993] FINANCIAL ASSISTANCE.**

The commissioner may use contributions from gifts or other state accounts, provided that the purpose of the expenditure is consistent with the purpose of the accounts, for grants, loans, or other financial assistance.

Sec. 24. Minnesota Statutes 2012, section 114D.15, is amended by adding a subdivision to read:

Subd. 13. **Watershed restoration and protection strategy or WRAPS.** "Watershed restoration and protection strategy" or "WRAPS" means a document summarizing scientific studies of a major watershed no larger than a hydrologic unit code 8 including the physical, chemical, and biological assessment of the water quality of the watershed; identification of impairments and water bodies in need of protection; identification of biotic stressors and sources of pollution, both point and nonpoint; TMDL's for the impairments; and an implementation table containing strategies and actions designed to achieve and maintain water quality standards and goals.

Sec. 25. **[114D.26] WATERSHED RESTORATION AND PROTECTION STRATEGIES.**

Subdivision 1. **Contents.** The Pollution Control Agency, in cooperation with the Board of Water and Soil Resources, the commissioner of natural resources, and others, shall develop watershed restoration and protection strategies. To ensure effectiveness and accountability in meeting the goals of this chapter, each WRAPS shall:

- (1) identify impaired waters and waters in need of protection;
- (2) identify biotic stressors causing impairments or threats to water quality;
- (3) summarize watershed modeling outputs and resulting pollution load allocations, wasteload allocations, and priority areas for targeting actions to improve water quality;
- (4) identify point sources of pollution for which a national pollutant discharge elimination system permit is required under section 115.03;
- (5) identify nonpoint sources of pollution for which a national pollutant discharge elimination system permit is not required under section 115.03, with sufficient specificity to prioritize and geographically locate watershed restoration and protection actions;
- (6) describe the current pollution loading and load reduction needed for each source or source category to meet water quality standards and goals, including wasteload and load allocations from TMDL's;
- (7) contain a plan for ongoing water quality monitoring to fill data gaps, determine changing conditions, and gauge implementation effectiveness; and
- (8) contain an implementation table of strategies and actions that are capable of cumulatively achieving needed pollution load reductions for point and nonpoint sources, including:
 - (i) water quality parameters of concern;
 - (ii) current water quality conditions;
 - (iii) water quality goals and targets by parameter of concern;
 - (iv) strategies and actions by parameter of concern and the scale of adoptions needed for each;
 - (v) a timeline and an estimated range of costs for achievement of water quality targets;
 - (vi) identification of compliance assessment efforts needed;

(vii) the governmental units with primary responsibility for implementing each watershed restoration or protection strategy;

(viii) a list and an estimate for each of the public and private funding sources and amounts to be pursued for the needed implementation actions; and

(ix) a timeline and interim milestones for achievement of watershed restoration or protection implementation actions within ten years of strategy adoption.

Subd. 2. **Reporting.** Beginning July 1, 2016, and every other year thereafter, the Pollution Control Agency must report on its Web site the progress toward implementation milestones and water quality goals for all adopted TMDL's and, where available, WRAPS's.

Subd. 3. **Timelines.** WRAPS's must be completed within one year of the Environmental Protection Agency's approval of TMDL's within the applicable watershed.

Sec. 26. Minnesota Statutes 2012, section 114D.50, is amended by adding a subdivision to read:

Subd. 3a. **Nonpoint priority funding plan.** (a) Beginning July 1, 2014, and every other year thereafter, the Board of Water and Soil Resources shall prepare and post on its Web site a priority funding plan to prioritize potential nonpoint restoration and protection actions based on available WRAPS's, TMDL's, and local water plans. The plan must take into account the following factors: water quality outcomes, cost-effectiveness, landowner financial need, and leverage of nonstate funding sources.

(b) Consistent with the priorities listed in section 114D.20, state agencies allocating funds from the clean water fund for nonpoint restoration and protection strategies shall target the funds according to the priorities identified on the nonpoint priority funding plan. The allocation of the clean water fund to projects eligible for financial assistance under section 116.182 is not governed by the nonpoint priority funding plan.

Sec. 27. Minnesota Statutes 2012, section 114D.50, subdivision 4, is amended to read:

Subd. 4. Expenditures; accountability. (a) A project receiving funding from the clean water fund must meet or exceed the constitutional requirements to protect, enhance, and restore water quality in lakes, rivers, and streams and to protect groundwater and drinking water from degradation. Priority may be given to projects that meet more than one of these requirements. A project receiving funding from the clean water fund shall include measurable outcomes, as defined in section 3.303, subdivision 10, and a plan for measuring and evaluating the results. A project must be consistent with current science and incorporate state-of-the-art technology.

(b) Money from the clean water fund shall be expended to balance the benefits across all regions and residents of the state.

(c) A state agency or other recipient of a direct appropriation from the clean water fund must compile and submit all information for proposed and funded projects or programs, including the proposed measurable outcomes and all other items required under section 3.303, subdivision 10, to the Legislative Coordinating Commission as soon as practicable or by January 15 of the applicable fiscal year, whichever comes first. The Legislative Coordinating Commission must post submitted information on the Web site required under section 3.303, subdivision 10, as soon as it becomes available. Information classified as not public under section 13D.05, subdivision 3, paragraph (d), is not required to be placed on the Web site.

(d) Grants funded by the clean water fund must be implemented according to section 16B.98 and must account for all expenditures. Proposals must specify a process for any regrants envisioned. Priority for grant proposals must be given to proposals involving grants that will be competitively awarded.

(e) Money from the clean water fund may only be spent on projects that benefit Minnesota waters. Money from the clean water fund may be used to travel outside the state of Minnesota if the travel is directly related to and necessary for a projects that benefits Minnesota waters.

(f) When practicable, a direct recipient of an appropriation from the clean water fund shall prominently display on the recipient's Web site home page the legacy logo required under Laws 2009, chapter 172, article 5, section 10, as amended by Laws 2010, chapter 361, article 3, section 5, accompanied by the phrase "Click here for more information." When a person clicks on the legacy logo image, the Web site must direct the person to a Web page that includes both the contact information that a person may use to obtain additional information, as well as a link to the Legislative Coordinating Commission Web site required under section 3.303, subdivision 10.

(g) Future eligibility for money from the clean water fund is contingent upon a state agency or other recipient satisfying all applicable requirements in this section, as well as any additional requirements contained in applicable session law. If the Office of the Legislative Auditor determines that a recipient of money from the clean water fund has not complied with the laws, rules, or regulations in this section or other laws applicable to the recipient, the recipient is not eligible for future funding from the clean water fund until the recipient demonstrates compliance.

Sec. 28. Minnesota Statutes 2012, section 114D.50, is amended by adding a subdivision to read:

Subd. 4a. **Riparian buffer payments; reporting.** When clean water funds are used to purchase riparian buffer easements, payments for the first 50 feet of riparian buffer that are noncompliant with Minnesota Rules, part 6120.3300, may not exceed noncropped rates as established under section 103F.515. The Board of Water and Soil Resources must include in its biennial report on clean water fund appropriations the funding spent on easements for riparian buffers that are not compliant with Minnesota Rules, part 6120.3300.

Sec. 29. Minnesota Statutes 2012, section 114D.50, subdivision 6, is amended to read:

Subd. 6. **Restoration evaluations.** The Board of Water and Soil Resources may convene a technical evaluation panel comprised of five members, including one technical representative from the Board of Water and Soil Resources, one technical representative from the Department of Natural Resources, one technical expert from the University of Minnesota or the Minnesota State Colleges and Universities, and two representatives with expertise related to the project being evaluated. The board may add a technical representative from a unit of federal or local government. The members of the technical evaluation panel may not be associated with the restoration, may vary depending upon the projects being reviewed, and shall avoid any potential conflicts of interest. Each year, the board may assign a coordinator to identify a sample of ~~up to ten~~ habitat restoration projects completed with clean water funding. The coordinator shall secure the restoration plans for the projects specified and direct the technical evaluation panel to evaluate the restorations relative to the law, current science, and the stated goals and standards in the restoration plan and, when applicable, to the Board of Water and Soil Resources' native vegetation establishment and enhancement guidelines. The coordinator shall summarize the findings of the panel and provide a report to the chairs of the respective house of representatives and senate policy and finance committees with jurisdiction over natural resources and spending from the clean water fund. The report shall determine if the restorations are meeting planned goals, any problems with the implementation of restorations, and, if necessary, recommendations on improving restorations. The report shall be focused on improving future restorations. Up to one-tenth of one percent of forecasted receipts from the clean water fund may be used for restoration evaluations under this section.

Sec. 30. **PUBLIC WATER ACCESS SITE DESIGN AND BEST MANAGEMENT PRACTICES.**

Beginning March 1, 2014, the commissioner of natural resources shall utilize the applicable design standards and best management practices developed under this article when designing and constructing new public water access sites and renovating existing sites. The commissioner shall make the design standards and best management practices developed under this article available on the Department of Natural Resources Web site and notify local units of government of the standards and practices.

ARTICLE 3
PARKS AND TRAILS FUND

Section 1. **PARKS AND TRAILS FUND APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the parks and trails fund and are available for the fiscal years indicated for each purpose. The figures "2014" and "2015" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. "The first year" is fiscal year 2014. "The second year" is fiscal year 2015. "The biennium" is fiscal years 2014 and 2015. All appropriations in this article are onetime.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2014</u>	<u>2015</u>

Sec. 2. **PARKS AND TRAILS**

Subdivision 1. **Total Appropriation**

\$42,429,000

\$41,762,000

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

Subd. 2. **Availability of Appropriation**

Money appropriated in this article may not be spent on activities unless they are directly related to and necessary for a specific appropriation and the recipient retains documentation sufficient to justify the use of the funds. Money appropriated in this article must be spent in accordance with Minnesota Management and Budget's Guidance to Agencies on Legacy Fund Expenditure. Notwithstanding Minnesota Statutes, section 16A.28, and unless otherwise specified in this article, fiscal year 2014 appropriations are available until June 30, 2016, and fiscal year 2015 appropriations are available until June 30, 2017. If a project receives federal funds, the time period of the appropriation is extended to equal the availability of federal funding.

Sec. 3. **DEPARTMENT OF NATURAL RESOURCES**

\$24,669,000

\$23,669,000

(a) \$7,975,000 the first year and \$5,695,000 the second year are for the following state parks and trails projects:

- (1) the Rat River Bridge on the Arrowhead State Trail;
- (2) the Brown's Creek State Trail, including interpretive signs, invasive species control, and regional trail connections;
- (3) a segment of the Central Lakes State Trail from Fergus Falls to Ashby/Lake Christina;
- (4) the Hadley Bridge on the Gateway State Trail;
- (5) a segment of the Gitchi-Gami State Trail from Beaver Bay to West Road;
- (6) the Steamboat Loop on the Heartland State Trail;
- (7) the Steamboat River Bridge on the Heartland State Trail;
- (8) the Fish Hook River Red Bridge in Park Rapids on the Heartland State Trail;
- (9) a trail in Itasca State Park;
- (10) a trail from Park Rapids to Itasca State Park;
- (11) a trail segment from Faribault to Dundas for the Mill Towns State Trail;
- (12) a bridge building over the Cannon River in Faribault for the Mill Towns State Trail;
- (13) a segment of the Minnesota Valley State Trail from Shakopee Memorial Park to Bloomington Ferry Bridge;
- (14) a segment of the Minnesota Valley State Trail from Bloomington Ferry Bridge to Fort Snelling State Park;
- (15) the Moose Horn River Bridge No. 1 on the Willard Munger State Trail;
- (16) the Paul Bunyan State Trail near Clausen Avenue;
- (17) a segment of the Paul Bunyan State Trail from Crow Wing State Park;
- (18) interpretive signs on the Root River State Trail;
- (19) a segment of the Root River State Trail from Whalen to Rushford;
- (20) a segment of the Sakatah Singing Hills State Trail from Waterville to Mankato; and

(21) a segment of the Shooting Star State Trail from Rose Creek to Austin.

The commissioner may use these funds for other portions of a state trail under this paragraph or for other statutorily authorized state trails only after funds to complete these projects has been fully encumbered. If the commissioner determines one of these projects is not able to proceed within the appropriation's availability, the commissioner may use these funds for other portions of a state trail under this paragraph or for other statutorily authorized state trails after consultation with the chairs of the senate and house of representatives committees and divisions with jurisdiction over the parks and trails fund.

(b) \$1,549,000 the first year and \$1,549,000 the second year are for education and interpretive services at state parks, recreation areas, and trails.

(c) \$643,000 the first year and \$643,000 the second year are for state parks and trails public outreach.

(d) \$2,500,000 the first year and \$2,140,000 the second year are for land acquisition, development, and design at state parks, including acquisition of land for Lake Bronson State Park, Sibley State Park, and Minneopa State Park, completion of a visitor center at Tettegouche State Park, renewable energy improvements, and new camper cabins.

(e) \$1,933,000 the first year and \$4,654,000 the second year are for state parks and state recreation areas rehabilitation and renewal, including conversion of facilities to rental facilities, replacement of vault toilets and fishing piers, renewable energy improvements, and accessibility improvements. Of this amount, \$720,000 the second year is for campground upgrades at Whitewater State Park.

(f) \$829,000 the first year and \$830,000 the second year are for restoration and enhancement activities at state parks and state recreation areas, including invasive species management on approximately 13,800 acres, native plant restorations on approximately 1,800 acres, and implementation of best management practices at approximately 50 public water access sites.

(g) \$350,000 the first year and \$350,000 the second year are for grants for veterans memorials in parks and trails of regional or statewide significance in the state.

(h) \$4,425,000 the first year and \$4,438,000 the second year are for grants under Minnesota Statutes, section 85.535, to acquire, develop, improve, and restore parks and trails of regional or statewide significance outside of the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2. Up to 2.5 percent of the total appropriation may be used for administering the grants.

(i) \$4,465,000 the first year and \$3,370,000 the second year are for grants for parks and trails of regional or statewide significance outside of the metropolitan area. Of this amount:

(1) \$1,338,000 is for development of the Swedish Immigrant Trail, including amenities in Taylors Falls connecting the trail to Interstate State Park;

(2) \$75,000 is for rehabilitation of Sunrise Prairie Trail;

(3) \$500,000 is for construction of the Lowell to Lakewalk Trail in Duluth;

(4) \$1,250,000 is for the Mesabi Trail;

(5) \$920,000 is for extensions and connections to the Rocori Trail;

(6) \$1,000,000 is for extensions and connections to the Lake Wobegon Trail;

(7) \$100,000 is for the Beaver Bay Trail, including trailhead amenities;

(8) \$468,000 is for extension of the Dakota Rail Trail to Lester Prairie;

(9) \$184,000 is for trail connections and camping facilities in Aitkin County for the Mississippi River parks and water trail project;

(10) \$1,000,000 is for trail enhancement, land acquisition, and other improvements at Sauk River Regional Park; and

(11) \$1,000,000 is for restoration of parks and trails in the Duluth area impacted by the flood of 2012.

(j) The commissioner shall contract for services with Conservation Corps Minnesota for restoration, maintenance, and other activities under this section for at least \$1,000,000 the first year and \$1,000,000 the second year.

(k) A recipient of a grant awarded under this section must give consideration to Conservation Corps Minnesota for possible use of the corps' services to contract for restoration and enhancement services.

(l) For projects with the potential to need historic preservation services, the commissioner or a recipient of a grant awarded under this section must give consideration to the Northern Bedrock Conservation Corps for possible use of the corps' services.

(m) By January 15, 2015, the commissioner shall submit a list of projects, ranked in priority order, that contains the Department of Natural Resources' recommendations for funding from the parks

and trails fund for the 2016-2017 biennium to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over the environment and natural resources and the parks and trails fund.

Sec. 4. **METROPOLITAN COUNCIL**

\$17,755,000

\$18,088,000

(a) \$17,755,000 the first year and \$18,088,000 the second year are for parks and trails of regional or statewide significance in the metropolitan area, distributed according to paragraphs (b) to (1).

(b) \$1,490,000 the first year and \$1,541,000 the second year are for grants to Anoka County for:

(1) a trail connection for Bunker Hills Regional Park from Avocet Street;

(2) restoration, including erosion repair, along Pleasure Creek and the Mississippi River Regional Trail at the Coon Rapids Dam Regional Park;

(3) a new playground and surfacing at Lake George Regional Park;

(4) land acquisition for the Rice Creek Chain of Lakes Park Reserve;

(5) improvements at the Rice Creek Chain of Lakes Park Reserve, including maintenance shop rehabilitation, road and parking construction, fencing, beach improvements, and roof repairs;

(6) trail reconstruction under East River Road on the Rice Creek Chain of Lakes Park Reserve;

(7) contracts with Conservation Corps Minnesota;

(8) a volunteer or resource coordinator position;

(9) a landscape designer or architect;

(10) design, engineering, and construction of the Central Anoka County Regional Trail;

(11) road rehabilitation at Lake George Regional Park;

(12) reconstruction of a retaining wall on the Mississippi River Regional Trail;

(13) a trail connection on the Mississippi River Regional Trail to connect Mississippi West Regional Park to the city of Ramsey;

(14) improvements of the Heritage Laboratory/Day Camp at the Rice Creek Chain of Lakes Park Reserve; and

(15) trail reconstruction on the Rice Creek North Regional Trail from Lexington Avenue to Golden Lake Elementary School.

(c) \$273,000 the first year and \$283,000 the second year are for grants to the city of Bloomington to reconstruct parking lots at the Hyland-Bush-Anderson Lakes Park Reserve.

(d) \$347,000 the first year and \$361,000 the second year are for grants to Carver County to connect the Minnesota River Bluffs Regional Trail and Southwest Regional Trail and for trail and bridge construction on the Minnesota River Bluff Regional Trail.

(e) \$1,235,000 the first year and \$1,277,000 the second year are for grants to Dakota County for:

(1) engineering to extend the Mississippi River Regional Trail and Big Rivers Regional Trails, including extensions to St. Paul, and to provide a connection to Lilydale Regional Trail;

(2) a trail connection for the Mississippi River Regional Trail to connect St. Paul and to construct a bridge over railroad tracks;

(3) engineering and construction of regional trail segments throughout the county;

(4) engineering and construction of a bridge and trails through the Minnesota Zoological Garden on the North Creek Regional Greenway; and

(5) resource management of the county's parks and trails system.

(f) \$3,803,000 the first year and \$3,464,000 the second are for grants to the Minneapolis Park and Recreation Board for:

(1) design and construction of trail loops, river access areas, landscapes, and storm water management improvements at Above the Falls Regional Park;

(2) land acquisition at Above the Falls Regional Park;

(3) a master plan and trail design for Central Mississippi Riverfront Regional Park;

(4) planning and design for the Central Riverfront including the water works and the Mississippi Whitewater Park sites;

(5) trail, path, and shoreline improvements and play area rehabilitation at Nokomis-Hiawatha Regional Park;

(6) trail, shoreline, water access, picnic, sailboat facility, and concession improvements at Minneapolis Chain of Lakes Regional Park;

(7) a bird sanctuary, trail stabilization, habitat restoration, accessibility improvements, and construction of new entrances at Minneapolis Chain of Lakes Regional Park;

(8) a trail connection for the Minnehaha Parkway Regional Trail below Lyndale Avenue; and

(9) trail work at Theodore Wirth Regional Park.

(g) \$1,228,000 the first year and \$1,523,000 the second year are for grants to Ramsey County for:

(1) wayfinding for cross-country ski trails at Battle Creek Regional Park, Tamarack Nature Center, and Grass-Vadnais-Snail Lakes Regional Park;

(2) contracts with Conservation Corps Minnesota;

(3) design and construction of an early learning center at Tamarack Nature Center and pedestrian connections, landscape restoration, signage, and other site amenities at Bald Eagle-Otter Lakes Regional Park;

(4) improvements to Tamarack Nature Center;

(5) building and supporting a volunteer corps for Tamarack Nature Center and Discovery Hollow;

(6) trail development to connect Tamarack Nature Center to the Otter Lake boat launch;

(7) a trail on Vadnais Lake, storm water management improvements, and site amenities at Grass-Vadnais-Snail Lakes Regional Park;

(8) trail development and connection, storm water management improvements, and site amenities at Rice Creek North Regional Trail; and

(9) the Bruce Vento Regional Trail.

(h) \$2,424,000 the first year and \$2,507,000 the second year are for grants to the city of Saint Paul for:

(1) an education coordinator;

(2) a volunteer coordinator;

(3) Como Regional Park shuttle operation;

(4) a trail connection to connect Harriet Island to the Mississippi Regional Trail;

(5) Estabrook Road reconstruction and lighting upgrades at Como Regional Park; and

(6) a trail connection and railroad bridge reconstruction at Lilydale Regional Park.

(i) \$620,000 the first year and \$640,000 the second year are for grants to Scott County for an entrance road, parking, and trails at Cedar Lake Farm Regional Park.

(j) \$3,667,000 the first year and \$3,796,000 the second year are for grants to Three Rivers Park District for:

(1) a trail connection to connect Grand Rounds to Nine Mile Creek Trail;

(2) a trail bridge over County State-Aid Highway 19 for the Lake Minnetonka LRT Regional Trail;

(3) trail construction on the Crystal Lake Regional Trail;

(4) trail construction on the Bassett Creek Regional Trail;

(5) trail construction on the Twin Lakes Regional Trail; and

(6) trail construction on the Nine Mile Creek Regional Trail.

(k) \$876,000 the first year and \$904,000 the second year are for grants to Washington County for:

(1) parking, buildings, and other improvements at Swim Pond;

(2) a trail connection that connects the Point Douglas Regional Trail to Wisconsin; and

(3) improvements to Hardwood Creek Regional Trail, including extending the trail towards Bald Eagle Regional Park.

(l) \$1,792,000 the first year and \$1,792,000 the second year are for grants to implementing agencies for land acquisition within Metropolitan Council approved regional parks and trails master plan boundaries as provided under Minnesota Statutes, section 85.53, subdivision 3, clause (4).

(m) A recipient of a grant awarded under this section must give consideration to Conservation Corps Minnesota for possible use of corps services to contract for restoration and enhancement services.

(n) For projects with the potential to need historic preservation services, a recipient of a grant awarded under this section must give consideration to the Northern Bedrock Conservation Corps for possible use of the corps' services.

(o) By January 15, 2015, the council shall submit a list of projects, ranked in priority order, that contains the council's recommendations for funding from the parks and trails fund for the 2016 and 2017 biennium to the chairs and ranking minority members of the senate and house of representatives committees and divisions with jurisdiction over the environment and natural resources and the parks and trails fund.

Sec. 5. **LEGISLATURE**

\$5,000

\$5,000

\$5,000 the first year and \$5,000 the second year are for the Legislative Coordinating Commission for the Web site required in Minnesota Statutes, section 3.303, subdivision 10, including detailed mapping.

Sec. 6. Minnesota Statutes 2012, section 10A.01, subdivision 35, is amended to read:

Subd. 35. **Public official.** "Public official" means any:

- (1) member of the legislature;
- (2) individual employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house of representatives, revisor of statutes, or researcher, legislative analyst, or attorney in the Office of Senate Counsel and Research or House Research;
- (3) constitutional officer in the executive branch and the officer's chief administrative deputy;
- (4) solicitor general or deputy, assistant, or special assistant attorney general;
- (5) commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06, or the state chief information officer;
- (6) member, chief administrative officer, or deputy chief administrative officer of a state board or commission that has either the power to adopt, amend, or repeal rules under chapter 14, or the power to adjudicate contested cases or appeals under chapter 14;
- (7) individual employed in the executive branch who is authorized to adopt, amend, or repeal rules under chapter 14 or adjudicate contested cases under chapter 14;
- (8) executive director of the State Board of Investment;
- (9) deputy of any official listed in clauses (7) and (8);

- (10) judge of the Workers' Compensation Court of Appeals;
- (11) administrative law judge or compensation judge in the State Office of Administrative Hearings or unemployment law judge in the Department of Employment and Economic Development;
- (12) member, regional administrator, division director, general counsel, or operations manager of the Metropolitan Council;
- (13) member or chief administrator of a metropolitan agency;
- (14) director of the Division of Alcohol and Gambling Enforcement in the Department of Public Safety;
- (15) member or executive director of the Higher Education Facilities Authority;
- (16) member of the board of directors or president of Enterprise Minnesota, Inc.;
- (17) member of the board of directors or executive director of the Minnesota State High School League;
- (18) member of the Minnesota Ballpark Authority established in section 473.755;
- (19) citizen member of the Legislative-Citizen Commission on Minnesota Resources;
- (20) manager of a watershed district, or member of a watershed management organization as defined under section 103B.205, subdivision 13;
- (21) supervisor of a soil and water conservation district;
- (22) director of Explore Minnesota Tourism;
- (23) citizen member of the Lessard-Sams Outdoor Heritage Council established in section 97A.056;
- (24) citizen member of the Clean Water Council established in section 114D.30; ~~or~~
- (25) member or chief executive of the Minnesota Sports Facilities Authority established in section 473J.07; or
- (26) member of the Greater Minnesota Regional Parks and Trails Commission.

Sec. 7. Minnesota Statutes 2012, section 85.53, subdivision 2, is amended to read:

Subd. 2. **Expenditures; accountability.** (a) A project or program receiving funding from the parks and trails fund must meet or exceed the constitutional requirement to support parks and trails of regional or statewide significance. A project or program receiving funding from the parks and trails fund must include measurable outcomes, as defined in section 3.303, subdivision 10, and a plan for measuring and evaluating the results. A project or program must be consistent with current science and incorporate state-of-the-art technology, except when the project or program is a portrayal or restoration of historical significance.

(b) Money from the parks and trails fund shall be expended to balance the benefits across all regions and residents of the state.

(c) A state agency or other recipient of a direct appropriation from the parks and trails fund must compile and submit all information for funded projects or programs, including the proposed measurable outcomes and all other items required under section 3.303, subdivision 10, to the Legislative Coordinating Commission as soon as

practicable or by January 15 of the applicable fiscal year, whichever comes first. The Legislative Coordinating Commission must post submitted information on the Web site required under section 3.303, subdivision 10, as soon as it becomes available.

(d) Grants funded by the parks and trails fund must be implemented according to section 16B.98 and must account for all expenditures. Proposals must specify a process for any regrants envisioned. Priority for grant proposals must be given to proposals involving grants that will be competitively awarded.

(e) Money from the parks and trails fund may only be spent on projects located in Minnesota. Money from the parks and trails fund may be used to travel outside the state of Minnesota if the travel is directly related to and necessary for a project that is based in Minnesota.

(f) When practicable, a direct recipient of an appropriation from the parks and trails fund shall prominently display on the recipient's Web site home page the legacy logo required under Laws 2009, chapter 172, article 5, section 10, as amended by Laws 2010, chapter 361, article 3, section 5, accompanied by the phrase "Click here for more information." When a person clicks on the legacy logo image, the Web site must direct the person to a Web page that includes both the contact information that a person may use to obtain additional information, as well as a link to the Legislative Coordinating Commission Web site required under section 3.303, subdivision 10.

(g) Future eligibility for money from the parks and trails fund is contingent upon a state agency or other recipient satisfying all applicable requirements in this section, as well as any additional requirements contained in applicable session law. If the Office of the Legislative Auditor determines that a recipient of money from the parks and trails fund has not complied with the laws, rules, or regulations in this section or other laws applicable to the recipient, the recipient is not eligible for future funding from the parks and trails fund until the recipient demonstrates compliance.

Sec. 8. **[85.536] GREATER MINNESOTA REGIONAL PARKS AND TRAILS COMMISSION.**

Subdivision 1. **Establishment; purpose.** The Greater Minnesota Regional Parks and Trails Commission is created to undertake system planning and provide recommendations to the legislature for grants funded by the parks and trails fund to counties and cities outside of the seven-county metropolitan area for parks and trails of regional significance.

Subd. 2. **Commission.** The commission shall include 12 members appointed by the governor representing each of the regional parks and trails districts determined under subdivision 3. Membership terms, compensation, removal of members, and filling of vacancies are as provided in section 15.0575.

Subd. 3. **Districts; plans and hearings.** (a) The commissioner of natural resources, in consultation with the Greater Minnesota Regional Parks and Trails Coalition, shall establish 12 regional parks and trails districts in the state encompassing the area outside the seven-county metropolitan area. The commissioner shall establish districts by combining counties and may not assign a county to more than one district.

(b) Counties within each district may jointly prepare, after consultation with all affected municipalities, and submit to the commission, and from time to time revise and resubmit to the commission, a master plan for the acquisition and development of parks and trails of regional significance located within the district. The counties, after consultation with the commission, shall jointly hold a public hearing on the proposed plan and budget at a time and place determined by the counties. Not less than 15 days before the hearing, the counties shall provide notice of the hearing stating the date, time, and place of the hearing, and the place where the proposed plan and budget may be examined by any interested person. At any hearing, interested persons shall be permitted to present their views on the plan and budget.

(c) The commission shall review each master plan to determine whether it meets the conditions of subdivision 4. If it does not, the commission shall return the plan with its comments to the district for revision and resubmittal.

Subd. 4. **Regional significance.** The commission must determine whether a park or trail is regionally significant under this section based on the following criteria:

(1) a park must provide a natural resource-based setting and should provide outdoor recreation facilities and multiple activities that are primarily natural resource-based;

(2) a trail must pass through desirable settings and offer high quality opportunities in attractive, unique, or representative landscapes that serve important destinations while connecting existing state or regional parks or trails;

(3) at least 20 percent of visits or users in a calendar year should be from people who do not reside within the area of jurisdiction of the governmental unit that has the financial and legal responsibility to own, operate, and maintain the park or trail;

(4) a park should be large compared to other parks owned by local governments within the same regional parks and trails district; and

(5) a park may include or a trail may pass unique natural, historic, or cultural features or characteristics.

Subd. 5. **Recommendations.** (a) The commission shall submit biennial recommendations to the legislature on appropriations of money from the parks and trails fund to the legislature no later than January 15 of each odd-numbered year. The commission may submit supplemental recommendations by January 15 in even-numbered years. The recommendations shall include a list of projects recommended for funding ranked in priority order.

(b) In recommending grants under this section, the commission shall make recommendations consistent with master plans.

(c) The commission shall determine recommended grant amounts through an adopted merit-based evaluation process that includes the level of local financial support. The evaluation process is not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply.

(d) When recommending grants, the commission shall consider balance of the grant benefits across greater Minnesota. Grant requests offering a nonstate match of at least 25 percent of the total eligible project costs shall be preferred.

(e) Grants may be recommended only for:

(1) parks and trails included in a plan approved by the commission under subdivision 3; and

(2) trails that connect or will connect to existing state or regional trails as demonstrated by the applicant.

Subd. 6. **Administration.** The Department of Natural Resources shall provide administrative support for the commission.

Subd. 7. **Chair.** The commission shall annually elect from among its members a chair and other officers necessary for the performance of its duties.

Subd. 8. **Meetings.** The commission shall meet at least twice each year. Commission meetings are subject to chapter 13D.

Subd. 9. **Conflict of interest.** A member of the commission may not participate in or vote on a decision of the commission relating to an organization in which the member has either a direct or indirect financial interest.

Subd. 10. **Definition.** For purposes of this section, "commission" means the Greater Minnesota Regional Parks and Trails Commission established under this section.

Sec. 9. MISSISSIPPI WHITEWATER PARK.

The appropriation in Laws 2003, chapter 128, article 1, section 5, subdivision 6, from the water recreation account in the natural resources fund for a cooperative project with the United States Army Corps of Engineers to develop the Mississippi Whitewater Park is available until June 30, 2018.

ARTICLE 4
ARTS AND CULTURAL HERITAGE FUND

Section 1. **ARTS AND CULTURAL HERITAGE FUND APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the entities and for the purposes specified in this article. The appropriations are from the arts and cultural heritage fund and are available for the fiscal years indicated for allowable activities under the Minnesota Constitution, article XI, section 15. The figures "2014" and "2015" used in this article mean that the appropriations listed under the figure are available for the fiscal year ending June 30, 2014, and June 30, 2015, respectively. "The first year" is fiscal year 2014. "The second year" is fiscal year 2015. "The biennium" is fiscal years 2014 and 2015. All appropriations in this article are onetime.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2014</u>	<u>2015</u>

Sec. 2. **ARTS AND CULTURAL HERITAGE**

Subdivision 1. **Total Appropriation**

\$57,365,000

\$57,429,000

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

Subd. 2. **Availability of Appropriation**

Money appropriated in this article may not be spent on activities unless they are directly related to and necessary for a specific appropriation. Money appropriated in this article must not be spent on indirect costs or other institutional overhead charges that are not directly related to and necessary for a specific appropriation. Notwithstanding Minnesota Statutes, section 16A.28, and unless otherwise specified in this article, fiscal year 2014 appropriations are available until June 30, 2015, and fiscal year 2015 appropriations are available until June 30, 2016. If a project receives federal funds, the time period of the appropriation is extended to equal the availability of federal funding.

Subd. 3. Minnesota State Arts Board23,565,00023,865,000

(a) These amounts are appropriated to the Minnesota State Arts Board for arts, arts education, and arts access. Grant agreements entered into by the Minnesota State Arts Board and other recipients of appropriations in this subdivision shall ensure that these funds are used to supplement and not substitute for traditional sources of funding. Each grant program established within this appropriation shall be separately administered from other state appropriations for program planning and outcome measurements, but may take into consideration other state resources awarded in the selection of applicants and grant award size. Thirty percent of the total appropriation to each of the following categories in this subdivision is for grants to the regional arts councils. The Minnesota State Arts Board is prohibited from funding either the Minnesota Orchestra or the Saint Paul Chamber Orchestra until there has been an end to contract negotiations with the musicians in either orchestra and the orchestra performances have resumed.

(b) Arts and Arts Access Initiatives

\$18,902,000 the first year and \$19,152,000 the second year are to support Minnesota artists and arts organizations in creating, producing, and presenting high-quality arts activities; to overcome barriers to accessing high-quality arts activities; and to instill the arts into the community and public life in this state.

(c) Arts Education

\$3,422,250 the first year and \$3,422,250 the second year are for high-quality, age-appropriate arts education for Minnesotans of all ages to develop knowledge, skills, and understanding of the arts.

(d) Arts and Cultural Heritage

\$1,240,750 the first year and \$1,290,750 the second year are for events and activities that represent the diverse cultural arts traditions, including folk and traditional artists and art organizations, represented in this state.

(e) Census

The Minnesota State Arts Board, in partnership with regional arts councils, shall maintain a census of Minnesota artists and artistic organizations.

Subd. 4. Department of Education3,000,0003,000,000

These amounts are appropriated to the commissioner of education for grants to the 12 Minnesota regional library systems to provide educational opportunities in the arts, history, literary arts, and

cultural heritage of Minnesota. These funds shall be allocated using the formula in Minnesota Statutes, section 134.355, subdivisions 3, 4, and 5, with the remaining 25 percent to be distributed to all qualifying systems in an amount proportionate to the number of qualifying system entities in each system. For purposes of this subdivision, "qualifying system entity" means a public library, a regional library system, a regional library system headquarters, a county, or an outreach service program. These funds may be used to sponsor programs provided by regional libraries or to provide grants to local arts and cultural heritage programs for programs in partnership with regional libraries. These funds shall be distributed in ten equal payments per year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2015, as grants or contracts in this subdivision are available until June 30, 2017.

Subd. 5. Minnesota Historical Society

13,475,000

13,450,000

(a) These amounts are appropriated to the governing board of the Minnesota Historical Society to preserve and enhance access to Minnesota's history and its cultural and historical resources. Grant agreements entered into by the Minnesota Historical Society and other recipients of appropriations in this subdivision must ensure that these funds are used to supplement and not substitute for traditional sources of funding. Funds directly appropriated to the Minnesota Historical Society shall be used to supplement, and not substitute for, traditional sources of funding. Notwithstanding Minnesota Statutes, section 16A.28, for historic preservation projects that improve historic structures, the amounts are available until June 30, 2017. The Minnesota Historical Society or grant recipients of the Minnesota Historical Society using arts and cultural heritage funds under this subdivision must give consideration to Conservation Corps Minnesota and Northern Bedrock Conservation Corps, or an organization carrying out similar work, for projects with the potential to need historic preservation services.

(b) Historical Grants and Programs

(1) Statewide Historic and Cultural Grants

\$5,300,000 the first year and \$5,300,000 the second year are for history programs and projects operated or conducted by or through local, county, regional, or other historical or cultural organizations or for activities to preserve significant historic and cultural resources. Funds are to be distributed through a competitive grant process. The Minnesota Historical Society shall administer these funds using established grant mechanisms, with assistance from the advisory committee created under Laws 2009, chapter 172, article 4, section 2, subdivision 4, paragraph (b), item (ii).

(2) Programs

\$5,300,000 the first year and \$5,300,000 the second year are for programs and purposes related to the historical and cultural heritage of the state of Minnesota, conducted by the Minnesota Historical Society.

(3) History Partnerships

\$2,000,000 the first year and \$2,000,000 the second year are for partnerships involving multiple organizations, which may include the Minnesota Historical Society, to preserve and enhance access to Minnesota's history and cultural heritage in all regions of the state.

(4) Statewide Survey of Historical and Archaeological Sites

\$300,000 the first year and \$300,000 the second year are for a contract or contracts to be awarded on a competitive basis to conduct statewide surveys of Minnesota's sites of historical, archaeological, and cultural significance. Results of the surveys must be published in a searchable form and available to the public on a cost-free basis. The Minnesota Historical Society, the Office of the State Archaeologist, and the Indian Affairs Council shall each appoint a representative to an oversight board to select contractors and direct the conduct of the surveys. The oversight board shall consult with the Departments of Transportation and Natural Resources.

(5) Digital Library

\$300,000 the first year and \$300,000 the second year are for a digital library project to preserve, digitize, and share Minnesota images, documents, and historical materials. The Minnesota Historical Society shall cooperate with the Minitex interlibrary loan system and shall jointly share this appropriation for these purposes.

(6) Civil War Task Force

\$25,000 the first year is to the Civil War Task Force for activities that commemorate the sesquicentennial of the American Civil War and the Dakota Conflict, as recommended by the Civil War Commemoration Task Force established in Executive Order 11-15 (2011).

(c) Civics Programs

\$250,000 each year are for a competitive grants program for civic education. The board of directors shall solicit proposals and award grants to civic education organizations to provide civic education programs for Minnesota youth age 18 and under. Civic education is the study of constitutional principles and the democratic foundation of our national, state, and local institutions and the study of political processes and structures of government, grounded in the understanding of constitutional government under the rule of law.

Subd. 6. Department of Administration9,680,0009,450,000

(a) These amounts are appropriated to the commissioner of administration for grants to the named organizations for the purposes specified in this subdivision. Up to one percent of funds may be used by the commissioner for grants administration.

(b) Grant agreements entered into by the commissioner and recipients of appropriations in this subdivision must ensure that money appropriated in this subdivision is used to supplement and not substitute for traditional sources of funding.

(c) Minnesota Public Radio

\$1,500,000 the first year and \$1,500,000 the second year are for Minnesota Public Radio to create programming and expand news service on Minnesota's cultural heritage and history. Priority should be given to projects that have a nonstate cash match of at least 25 percent of the total eligible project costs.

(d) Association of Minnesota Public Educational Radio Stations

\$1,650,000 the first year and \$1,650,000 the second year are appropriated for a grant to the Association of Minnesota Public Educational Radio Stations for production and acquisition grants in accordance with Minnesota Statutes, section 129D.19.

(e) Lake Superior Center Authority

\$200,000 the first year is for development of an exhibit to examine the effect that aquatic environments have on shipwrecks and to preserve Minnesota's history and cultural heritage. Priority should be given to projects that have a nonstate cash match of at least 25 percent of the total eligible project costs.

(f) Lake Superior Zoo

\$300,000 the first year is for development of the forest discovery zone to create educational exhibits using animals and the environment. Priority should be given to projects that have a nonstate cash match of at least 25 percent of the total eligible project costs.

(g) Como Park Zoo

\$500,000 the first year and \$500,000 the second year are for the Como Park Zoo for program development. Priority should be given to projects that have a nonstate cash match of at least 25 percent of the total eligible project costs.

(h) Science Museum of Minnesota

\$900,000 the first year and \$1,300,000 the second year are for programs described in this paragraph. Grant recipients must provide a nonstate cash match of at least 25 percent of the total eligible project costs:

(1) \$500,000 the first year and \$500,000 the second year are for arts, arts education, and arts access and to preserve Minnesota's history and cultural heritage including student and teacher outreach and expansion of the museum's American Indian initiatives; and

(2) \$400,000 the first year and \$800,000 the second year are for a grant to upgrade the Science Museum's Omnitheater audio and projection systems.

(i) Public Television

\$3,950,000 the first year and \$3,950,000 the second year are for grants to the Minnesota Public Television Association for production and acquisition grants according to Minnesota Statutes, section 129D.18. Priority should be given to projects that have a nonstate cash match of at least 25 percent of the total eligible project costs.

(j) Minnesota Film and TV Board

\$500,000 the first year and \$500,000 the second year are for grants to the Minnesota Film and TV Board to develop and administer competitive grants to Minnesota filmmakers with a focus on grant awards that highlight Minnesota arts, culture, and heritage. Priority should be given to projects that have a nonstate cash match of at least 25 percent of the total eligible project costs.

(k) Small Theatre Grants

\$100,000 the first year and \$50,000 the second year are for grants to theatres in Minnesota to purchase and install digital projection technology to allow continued access to films. Priority for grants is to theaters that have exclusively 35 millimeter projection systems in communities with few available theaters or to small theaters with only one screen. Priority should be given to projects that have a nonstate cash match of at least 65 percent of the total eligible project costs.

(l) Historical Memorial Bust

\$80,000 the first year is for (1) a bust of Nellie Stone Johnson in the State Capitol building, (2) a bust of former United States Supreme Court Justice Harry A. Blackmun, and (3) a bust of former United States Supreme Court Justice Pierce Butler, to be placed on the second floor of the State Capitol building.

Subd. 7. Minnesota Humanities Center2,325,0002,525,000

(a) These amounts are appropriated to the Board of Directors of the Minnesota Humanities Center for the purposes specified in this subdivision. The Minnesota Humanities Center may use a portion of the following grants to cover the cost of administering, planning, evaluating, and reporting these grants.

(b) Programs and Purposes

\$425,000 the first year and \$425,000 the second year are for programs and purposes of the Minnesota Humanities Center. Of this amount, \$100,000 each year is for the veterans' voices awards program.

The Minnesota Humanities Center may consider museums and organizations celebrating the identities of Minnesotans for grants from these funds. The Minnesota Humanities Center may develop a written plan for the competitive issuance of these grants and, if developed, shall submit that plan for review and approval by the Department of Administration.

(c) Children's Museum Grants

\$500,000 the first year and \$500,000 the second year are for a competitive arts and cultural heritage grants program for children's museums. The board of directors shall solicit proposals and award grants to children's museums for projects and programs that maintain or promote our cultural heritage. Priority should be given to projects that have a nonstate cash match of at least 25 percent of the total eligible project costs.

(d) Minnesota Children's Museum

\$500,000 the first year and \$500,000 the second year are for grants to the Minnesota Children's Museum for arts, arts education, and arts access and to preserve Minnesota's history and cultural heritage. Priority should be given to projects that have a nonstate cash match of at least 25 percent of the total eligible project costs.

(e) Children's Museum of Southern Minnesota

\$200,000 the first year and \$100,000 the second year are for grants to the Children's Museum of Southern Minnesota for creation of exhibits, environments, and studios celebrating the arts, culture, and heritage of Minnesota. Priority should be given to projects that have a nonstate cash match of at least 25 percent of the total eligible project costs.

(f) Councils of Color

\$500,000 the first year and \$550,000 the second year are for competitive grants to the Council on Asian Pacific Minnesotans, the Council on Black Minnesotans, the Indian Affairs Council, and the Chicano Latino Affairs Council. Grants are for programs and cooperation between the Minnesota Humanities Center and the grant recipients for community events and the programs that celebrate and preserve artistic, historical, and cultural heritage. Priority should be given to projects that have a nonstate cash match of at least 25 percent of the total eligible project costs.

(g) Council on Disability

\$200,000 the first year and \$200,000 the second year are for a grant to the Minnesota State Council on Disability to provide educational opportunities in the arts, history, and cultural heritage of Minnesotans with disabilities in conjunction with the 25th anniversary of the Americans with Disabilities Act. If the amount in the first year is insufficient, the amount in the second year is available in the first year. These funds are available until June 30, 2016.

Subd. 8. Perpich Center for Arts Education956,0001,089,000

(a) These amounts are appropriated to the Board of Directors of the Perpich Center for Arts Education for the following programs.

(b) Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered on or before June 30, 2015, are available until June 30, 2017.

(c) Administrative Costs

\$28,000 the first year and \$29,000 the second year are for administrative costs.

(d) Arts Integration Networks

\$808,000 the first year and \$808,000 the second year are for the arts integration program to increase the capacity of teachers to design, implement, and assess collaborative arts integration in Minnesota schools and the capacity of administrators to support this instructional strategy and to improve standards-based student learning through collaborative arts integration.

(e) Arts-Integrated High School Courses

\$20,000 the first year and \$152,000 the second year are for the development of rigorous and engaging arts-integrated courses to be ready to implement in the 2015-2016 school year.

(f) Statewide Study on Status of Arts Education

\$100,000 the first year and \$100,000 the second year are for a study for the 2014-2015 school year on the status of arts education in Minnesota.

Subd. 9. Department of Agriculture1,400,0001,400,000

These amounts are appropriated to the commissioner of agriculture for grants to county agricultural societies to enhance arts access and education and to preserve and promote Minnesota's history and cultural heritage as embodied in its county fairs. The grants are in addition to the aid distributed to county agricultural societies under Minnesota Statutes, section 38.02. Of these amounts:

(1) \$700,000 each year is available for distribution for competitive grants to Minnesota county fairs to enhance arts access and education and to preserve and promote Minnesota's history and cultural heritage. Priority shall be given to grants that utilize resources through an area's regional arts board to encourage local arts development or that create traveling exhibits that are available for use by other county fairs; and

(2) \$700,000 each year is available for a competitive arts and cultural heritage grants program for county fairs. The commissioner shall award grants for the development or enhancement of county fair facilities or other projects or programs that provide access to the arts, arts education, or agricultural, historical, and cultural heritage programs, including but not limited to agricultural education centers, arts buildings, and performance stages.

Subd. 10. Minnesota Zoo1,750,0001,750,000

These amounts are appropriated to the Minnesota Zoological Board for programs and development of the Minnesota Zoological Garden and to provide access to the arts, arts education, and cultural heritage of Minnesota.

Subd. 11. Indian Affairs Council1,150,0001,150,000

(a) These amounts are appropriated to the Indian Affairs Council for the purposes identified in this subdivision.

(b) Grants to Preserve Dakota and Ojibwe Language

\$650,000 the first year and \$650,000 the second year are for grants for programs that preserve Dakota and Ojibwe Indian language and to foster educational programs in Dakota and Ojibwe languages.

(c) Language Immersion

\$250,000 the first year and \$250,000 the second year are for grants of \$125,000 each year to the Niigaane Ojibwe Immersion School and the Wicoie Nandagikendan urban immersion project.

(d) Competitive Grants for Language Immersion

\$250,000 the first year and \$250,000 the second year are for competitive grants for language immersion schools to:

- (1) develop and expand K-12 curriculum;
- (2) provide fluent speakers in the classroom;
- (3) develop appropriate testing and evaluation procedures; and
- (4) develop community-based training and engagement.

Subd. 12. Legislature14,000-0-

This amount is appropriated to the Legislative Coordinating Commission to operate the Web site for dedicated funds required under Minnesota Statutes, section 3.303, subdivision 10.

Subd. 13. Motion Picture Production Investment Incentive Program50,000-0-

\$50,000 the first year is to the commissioner of employment and economic development to enter into an agreement with an organization to establish and administer a motion picture investment program that provides investment into feature-length films beyond any available state tax incentives or rebate programs that may be available. The commissioner should give priority to an organization that has a reputable history of working on motion pictures, with principals who have produced a substantial number of films, and which has professional writers, directors, and producers with appropriate accreditation from the motion picture industry. The organization must be able to create studio-based partnerships with the purpose of building a motion picture production economy in Minnesota.

Sec. 3. Minnesota Statutes 2012, section 129D.17, subdivision 2, is amended to read:

Subd. 2. **Expenditures; accountability.** (a) Funding from the arts and cultural heritage fund may be spent only for arts, arts education, and arts access, and to preserve Minnesota's history and cultural heritage. A project or program receiving funding from the arts and cultural heritage fund must include measurable outcomes, and a plan for measuring and evaluating the results. A project or program must be consistent with current scholarship, or best practices, when appropriate and must incorporate state-of-the-art technology when appropriate.

(b) Funding from the arts and cultural heritage fund may be granted for an entire project or for part of a project so long as the recipient provides a description and cost for the entire project and can demonstrate that it has adequate resources to ensure that the entire project will be completed.

(c) Money from the arts and cultural heritage fund shall be expended for benefits across all regions and residents of the state.

(d) A state agency or other recipient of a direct appropriation from the arts and cultural heritage fund must compile and submit all information for funded projects or programs, including the proposed measurable outcomes and all other items required under section 3.303, subdivision 10, to the Legislative Coordinating Commission as soon as practicable or by January 15 of the applicable fiscal year, whichever comes first. The Legislative Coordinating Commission must post submitted information on the Web site required under section 3.303, subdivision 10, as soon as it becomes available.

(e) Grants funded by the arts and cultural heritage fund must be implemented according to section 16B.98 and must account for all expenditures of funds. Priority for grant proposals must be given to proposals involving grants that will be competitively awarded.

(f) All money from the arts and cultural heritage fund must be for projects located in Minnesota. Money from the arts and cultural heritage fund may be used to travel outside the state of Minnesota if the travel is directly related to and necessary for a project that is based in Minnesota.

(g) When practicable, a direct recipient of an appropriation from the arts and cultural heritage fund shall prominently display on the recipient's Web site home page the legacy logo required under Laws 2009, chapter 172, article 5, section 10, as amended by Laws 2010, chapter 361, article 3, section 5, accompanied by the phrase "Click here for more information." When a person clicks on the legacy logo image, the Web site must direct the person to a Web page that includes both the contact information that a person may use to obtain additional information, as well as a link to the Legislative Coordinating Commission Web site required under section 3.303, subdivision 10.

(h) Future eligibility for money from the arts and cultural heritage fund is contingent upon a state agency or other recipient satisfying all applicable requirements in this section, as well as any additional requirements contained in applicable session law. If the Office of the Legislative Auditor determines that a recipient of money from the arts and cultural heritage fund has not complied with the laws, rules, or regulations in this section or other laws applicable to the recipient, the recipient is not eligible for future funding from the arts and cultural heritage fund until the recipient demonstrates compliance.

Sec. 4. Minnesota Statutes 2012, section 129D.19, subdivision 1, is amended to read:

Subdivision 1. **Applicability.** This section applies only to the Association of Minnesota Public Educational Radio Stations and the noncommercial radio stations that are members of the Association of Minnesota Public Educational Radio Stations.

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

Sec. 5. Minnesota Statutes 2012, section 129D.19, subdivision 2, is amended to read:

Subd. 2. **Use of grant funds.** Money appropriated from the Minnesota arts and cultural heritage fund may be designated to make grants to the Association of Minnesota Public Educational Radio Stations and its member stations and noncommercial radio stations, as defined in section 129D.14, subdivision 2. Grants received under this section must be used to create, produce, acquire, or distribute programs that educate, enhance, or promote local,

regional, or statewide items of artistic, cultural, or historic significance. Grant funds may be used to cover any expenses associated with the creation, production, acquisition, or distribution of noncommercial radio programs through broadcast.

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

Sec. 6. Laws 2001, chapter 193, section 10, is amended to read:

Sec. 10. **CAPITOL CAFETERIA; WINE AND BEER LICENSE.**

Notwithstanding Minnesota Statutes, section 340A.412, subdivision 4, paragraph (a), clause (2), the city of St. Paul ~~may~~ must issue an on-sale wine and malt liquor license for the premises known as the capitol cafeteria, for special events held at the capitol cafeteria.

EFFECTIVE DATE. This section is effective the day after the governing body of St. Paul and its chief clerical officer timely complete compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 7. **MINNESOTA ORCHESTRA; ST. PAUL CHAMBER ORCHESTRA.**

(a) The commissioner of management and budget must recapture funds that have been granted to either the Minnesota Orchestra or the St. Paul Chamber Orchestra from the arts and cultural heritage fund 30 days after final enactment of this section and return the funds to the arts and cultural heritage fund, if either orchestra has not settled on an agreement to end the labor dispute and begun performances with the previously contracted musicians. Any grant agreement with a Minnesota state agency with either the Minnesota Orchestra or the St. Paul Chamber Orchestra is canceled 30 days after final enactment of this section and any unexpended funds returned to the arts and cultural heritage fund, if either the Minnesota Orchestra or the St. Paul Chamber Orchestra have not settled on an agreement to end the labor dispute and begun performances with the previously contracted musicians.

(b) Any money returned to the arts and cultural heritage fund under paragraph (a) is appropriated to the Minnesota Arts Board for grants to programs that employ orchestral musicians for live performances in Minnesota.

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

Sec. 8. **ECONOMIC IMPACT STUDY; MOTION PICTURE INDUSTRY.**

The commissioner of employment and economic development must conduct a study to examine the economic impact of the motion picture industry on the state's economy. The study must examine what the potential impact of the motion picture industry could be on the Minnesota economy. The study must look at the use of investments, rebates, tax credits, and other programs and how those programs can improve economic returns, stimulate the economy, and provide jobs. The commissioner may contract with a qualified entity to conduct the study. The commissioner must report study findings and any recommendations to the legislature by February 15, 2014.

ARTICLE 5 GENERAL PROVISIONS; ALL LEGACY FUNDS

Section 1. Minnesota Statutes 2012, section 3.9741, subdivision 3, is amended to read:

Subd. 3. **Legacy funds.** The outdoor heritage fund, the clean water fund, the parks and trails fund, and the arts and cultural heritage fund ~~must each reimburse the general fund, in the manner prescribed in section 16A.127, are~~ liable for costs incurred by the legislative auditor in examining financial activities relating to each fund. At the conclusion of an examination, the legislative auditor shall certify the costs of the examination to the commissioner

of management and budget. The amount requested is appropriated from the appropriate legacy fund to the commissioner of management and budget, who shall transfer the appropriation to the legislative auditor to recover the cost of the audit from each fund.

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

Sec. 2. **COMMISSIONER DETERMINATION; FUND AVAILABILITY.**

The commissioner of management and budget shall determine if sufficient funds are available in the four legacy funds to allow payment of all appropriations made by the legislature. If the commissioner determines that a shortfall in available revenues will limit the availability of appropriations of the legacy funds, the commissioner must withhold payment of each appropriation in an equal or equitable amount, as needed to balance available revenue with expenditures from each fund. The commissioner must report all reductions required under this section to the Legislative Advisory Commission in a timely fashion.

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

Delete the title and insert:

"A bill for an act relating to state government; appropriating money from constitutionally dedicated legacy funds; modifying provisions of Lessard-Sams Outdoor Heritage Council; establishing certain land acquisition requirements; providing for agricultural water quality certification; modifying provisions for restoration evaluations; requiring use of certain standards for public water access sites; establishing Greater Minnesota Regional Parks and Trails Commission; extending previous appropriation; modifying Clean Water Legacy Act; modifying certain grant eligibility; requiring issuance of city license; authorizing certain expenditures; requiring recapture of certain funds previously appropriated; providing for reimbursement of certain costs; requiring reports; amending Minnesota Statutes 2012, sections 3.9741, subdivision 3; 10A.01, subdivision 35; 85.53, subdivision 2; 97A.056, subdivisions 3, 10, 11, by adding subdivisions; 114D.15, by adding a subdivision; 114D.50, subdivisions 4, 6, by adding subdivisions; 129D.17, subdivision 2; 129D.19, subdivisions 1, 2; Laws 2001, chapter 193, section 10; proposing coding for new law in Minnesota Statutes, chapters 17; 85; 114D."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Murphy, M., from the Committee on State Government Finance and Veterans Affairs to which was referred:

H. F. No. 1184, A bill for an act relating to state government finance; modifying provisions of the state auditor for costs and fees; requiring determination of IT costs for certain projects; establishing the e-government advisory council; changing the audit responsibility for job opportunity building zones to the legislative auditor; changing campaign finance provisions and establishing fees; changing provisions that refer to school trust lands director; authorizing "Support Our Veterans" license plates; changing provisions related to veterans; making department of revenue changes; establishing an automobile theft prevention surcharge; making conforming changes; appropriating money; amending Minnesota Statutes 2012, sections 6.48; 6.56, subdivision 2; 10A.01, subdivision 26; 10A.02, subdivision 15; 15A.0815, subdivision 3; 16A.82; 16E.07, subdivision 6, by adding a subdivision; 65B.84, subdivision 1; 94.342, subdivision 5; 127A.30, subdivision 1; 127A.351; 127A.352, subdivisions 1, 2; 197.608, subdivisions 3, 4, 5, 6; 197.791, subdivisions 1, 4, 5; 270C.69, subdivision 1; 289A.20, subdivisions 2, 4; 289A.26, subdivision 2a; 295.55, subdivision 4; 297F.09, subdivision 7; 297G.09, subdivision 6; 297I.30, by adding a

subdivision; 297I.35, subdivision 2; 469.3201; 471.699; 473.843, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 6; 10A; 16; 168; 196; 297I; 349A; repealing Minnesota Statutes 2012, sections 6.58; 127A.352, subdivision 3; 127A.353; 168A.40, subdivisions 3, 4; 197.608, subdivision 2a; 270C.145.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1
STATE GOVERNMENT APPROPRIATIONS

Section 1. **STATE GOVERNMENT APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2014" and "2015" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. "The first year" is fiscal year 2014. "The second year" is fiscal year 2015. "The biennium" is fiscal years 2014 and 2015.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2014</u>	<u>2015</u>
Sec. 2. <u>LEGISLATURE</u>		
Subdivision 1. <u>Total Appropriation</u>	<u>\$67,708,000</u>	<u>\$67,710,000</u>
<u>Appropriations by Fund</u>		
	<u>2014</u>	<u>2015</u>
<u>General</u>	<u>67,580,000</u>	<u>67,582,000</u>
<u>Health Care Access</u>	<u>128,000</u>	<u>128,000</u>
<u>The amounts that may be spent for each purpose are specified in the following subdivisions.</u>		
Subd. 2. <u>Senate</u>	<u>22,212,000</u>	<u>22,212,000</u>
Subd. 3. <u>House of Representatives</u>	<u>29,862,000</u>	<u>29,863,000</u>
<u>During the biennium ending June 30, 2015, any revenues received by the house of representatives from voluntary donations to support broadcast or print media are appropriated to the house of representatives.</u>		
Subd. 4. <u>Legislative Coordinating Commission</u>	<u>15,634,000</u>	<u>15,635,000</u>
<u>Appropriations by Fund</u>		
<u>General</u>	<u>15,506,000</u>	<u>15,507,000</u>
<u>Health Care Access</u>	<u>128,000</u>	<u>128,000</u>

\$139,000 each year of the appropriation from the general fund is transferred from the Legislative Coordinating Commission operations budget to the budget for the office of the legislative auditor. The Legislative Audit Commission is requested to direct the legislative auditor to use the additional funds to conduct additional evaluations of executive branch state agencies to determine:

(1) the efficiency and effectiveness with which the agency operates;

(2) an identification of the mission, goals, and objectives intended for the agency, and the extent to which the mission, goals, and objectives have been achieved; and

(3) the extent to which the jurisdiction of the agency and the programs administered by the agency overlap or duplicate those of other agencies, the extent to which the agency coordinates with those agencies, and the extent to which the programs administered by the agency can be consolidated with the programs of other state agencies.

Sec. 3. **GOVERNOR AND LIEUTENANT GOVERNOR**

\$3,217,000

\$3,240,000

(a) This appropriation is to fund the Office of the Governor and Lieutenant Governor.

(b) \$19,000 the first year and \$19,000 the second year are for necessary expenses in the normal performance of the governor's and lieutenant governor's duties for which no other reimbursement is provided.

(c) By September 1 of each year, the commissioner of management and budget shall report to the chairs and ranking minority members of the senate State Government Innovation and Veterans Affairs Committee and the house of representatives State Government Finance Committee any personnel costs incurred by the Offices of the Governor and Lieutenant Governor that were supported by appropriations to other agencies during the previous fiscal year. The Office of the Governor shall inform the chairs and ranking minority members of the committees before initiating any interagency agreements.

(d) During the biennium ending June 30, 2015, the Office of the Governor may not receive payments of more than \$720,000 each fiscal year from other executive agencies under Minnesota Statutes, section 15.53, to support office costs, not including the residence groundskeeper, incurred by the office. Payments received under this paragraph must be deposited in a special revenue account. Money in the account is appropriated to the Office of the Governor. The authority in this paragraph supersedes other law enacted in 2013 that limits the ability of the office to

enter into agreements relating to office costs with other executive branch agencies or prevents the use of appropriations made to other agencies for agreements with the office under Minnesota Statutes, section 15.53.

Sec. 4. **STATE AUDITOR** **\$1,980,000** **\$2,100,000**

Sec. 5. **ATTORNEY GENERAL** **\$23,446,000** **\$23,606,000**

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
General	21,229,000	21,389,000
State Government Special		
Revenue	1,822,000	1,822,000
Environmental	145,000	145,000
Remediation	250,000	250,000

Sec. 6. **SECRETARY OF STATE** **\$5,707,000** **\$6,393,000**

Any funds available in the account established in Minnesota Statutes, section 5.30, pursuant to the Help America Vote Act, are appropriated for the purposes and uses authorized by federal law.

Redistricting Case. \$355,000 the first year is appropriated to the secretary of state to be used to pay attorney fees as ordered by the court in the legislative and congressional redistricting case Hippert et al v. Ritchie et al, A11-152, and interest thereon. This appropriation is available for expenditure the day following final enactment.

Sec. 7. **CAMPAIGN FINANCE AND PUBLIC DISCLOSURE BOARD** **\$1,006,000** **\$1,013,000**

Sec. 8. **INVESTMENT BOARD** **\$139,000** **\$139,000**

Sec. 9. **ADMINISTRATIVE HEARINGS** **\$7,731,000** **\$7,507,000**

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
General	481,000	257,000
Workers' Compensation	7,250,000	7,250,000

\$130,000 in the first year is for the cost of considering complaints filed under Minnesota Statutes, section 211B.32. Any amount of this appropriation that remains unspent at the end of the biennium must be canceled to the general account of the state elections campaign fund. The base for fiscal year 2016 is \$130,000 to be available for the biennium, under the same terms.

Data practices hearings. \$36,000 the first year is to cover the fiscal year 2013 costs for data practices hearings.

Campaign violations hearings. \$60,000 the first year is to cover the costs of campaign violations hearings. This is a onetime appropriation.

Sec. 10. **OFFICE OF ENTERPRISE TECHNOLOGY** **\$2,467,000** **\$2,505,000**

During the biennium ending June 30, 2015, the Office of Enterprise Technology must not charge fees to a public noncommercial educational television broadcast station eligible for funding under Minnesota Statutes, chapter 129D, for access to the state broadcast infrastructure. If the access fees not charged to public noncommercial educational television broadcast stations total more than \$400,000 for the biennium, the office may charge for access fees in excess of these amounts.

Sec. 11. **ADMINISTRATION**

Subdivision 1. **Total Appropriation** **\$20,498,000** **\$20,535,000**

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

Subd. 2. **Government and Citizen Services** **7,698,000** **7,668,000**

\$74,000 the first year and \$74,000 the second year are for the Council on Developmental Disabilities.

Nellie Stone Johnson bust or statue. \$30,000 is to place a bust or statue of Nellie Stone Johnson in the State Capitol Building. This appropriation is contingent on receipt of an equal nonstate match. The commissioner must follow the process in Minnesota Statutes, sections 138.67 to 138.70, in the acquisition and placement of the bust or statue. This appropriation is available until expended.

Subd. 3. **Administrative Management Support** **1,823,000** **1,890,000**

Subd. 4. **Fiscal Agent** **10,977,000** **10,977,000**

The appropriations under this section are to the commissioner of administration for the purposes specified.

In Lieu of Rent

\$8,158,000 the first year and \$8,158,000 the second year are for office space costs of the legislature and veterans organizations, ceremonial space, and statutorily free space.

Public Broadcasting

(a) \$1,685,000 the first year and \$1,685,000 the second year are for matching grants for public television.

(b) \$315,000 the first year and \$315,000 the second year are for public television equipment grants. Equipment or matching grant allocations shall be made after considering the recommendations of the Minnesota Public Television Association.

(c) \$392,000 the first year and \$392,000 the second year are for community service grants to public educational radio stations. This appropriation may be used to disseminate emergency information in foreign languages.

(d) \$117,000 the first year and \$117,000 the second year are for equipment grants to public educational radio stations. This appropriation may be used for the repair, rental, and purchase of equipment including equipment under \$500.

(e) The grants in paragraphs (c) and (d) must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations under Minnesota Statutes, section 129D.14.

(f) \$310,000 the first year and \$310,000 the second year are for equipment grants to Minnesota Public Radio, Inc., including upgrades to Minnesota's Emergency Alert and AMBER Alert Systems.

(g) Any unencumbered balance remaining the first year for grants to public television or radio stations does not cancel and is available for the second year.

<p>Sec. 12. <u>CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD</u></p>	<u>\$328,000</u>	<u>\$330,000</u>
<p>Sec. 13. <u>MINNESOTA MANAGEMENT AND BUDGET</u></p>	<u>\$24,172,000</u>	<u>\$20,627,000</u>

Statewide Budget System. \$4,500,000 for the biennium is to continue development of the new statewide budget system and to develop new capabilities including, but not limited to, capital budget and fiscal notes.

Sec. 14. **REVENUE**

<p>Subdivision 1. <u>Total Appropriation</u></p>	<u>\$141,701,000</u>	<u>\$142,203,000</u>
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Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>General</u>	137,466,000	137,968,000
<u>Health Care Access</u>	1,749,000	1,749,000
<u>Highway User Tax</u>		
<u>Distribution</u>	2,183,000	2,183,000
<u>Environmental</u>	303,000	303,000

Subd. 2. Tax System Management112,879,000113,174,000Appropriations by Fund

<u>General</u>	<u>108,644,000</u>	<u>108,939,000</u>
<u>Health Care Access</u>	<u>1,749,000</u>	<u>1,749,000</u>
<u>Highway User Tax</u>		
<u>Distribution</u>	<u>2,183,000</u>	<u>2,183,000</u>
<u>Environmental</u>	<u>303,000</u>	<u>303,000</u>

County Technical Assistance Grants. (a) The commissioner of revenue may make technical assistance grants to counties to fund development, implementation, or maintenance of data collection and data processing systems that will facilitate improved reporting of property tax data on parcels and portions of parcels to the commissioner for analytical and administrative use. The grants may be made in the order they are requested, or on some other basis determined by the commissioner. The commissioner shall determine whether to require an application or recipient agreement and shall determine the form and content of the application or agreement.

(b) \$300,000 is appropriated to the commissioner from the general fund in fiscal year 2014 to make grants to counties as provided in this section. This appropriation is available for fiscal years 2014 and 2015 only, and does not become part of the base.

Appropriation; taxpayer assistance. (a) \$200,000 in fiscal year 2014, and \$200,000 in fiscal year 2015, are appropriated from the general fund to the commissioner of revenue to make grants to one or more nonprofit organizations, qualifying under section 501(c)(3) of the Internal Revenue Code of 1986, to coordinate, facilitate, encourage, and aid in the provision of taxpayer assistance services. The unencumbered balance in the first year does not cancel but is available for the second year.

(b) For purposes of this section, "taxpayer assistance services" means accounting and tax preparation services provided by volunteers to low-income, elderly, and disadvantaged Minnesota residents to help them file federal and state income tax returns and Minnesota property tax refund claims and to provide personal representation before the Department of Revenue and Internal Revenue Service.

Subd. 3. Debt Collection Management28,822,00029,029,000Sec. 15. **AMATEUR SPORTS COMMISSION****\$250,000****\$253,000**Sec. 16. **COUNCIL ON BLACK MINNESOTANS****\$294,000****\$297,000**Sec. 17. **COUNCIL ON ASIAN-PACIFIC MINNESOTANS****\$256,000****\$258,000**

Sec. 18. <u>COUNCIL ON AFFAIRS OF CHICANO/LATINO PEOPLE</u>	<u>\$277,000</u>	<u>\$280,000</u>
Sec. 19. <u>INDIAN AFFAIRS COUNCIL</u>	<u>\$466,000</u>	<u>\$469,000</u>
Sec. 20. <u>MINNESOTA HISTORICAL SOCIETY</u>		
Subdivision 1. <u>Total Appropriation</u>	<u>\$21,939,000</u>	<u>\$21,884,000</u>

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

Subd. 2. <u>Operations and Programs</u>	<u>21,533,000</u>	<u>21,662,000</u>
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Notwithstanding Minnesota Statutes, section 138.668, the Minnesota Historical Society may not charge a fee for its general tours at the Capitol, but may charge fees for special programs other than general tours.

Subd. 3. **Fiscal Agent**

(a) <u>Minnesota International Center</u>	<u>39,000</u>	<u>39,000</u>
(b) <u>Minnesota Air National Guard Museum</u>	<u>14,000</u>	<u>-0-</u>
(c) <u>Minnesota Military Museum</u>	<u>170,000</u>	<u>-0-</u>
(d) <u>Farmamerica</u>	<u>115,000</u>	<u>115,000</u>
(e) <u>Hockey Hall of Fame</u>	<u>68,000</u>	<u>68,000</u>

Balances Forward. Any unencumbered balance remaining in this subdivision the first year does not cancel but is available for the second year of the biennium.

Sec. 21. **BOARD OF THE ARTS**

Subdivision 1. <u>Total Appropriation</u>	<u>\$7,508,000</u>	<u>\$7,510,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>Operations and Services</u>	<u>569,000</u>	<u>571,000</u>
Subd. 3. <u>Grants Program</u>	<u>4,800,000</u>	<u>4,800,000</u>
Subd. 4. <u>Regional Arts Councils</u>	<u>2,139,000</u>	<u>2,139,000</u>

Unencumbered balance available. Any unencumbered balance remaining in this section the first year does not cancel, but is available for the second year of the biennium.

Sec. 22. <u>MINNESOTA HUMANITIES CENTER</u>	<u>\$251,000</u>	<u>\$251,000</u>
Sec. 23. <u>SCIENCE MUSEUM OF MINNESOTA</u>	<u>\$1,079,000</u>	<u>\$1,079,000</u>
Sec. 24. <u>GENERAL CONTINGENT ACCOUNTS</u>	<u>\$883,000</u>	<u>\$500,000</u>

Appropriations by Fund

	<u>2014</u>	<u>2015</u>
<u>General</u>	<u>383,000</u>	<u>-0-</u>
<u>State Government Special</u>		
<u>Revenue</u>	<u>400,000</u>	<u>400,000</u>
<u>Workers' Compensation</u>	<u>100,000</u>	<u>100,000</u>

(a) The appropriations in this section may only be spent with the approval of the governor after consultation with the Legislative Advisory Commission pursuant to Minnesota Statutes, section 3.30.

(b) If an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

(c) If a contingent account appropriation is made in one fiscal year, it should be considered a biennial appropriation.

Sec. 25. <u>TORT CLAIMS</u>	<u>\$161,000</u>	<u>\$161,000</u>
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These appropriations are to be spent by the commissioner of management and budget according to Minnesota Statutes, section 3.736, subdivision 7. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Sec. 26. <u>MINNESOTA STATE RETIREMENT SYSTEM</u>		
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Subdivision 1. <u>Total Appropriation</u>	<u>\$3,891,000</u>	<u>\$3,964,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>Legislators</u>	<u>3,406,000</u>	<u>3,475,000</u>
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Under Minnesota Statutes, sections 3A.03, subdivision 2; 3A.04, subdivisions 3 and 4; and 3A.115.

Subd. 3. <u>Constitutional Officers</u>	<u>485,000</u>	<u>489,000</u>
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Under Minnesota Statutes, section 352C.001, if an appropriation in this section for either year is insufficient, the appropriation for the other year is available for it.

Sec. 27. <u>MINNEAPOLIS EMPLOYEES RETIREMENT FUND DIVISION ACCOUNT</u>	<u>\$24,000,000</u>	<u>\$24,000,000</u>
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These amounts are estimated to be needed under Minnesota Statutes, section 353.505.

Sec. 28. <u>TEACHERS RETIREMENT ASSOCIATION</u>	<u>\$15,454,000</u>	<u>\$15,454,000</u>
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The amounts estimated to be needed are as follows:

(a) **Special direct state aid.** \$12,954,000 the first year and \$12,954,000 the second year are for special direct state aid authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

(b) **Special direct state matching aid.** \$2,500,000 the first year and \$2,500,000 the second year are for special direct state matching aid authorized under Minnesota Statutes, section 354.435.

Sec. 29. <u>ST. PAUL TEACHERS RETIREMENT FUND</u>	<u>\$2,827,000</u>	<u>\$2,827,000</u>
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The amounts estimated to be needed for special direct state aid to first class city teachers retirement funds authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

Sec. 30. <u>DULUTH TEACHERS RETIREMENT FUND</u>	<u>\$346,000</u>	<u>\$346,000</u>
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The amounts estimated to be needed for special direct state aid to first class city teachers retirement funds authorized under Minnesota Statutes, section 354A.12, subdivisions 3a and 3c.

Sec. 31. **TELECOMMUNICATIONS ACCESS MINNESOTA FUND; APPROPRIATIONS.**

In addition to the appropriation authorized in Minnesota Statutes, section 237.52, the following amounts are appropriated from the telecommunications access Minnesota fund:

(1) \$290,000 each year is appropriated to the chief information officer for the purpose of coordinating technology accessibility and usability; and

(2) \$150,000 each year is appropriated to the Legislative Coordinating Commission for the purpose of providing captioning of legislative activity on the commission's Web site and for a consolidated access fund for other state agencies.

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

ARTICLE 2
MILITARY AND VETERANS AFFAIRS

Section 1. **MILITARY AND VETERANS AFFAIRS APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund and are available for the fiscal years indicated for each purpose. The figures "2014" and "2015" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2014, or June 30, 2015, respectively. "The first year" is fiscal year 2014. "The second year" is fiscal year 2015. "The biennium" is fiscal years 2014 and 2015.

	<u>APPROPRIATIONS</u>	
	<u>Available for the Year</u>	
	<u>Ending June 30</u>	
	<u>2014</u>	<u>2015</u>
Sec. 2. <u>MILITARY AFFAIRS</u>		
Subdivision 1. <u>Total Appropriation</u>	<u>\$19,417,000</u>	<u>\$19,468,000</u>
<u>The amounts that may be spent for each purpose are specified in the following subdivisions.</u>		
Subd. 2. <u>Maintenance of Training Facilities</u>	<u>6,710,000</u>	<u>6,761,000</u>
Subd. 3. <u>General Support</u>	<u>2,359,000</u>	<u>2,359,000</u>
Subd. 4. <u>Enlistment Incentives</u>	<u>10,348,000</u>	<u>10,348,000</u>

If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.

Sec. 3. **VETERANS AFFAIRS**

Subdivision 1. <u>Total Appropriation</u>	<u>\$63,133,000</u>	<u>\$62,854,000</u>
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The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. <u>Veterans Services</u>	<u>16,101,000</u>	<u>16,341,000</u>
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IT Upgrades. \$618,000 in fiscal year 2014 and \$382,000 in fiscal year 2015 are to improve and modernize the department's information technology systems. These funds shall be transferred to the Office of Enterprise Technology. This is a onetime transfer and is available until spent.

Veterans Cemetery in Fillmore County. \$425,000 in fiscal year 2015 is for operation of the new veterans cemetery in Fillmore County. This amount is added to the program's base funding.

Honor Guards. \$200,000 each year is for compensation for honor guards at the funerals of veterans under Minnesota Statutes, section 197.231. This amount is added to the program's base funding.

Minnesota GI Bill. \$200,000 each year is for the costs of administering the Minnesota GI Bill on-the-job training and apprenticeship program under Minnesota Statutes, section 197.791.

Gold Star Program. \$100,000 each year is for administering the Gold Star Program for surviving family members of deceased veterans. This amount is added to the program's base funding.

County Veterans Service Office. \$1,100,000 each year is for funding the County Veterans Service Office grant program under Minnesota Statutes, section 197.608.

Veterans Service Organizations. \$353,000 each year is for grants to the following congressionally chartered veterans service organizations, as designated by the commissioner: Disabled American Veterans, Military Order of the Purple Heart, American Legion, Veterans of Foreign Wars, Vietnam Veterans of America, AMVETS, and Paralyzed Veterans of America. This funding must be allocated in direct proportion to the funding currently being provided by the commissioner to these organizations.

Veterans Paramedic Apprenticeship Program. All unspent funds, estimated to be \$110,000, from the Veterans Paramedic Apprenticeship Program, from the onetime appropriation under Laws 2009, chapter 79, article 13, section 7, are canceled to the general fund on July 1, 2013.

Subd. 3. **Veterans Homes**

47,032,000

46,513,000

Veterans Homes Special Revenue Account. The general fund appropriations made to the department may be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited according to Minnesota Statutes, section 198.34, and are appropriated to the department for the operation of veterans homes facilities and programs.

IT Upgrades. \$2,047,000 in fiscal year 2014 and \$1,528,000 in fiscal year 2015 are to improve and modernize the department's information technology systems. These funds shall be transferred to the Office of Enterprise Technology. This is a onetime transfer and is available until spent.

Maximize Federal Reimbursements. The department will seek opportunities to maximize federal reimbursements of Medicare-eligible expenses and will provide annual reports to the commissioner of management and budget on the federal Medicare reimbursements received. Contingent upon future federal Medicare receipts, reductions to the homes' general fund appropriation may be made.

ARTICLE 3
MILITARY AND VETERANS AFFAIRS PROVISIONS

Section 1. Minnesota Statutes 2012, section 192.26, is amended to read:

192.26 STATE AND MUNICIPAL OFFICERS AND EMPLOYEES NOT TO LOSE PAY WHILE ON MILITARY DUTY.

Subdivision 1. **Authorized leave.** Subject to the conditions hereinafter prescribed, any officer or employee of the state or of any political subdivision, municipal corporation, or other public agency of the state who shall be a member of the National Guard, or any other component of the militia of the state now or hereafter organized or constituted under state or federal law, or who shall be a member of the officers' reserve corps, the enlisted reserve corps, the Naval Reserve, the Marine Corps reserve, or any other reserve component of the military or naval forces of the United States now or hereafter organized or constituted under federal law, shall be entitled to leave of absence from the public office or employment without loss of pay, seniority status, efficiency rating, vacation, sick leave, or other benefits for all the time when engaged with such organization or component in training or active service ordered or authorized by proper authority pursuant to law, whether for state or federal purposes, but not exceeding a total of 15 days in any calendar year. The state or political subdivision, municipal corporation, or other public agency shall allow the officer or employee to choose when during the calendar year to take the 15 days of paid military leave. The officer or employee may choose to use all of the 15 days of paid military leave at one time or, in the alternative, the 15 days of paid military leave may be divided and taken throughout the calendar year at the discretion of the officer or employee. Such leave shall be allowed only in case the required military or naval service is satisfactorily performed, which shall be presumed unless the contrary is established. Such leave shall not be allowed unless the officer or employee (1) returns to the public position immediately on being relieved from such military or naval service and not later than the expiration of the time herein limited for such leave, or (2) is prevented from so returning by physical or mental disability or other cause not due to the officer's or employee's own fault, or (3) is required by proper authority to continue in such military or naval service beyond the time herein limited for such leave.

Sec. 2. Minnesota Statutes 2012, section 197.608, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** (a) To be eligible for a grant under ~~this program~~ subdivision 6, a county must employ a county veterans service officer as authorized by sections 197.60 and 197.606, who is certified to serve in this position by the commissioner.

(b) A county that employs a newly hired county veterans service officer who is serving an initial probationary period and who has not been certified by the commissioner is eligible to receive a grant under ~~subdivision 2a~~ subdivision 6 for one year from the date the county veterans service officer is appointed.

(c) ~~Except for the situation described in paragraph (b),~~ A county whose county veterans service officer does not receive certification ~~during any year of the three-year cycle is not eligible to receive a grant during the remainder of that cycle or the next three-year cycle~~ by the end of the first year of the county veterans service officer's appointment is ineligible for the grant under subdivision 6 until the county veterans service officer receives certification.

Sec. 3. Minnesota Statutes 2012, section 197.608, subdivision 4, is amended to read:

Subd. 4. **Grant process.** (a) The commissioner shall determine the process for awarding grants. A grant may be used only for the purpose of enhancing the operations of the County Veterans Service Office.

(b) The commissioner shall provide a list of qualifying uses for grant expenditures as developed in subdivision 5 and shall approve a grant under subdivision 6 only for a qualifying use and if there are sufficient funds remaining in the grant program to cover the full amount of the grant.

(c) The commissioner is authorized to use any unexpended funding for this program to provide training and education for county veterans service officers.

Sec. 4. Minnesota Statutes 2012, section 197.608, subdivision 5, is amended to read:

Subd. 5. **Qualifying uses.** The commissioner shall consult with the Minnesota Association of County Veterans Service Officers in developing a list of qualifying uses for grants awarded under ~~this program~~ subdivision 6.

~~The commissioner is authorized to use any unexpended funding for this program to provide training and education for county veterans service officers.~~

Sec. 5. Minnesota Statutes 2012, section 197.608, subdivision 6, is amended to read:

Subd. 6. **Grant amount.** (a) Each county is eligible to receive an annual grant of \$7,500 for the following purposes:

(1) to provide outreach to the county's veterans;

(2) to assist in the reintegration of combat veterans into society;

(3) to collaborate with other social service agencies, educational institutions, and other community organizations for the purposes of enhancing services offered to veterans;

(4) to reduce homelessness among veterans; and

(5) to enhance the operations of the county veterans service office.

(b) In addition to the grant amount in paragraph (a), each county is eligible to receive an additional annual grant under this paragraph. The amount of each additional annual grant must be determined by the commissioner and may not exceed:

(1) \$1,400 ~~\$0~~, if the county's veteran population is less than 1,000;

(2) \$2,800 ~~\$2,500~~, if the county's veteran population is 1,000 or more but less than 3,000;

(3) \$4,200 ~~\$5,000~~, if the county's veteran population is 3,000 or more but less ~~than 10,000~~ than 4,999; ~~or~~

(4) \$5,600 ~~\$7,500~~, if the county's veteran population is ~~10,000~~ 5,000 or more; but less than 9,999;

(5) \$10,000, if the county's veteran population is 10,000 or more but less than 19,999;

(6) \$15,000, if the county's veteran population is 20,000 or more but less than 29,999; or

(7) \$20,000, if the county's veteran population is 30,000 or more.

(c) The Minnesota Association of County Veterans Service Officers is eligible to receive an annual grant of \$50,000. The grant shall be used for administrative costs of the association, certification of mandated county veterans service officer training and accreditation, and costs associated with reintegration services.

The veteran population of each county shall be determined by the figure supplied by the United States Department of Veterans Affairs, as adopted by the commissioner.

Sec. 6. Minnesota Statutes 2012, section 197.791, subdivision 4, is amended to read:

Subd. 4. **Eligibility.** (a) A person is eligible for educational assistance under this section if:

(1) the person is:

(i) a veteran who is serving or has served honorably in any branch or unit of the United States armed forces at any time ~~on or after September 11, 2001;~~

(ii) a nonveteran who has served honorably for a total of five years or more cumulatively as a member of the Minnesota National Guard or any other active or reserve component of the United States armed forces, and any part of that service occurred on or after September 11, 2001;

(iii) the surviving spouse or child of a person who has served in the military ~~at any time on or after September 11, 2001,~~ and who has died as a direct result of that military service, only if the surviving spouse or child is eligible to receive federal education benefits under United States Code, title 38, chapter 33, as amended, or United States Code, title 38, chapter 35, as amended; or

(iv) the spouse or child of a person who has served in the military ~~at any time on or after September 11, 2001,~~ and who has a total and permanent service-connected disability as rated by the United States Veterans Administration, only if the spouse or child is eligible to receive federal education benefits under United States Code, title 38, chapter 33, as amended, or United States Code, title 38, chapter 35, as amended; and

(2) the person receiving the educational assistance is a Minnesota resident, as defined in section 136A.101, subdivision 8; and

(3) the person receiving the educational assistance:

(i) is an undergraduate or graduate student at an eligible institution;

(ii) is maintaining satisfactory academic progress as defined by the institution for students participating in federal Title IV programs;

(iii) is enrolled in an education program leading to a certificate, diploma, or degree at an eligible institution;

(iv) has applied for educational assistance under this section prior to the end of the academic term for which the assistance is being requested;

(v) is in compliance with child support payment requirements under section 136A.121, subdivision 2, clause (5); and

(vi) has completed the Free Application for Federal Student Aid (FAFSA).

(b) A person's eligibility terminates when the person becomes eligible for benefits under section 135A.52.

(c) To determine eligibility, the commissioner may require official documentation, including the person's federal form DD-214 or other official military discharge papers; correspondence from the United States Veterans Administration; birth certificate; marriage certificate; proof of enrollment at an eligible institution; signed affidavits; proof of residency; proof of identity; or any other official documentation the commissioner considers necessary to determine eligibility.

(d) The commissioner may deny eligibility or terminate benefits under this section to any person who has not provided sufficient documentation to determine eligibility for the program. An applicant may appeal the commissioner's eligibility determination or termination of benefits in writing to the commissioner at any time. The commissioner must rule on any application or appeal within 30 days of receipt of all documentation that the commissioner requires. The decision of the commissioner regarding an appeal is final. However, an applicant whose appeal of an eligibility determination has been rejected by the commissioner may submit an additional appeal of that determination in writing to the commissioner at any time that the applicant is able to provide substantively significant additional information regarding the applicant's eligibility for the program. An approval of an applicant's eligibility by the commissioner following an appeal by the applicant is not retroactively effective for more than one year or the semester of the person's original application, whichever is later.

(e) Upon receiving an application with insufficient documentation to determine eligibility, the commissioner must notify the applicant within 30 days of receipt of the application that the application is being suspended pending receipt by the commissioner of sufficient documentation from the applicant to determine eligibility.

Sec. 7. Minnesota Statutes 2012, section 197.791, subdivision 5, is amended to read:

Subd. 5. **Benefit amount.** (a) On approval by the commissioner of eligibility for the program, the applicant shall be awarded, on a funds-available basis, the educational assistance under the program for use at any time according to program rules at any eligible institution.

(b) The amount of educational assistance in any semester or term for an eligible person must be determined by subtracting from the eligible person's cost of attendance the amount the person received or was eligible to receive in that semester or term from:

(1) the federal Pell Grant;

(2) the state grant program under section 136A.121; and

(3) any federal military or veterans educational benefits including but not limited to the Montgomery GI Bill, GI Bill Kicker, the federal tuition assistance program, vocational rehabilitation benefits, and any other federal benefits associated with the person's status as a veteran, except veterans disability payments from the United States Veterans Administration and payments made under the Veterans Retraining Assistance Program (VRAP).

(c) The amount of educational assistance for any eligible person who is a full-time student must not exceed the following:

(1) \$1,000 per semester or term of enrollment;

(2) \$3,000 per state fiscal year; and

(3) \$10,000 in a lifetime.

For a part-time student, the amount of educational assistance must not exceed \$500 per semester or term of enrollment. For the purpose of this paragraph, a part-time undergraduate student is a student taking fewer than 12 credits or the equivalent for a semester or term of enrollment and a part-time graduate student is a student considered part time by the eligible institution the graduate student is attending. The minimum award for undergraduate and graduate students is \$50 per term.

Sec. 8. Minnesota Statutes 2012, section 364.03, subdivision 3, is amended to read:

Subd. 3. **Evidence of rehabilitation.** (a) A person who has been convicted of a crime or crimes which directly relate to the public employment sought or to the occupation for which a license is sought shall not be disqualified from the employment or occupation if the person can show competent evidence of sufficient rehabilitation and present fitness to perform the duties of the public employment sought or the occupation for which the license is sought. ~~Sufficient~~ Competent evidence of sufficient rehabilitation may be established by the production of the person's most recent certified copy of a United States Department of Defense form DD-214 showing the person's honorable discharge, or separation under honorable conditions, from the United States armed forces for military service rendered following conviction for any crime that would otherwise disqualify the person from the public employment sought or the occupation for which the license is sought, or:

(1) a copy of the local, state, or federal release order; and

(2) evidence showing that at least one year has elapsed since release from any local, state, or federal correctional institution without subsequent conviction of a crime; and evidence showing compliance with all terms and conditions of probation or parole; or

(3) a copy of the relevant Department of Corrections discharge order or other documents showing completion of probation or parole supervision.

(b) In addition to the documentary evidence presented, the licensing or hiring authority shall consider any evidence presented by the applicant regarding:

(1) the nature and seriousness of the crime or crimes for which convicted;

(2) all circumstances relative to the crime or crimes, including mitigating circumstances or social conditions surrounding the commission of the crime or crimes;

(3) the age of the person at the time the crime or crimes were committed;

(4) the length of time elapsed since the crime or crimes were committed; and

(5) all other competent evidence of rehabilitation and present fitness presented, including, but not limited to, letters of reference by persons who have been in contact with the applicant since the applicant's release from any local, state, or federal correctional institution.

(c) The certified copy of a person's United States Department of Defense form DD-214 showing the person's honorable discharge or separation under honorable conditions from the United States armed forces ceases to qualify as competent evidence of sufficient rehabilitation for purposes of this section upon the person's conviction for any gross misdemeanor or felony committed by the person subsequent to the effective date of that honorable discharge or separation from military service.

Sec. 9. **[471.3457] VETERAN-OWNED SMALL BUSINESS CONTRACTS.**

Subdivision 1. **Definitions.** For the purposes of this section:

(1) "local government" means a town or home rule charter or statutory city; and

(2) "governing body" means the town board of supervisors or city council.

Subd. 2. **Authority.** The governing body of a local government may implement a program within its jurisdiction to provide a bid preference in awarding contracts as defined in section 471.345, and in awarding contracts for services, to designated veteran-owned small businesses, as provided in section 375.771.

Sec. 10. Minnesota Statutes 2012, section 626.8517, is amended to read:

626.8517 ELIGIBILITY FOR RECIPROCITY EXAMINATION BASED ON RELEVANT MILITARY EXPERIENCE.

(a) For purposes of this section:

(1) "active service" has the meaning given in section 190.05, subdivision 5; and

(2) "relevant military experience" means:

(i) five years' active service experience in a military law enforcement occupational specialty;

(ii) three years' active service experience in a military law enforcement occupational specialty, and completion of a two-year or more degree from a regionally accredited postsecondary education institution; or

(iii) five years' cumulative experience as a full-time peace officer in another state combined with active service experience in a military law enforcement occupational specialty.

(b) A person ~~who has relevant military experience and who is eligible to take the reciprocity examination if the person has relevant military experience and:~~ is eligible to take the reciprocity examination if the person has relevant military experience and:

~~(1) has been honorably discharged from military active service as evidenced by a the most recent form DD-214 is eligible to take the reciprocity examination; or~~

(2) is currently in active service as evidenced by:

(i) active duty orders providing service time in military police specialty;

(ii) a United States Department of Defense Manpower Data Center status report pursuant to Service Members Civil Relief Act, active duty status report; or

(iii) Military Personnel Center assignment information.

(c) A person who passed the examination under paragraph (b), clause (2), shall not be eligible to be licensed as a peace officer until honorably discharged as evidenced by the most recent form DD-214.

Sec. 11. **REPEALER.**

Minnesota Statutes 2012, section 197.608, subdivision 2a, is repealed.

ARTICLE 4
STATE GOVERNMENT OPERATIONS

Section 1. Minnesota Statutes 2012, section 3.30, subdivision 2, is amended to read:

Subd. 2. **Members; duties.** (a) The majority leader of the senate or a designee, the chair of the senate Committee on Finance, and the chair of the senate Division of Finance responsible for overseeing the items being considered by the commission, the speaker of the house or a designee, the chair of the house of representatives Committee on Ways and Means, and the chair of the appropriate finance committee, or division of the house of representatives committee responsible for overseeing the items being considered by the commissioner, constitute the Legislative Advisory Commission. The division chair of the Finance Committee in the senate and the division chair of the appropriate finance committee or division in the house of representatives shall rotate according to the items being considered by the commission. If any of the members elect not to serve on the commission, the house of which they are members, if in session, shall select some other member for the vacancy. If the legislature is not in session, vacancies in the house of representatives membership of the commission shall be filled by the last speaker of the house or, if the speaker is not available, by the last chair of the house of representatives Rules Committee, and by the last senate Committee on Committees or other appointing authority designated by the senate rules in case of a senate vacancy. The commissioner of management and budget shall be secretary of the commission and keep a permanent record and minutes of its proceedings, which are public records. The commissioner of management and budget shall transmit, under section 3.195, a report to the next legislature of all actions of the commission. Members shall receive traveling and subsistence expenses incurred attending meetings of the commission. The commission shall meet from time to time upon the call of the governor or upon the call of the secretary at the request of two or more of its members. A recommendation of the commission must be made at a meeting of the commission unless a written recommendation is signed by all the members entitled to vote on the item.

(b) The chair alternates between a member of the senate and a member of the house of representatives in January of each odd-numbered year.

Sec. 2. Minnesota Statutes 2012, section 3.303, is amended by adding a subdivision to read:

Subd. 11. **Acceptance of grants and gifts.** The commission may accept gifts and grants for purposes related to the duties of the commission. Money received by the commission from gifts and grants is appropriated to the commission for purposes specified in the gift or grant.

Sec. 3. Minnesota Statutes 2012, section 3.85, subdivision 8, is amended to read:

Subd. 8. **Expenses, reimbursement.** The members of the commission and its ~~assistants~~ staff shall be reimbursed for all expenses actually and necessarily incurred in the performance of their duties. Reimbursement for expenses incurred shall be made ~~under the rules governing state employees~~ in accordance with policies adopted by the Legislative Coordinating Commission.

Sec. 4. Minnesota Statutes 2012, section 3.85, subdivision 9, is amended to read:

Subd. 9. **Expenses and reports.** Expenses of the commission shall be approved by the chair or another member as the rules of the commission provide. ~~The expenses shall then be paid like other state expenses. A general summary or statement of expenses incurred by the commission and paid shall be made to the legislature by November 15 of each even numbered year.~~

Sec. 5. Minnesota Statutes 2012, section 3.971, subdivision 6, is amended to read:

Subd. 6. **Financial audits.** The legislative auditor shall audit the financial statements of the state of Minnesota required by section 16A.50 and, as resources permit, ~~shall audit~~ Minnesota State Colleges and Universities, the University of Minnesota, state agencies, departments, boards, commissions, offices, courts, and other ~~state~~ organizations subject to audit by the legislative auditor, including, but not limited to, the State Agricultural Society, Agricultural Utilization Research Institute, Enterprise Minnesota, Inc., Minnesota Historical Society, ~~Labor Interpretive Center, Minnesota Partnership for Action Against Tobacco, Metropolitan Sports Facilities Commission ClearWay Minnesota,~~ Minnesota Sports Facilities Authority, Metropolitan Airports Commission, and Metropolitan Mosquito Control District. Financial audits must be conducted according to generally accepted government auditing standards. The legislative auditor shall see that all provisions of law respecting the appropriate and economic use of public funds and other public resources are complied with and may, as part of a financial audit or separately, investigate allegations of noncompliance.

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

Sec. 6. Minnesota Statutes 2012, section 3.971, is amended by adding a subdivision to read:

Subd. 6a. **Data security audits.** The legislative auditor shall audit, as resources permit, information and data systems supported with public funds and operated by an organization listed in subdivision 6. The audits shall include an assessment of controls designed to protect government data, particularly government data classified as not public by chapter 13, from unauthorized access and use. The audits shall also include an assessment of organizations' compliance with other applicable legal requirements related to the operation of information and data systems and proper classification and protection of the data contained in the systems.

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

Sec. 7. Minnesota Statutes 2012, section 3.971, is amended by adding a subdivision to read:

Subd. 9. **Obligation to notify the legislative auditor.** The chief executive, financial, or information officers of an organization subject to audit under this section, must promptly notify the legislative auditor when the officer obtains information indicating that public money or other public resources may have been used for an unlawful purpose, or when the officer obtains information indicating that government data classified by chapter 13 as not public may have been accessed or used unlawfully. As necessary, the legislative auditor shall coordinate an investigation of the allegation with appropriate law enforcement officials.

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

Sec. 8. **[5.38] AUTHORITY TO ACCEPT FUNDS.**

The secretary of state may enter into agreements with a local governmental unit to provide a technological service or project to enhance the state's election system. The secretary of state and the local governmental unit shall agree to the amount of consideration to be paid under the agreement. In addition, the secretary of state may accept federal funds for election purposes. If the secretary of state accepts federal funds and the terms of the grant do not require the state to maintain its effort, section 3.3005 does not apply. If the secretary of state accepts federal funds and the terms of the grant do require the state to maintain its effort, section 3.3005 applies. The funds accepted under this section must be deposited in accounts in the special revenue fund and are appropriated to the secretary of state for the uses authorized by this section. The secretary of state shall report by January 15 each year to the chair and ranking minority members of the finance committees of the house of representatives and the senate with

jurisdiction over the secretary of state the total amounts received in the preceding calendar year, the sources of those funds, and the uses to which those funds were or will be put. For purposes of this section, "local governmental unit" means a county, home rule charter or statutory city, town, or school district.

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

Sec. 9. **[5B.12] AUTHORITY TO ACCEPT FUNDS.**

Notwithstanding sections 16A.013 to 16A.016, the secretary of state may accept funds contributed by individuals and may apply for grants from charitable foundations, to be used for the address confidentiality program established in section 5B.03. In addition, the secretary of state may apply for grants from the federal government for purposes of the address confidentiality program. If the secretary of state accepts federal funds and the terms of the grant do not require the state to maintain its effort, section 3.3005 does not apply. If the secretary of state accepts federal funds and the terms of the grant do require the state to maintain its effort, section 3.3005 applies. The funds accepted under this section must be deposited in accounts in the special revenue fund and are appropriated to the secretary of state for use in the address confidentiality program. The secretary of state shall report by January 15 each year to the chair and ranking minority members of the finance committees of the house of representatives and the senate with jurisdiction over the secretary of state the total amounts received in the preceding calendar year, the sources of those funds, and the uses to which those funds were or will be put. Any contributions from program participants must be aggregated, and the names of program participants must not be reported.

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

Sec. 10. **[6.475] CITY AND TOWN ACCOUNTING SYSTEM SOFTWARE.**

(a) The state auditor in consultation with the Minnesota Association of Townships, the League of Minnesota Cities, and the Minnesota Association of Small Cities, may charge a onetime user fee to cities, towns, and other government entities for the development, maintenance, and distribution of the small city and town accounting system software.

(b) A city and town accounting systems (CTAS) account is established in the special revenue fund.

(c) Amounts received under paragraph (a) shall be credited to the CTAS account in the special revenue fund and are appropriated to the state auditor for all costs associated with the development, maintenance, and distribution of the small city and town accounting system software. If at any time the small city and town accounting system software ceases to be offered by the state auditor, any amount remaining in the CTAS account shall be equitably refunded to users in consultation with the Minnesota Association of Townships, the League of Minnesota Cities, and the Minnesota Association of Small Cities, and the account shall be closed.

Sec. 11. Minnesota Statutes 2012, section 6.48, is amended to read:

6.48 EXAMINATION OF COUNTIES; COST, FEES.

All the powers and duties conferred and imposed upon the state auditor shall be exercised and performed by the state auditor in respect to the offices, institutions, public property, and improvements of several counties of the state. At least once in each year, if funds and personnel permit, the state auditor may visit, without previous notice, each county and make a thorough examination of all accounts and records relating to the receipt and disbursement of the public funds and the custody of the public funds and other property. If the audit is performed by a private certified public accountant, the state auditor may require additional information from the private certified public accountant as the state auditor deems in the public interest. The state auditor may accept the audit or make additional examinations as the state auditor deems to be in the public interest. The state auditor shall prescribe and install

systems of accounts and financial reports that shall be uniform, so far as practicable, for the same class of offices. A copy of the report of such examination shall be filed and be subject to public inspection in the office of the state auditor and another copy in the office of the auditor of the county thus examined. The state auditor may accept the records and audit, or any part thereof, of the Department of Human Services in lieu of examination of the county social welfare funds, if such audit has been made within any period covered by the state auditor's audit of the other records of the county. If any such examination shall disclose malfeasance, misfeasance, or nonfeasance in any office of such county, such report shall be filed with the county attorney of the county, and the county attorney shall institute such civil and criminal proceedings as the law and the protection of the public interests shall require.

The county receiving any examination shall pay to the ~~state general fund, notwithstanding the provisions of section 16A.125,~~ state auditor enterprise fund the total cost and expenses of such examinations, including the salaries paid to the examiners while actually engaged in making such examination. The state auditor on deeming it advisable may bill counties, ~~having a population of 200,000 or over,~~ monthly periodically for services rendered and the officials responsible for approving and paying claims shall cause said bill to be promptly paid. The ~~general state auditor enterprise~~ fund shall be credited with all collections made for any such examinations.

Sec. 12. Minnesota Statutes 2012, section 6.56, subdivision 2, is amended to read:

Subd. 2. **Billings by state auditor.** Upon the examination of the books, records, accounts, and affairs of any political subdivision, as provided by law, such political subdivision shall be liable to the state for the total cost and expenses of such examination, including the salaries paid to the examiners while actually engaged in making such examination. The state auditor may bill such political subdivision ~~monthly~~ periodically for service rendered and the officials responsible for approving and paying claims are authorized to pay said bill promptly. Said payments shall be without prejudice to any defense against said claims that may exist or be asserted. The ~~general state auditor enterprise~~ fund shall be credited with all collections made for any such examinations, including interest payments made pursuant to subdivision 3.

Sec. 13. **[6.581] STATE AUDITOR ENTERPRISE FUND.**

Subdivision 1. **State auditor enterprise fund.** A state auditor enterprise fund is established in the state treasury. All amounts received for the costs and expenses of examinations performed under this chapter shall be credited to the fund. Amounts credited to the fund are annually appropriated to the state auditor to pay the costs and expenses related to the examinations performed, including, but not limited to, salaries, office overhead, equipment, authorized contracts, and other expenses.

Subd. 2. **Contract with private parties; equipment acquisition.** When full-time personnel are not available, the state auditor may contract with a private entity for accounting and other technical services. Notwithstanding any law to the contrary, the acquisition of equipment may include duplicating equipment to be used in producing the reports issued by the Office of the State Auditor.

Subd. 3. **Schedule of charges.** The state auditor may adjust the schedule of charges for the examinations performed so that the charges are sufficient to cover all costs of the examinations performed and that the aggregate charges collected are sufficient to pay all salaries and other expenses, including the charges for the use of the equipment used in connection with the reimbursable examinations performed, and the cost of contracting for accounting and other technical services. The schedule of charges shall be based on an estimate of the cost of performing reimbursable examinations including, but not limited to, salaries, office overhead, equipment, authorized contracts, and other expenses. The state auditor may allocate a proportionate part of the total costs to an hourly or daily charge for each person or class of persons engaged in the performance of an examination. The schedule of charges shall reflect an equitable charge for the expenses incurred in the performance of any given examination. The state auditor shall review and adjust the schedule of charges for the examinations performed at least annually. All schedules of charges must be approved by the commissioner of management and budget before the charges are adopted to ensure that the amount collected is sufficient to pay all the costs connected with the examinations performed during the fiscal year.

Subd. 4. **Reports to legislature.** At least 30 days before implementing increased charges for examinations, the state auditor must report the proposed increases to the chairs and ranking minority members of the committees in the house of representatives and the senate with jurisdiction over the budget of the state auditor. By January 15 of each odd-numbered year, the state auditor must report to these chairs and ranking minority members a summary of anticipated expenditures from the state auditor enterprise fund and rates charged to support the fund for the biennium ending June 30 of that year, and an estimate of expenditures from the fund and rates to be charged for the biennium beginning July 1 of that year. The summary must separately report amounts for salaries, office overhead, equipment, authorized contracts, and other expenses.

Sec. 14. Minnesota Statutes 2012, section 15A.082, subdivision 1, is amended to read:

Subdivision 1. **Creation.** A Compensation Council is created each ~~even-numbered~~ odd-numbered year to assist the legislature in establishing the compensation of constitutional officers, members of the legislature, justices of the Supreme Court, judges of the Court of Appeals and district court, and the heads of state and metropolitan agencies included in section 15A.0815.

Sec. 15. Minnesota Statutes 2012, section 15A.082, subdivision 2, is amended to read:

Subd. 2. **Membership.** The Compensation Council consists of 16 members: two members of the house of representatives, appointed by the speaker of the house; two members of the senate, appointed by the majority leader of the senate; one member of the house of representatives, appointed by the minority leader of the house of representatives; one member of the senate, appointed by the minority leader of the senate; two nonjudges appointed by the chief justice of the Supreme Court; and one member from each congressional district appointed by the governor, of whom no more than four may belong to the same political party. Appointments must be made ~~by October 1~~ after the first Monday in January and before January 15. The compensation and removal of members appointed by the governor or the chief justice shall be as provided in section 15.059, subdivisions 3 and 4. The Legislative Coordinating Commission shall provide the council with administrative and support services.

Sec. 16. Minnesota Statutes 2012, section 15A.082, subdivision 3, is amended to read:

Subd. 3. **Submission of recommendations.** (a) By ~~May 1~~ March 15 in each odd-numbered year, the Compensation Council shall submit to the speaker of the house and the president of the senate salary recommendations for constitutional officers, legislators, justices of the Supreme Court, and judges of the Court of Appeals and district court. The recommended salary for each office must take effect on the first Monday in January of the next odd-numbered year, with no more than one adjustment, to take effect on January 1 of the year after that. The salary recommendations for legislators, judges, and constitutional officers take effect if an appropriation of money to pay the recommended salaries is enacted after the recommendations are submitted and before their effective date. Recommendations may be expressly modified or rejected. The salary recommendations for legislators are subject to additional terms that may be adopted according to section 3.099, subdivisions 1 and 3.

(b) The council shall also submit to the speaker of the house and the president of the senate recommendations for the salary ranges of the heads of state and metropolitan agencies, to be effective retroactively from January 1 of that year if enacted into law. The recommendations shall include the appropriate group in section 15A.0815 to which each agency head should be assigned and the appropriate limitation on the maximum range of the salaries of the agency heads in each group, expressed as a percentage of the salary of the governor.

Sec. 17. Minnesota Statutes 2012, section 16A.10, subdivision 1c, is amended to read:

Subd. 1c. **Performance measures for change items.** For each change item in the budget proposal requesting new or increased funding, the budget document must present proposed performance measures that can be used to determine if the new or increased funding is accomplishing its goals. To the extent possible, each budget change

item must identify relevant ~~Minnesota Milestones and other~~ statewide goals and indicators related to the proposed initiative. ~~The commissioner must report to the Subcommittee on Government Accountability established under section 3.885, subdivision 10, regarding the format to be used for the presentation and selection of Minnesota Milestones and other statewide goals and indicators.~~

Sec. 18. **[16A.117] CONTINUING APPROPRIATIONS.**

Subdivision 1. **Appropriations continue for one year.** If a major appropriation bill is not enacted before July 1 of an odd-numbered year, the existing appropriation amounts pertaining to that bill for the fiscal year ending that June 30 are in effect again at the base level through the fiscal year beginning July 1 of that odd-numbered year. The base level is the amount appropriated for the fiscal year ending that June 30, except as otherwise provided by subdivision 2 or by other law. The amounts needed to implement this section are appropriated from each fund covered by this section. The house of representatives and the senate may adopt joint resolutions designating the major appropriations bills and specifying which appropriations pertain to each major appropriations bill for purposes of this section.

Subd. 2. **Exceptions and adjustments.** (a) An appropriation remaining in effect under authority of subdivision 1 must be adjusted or discontinued as required by other law and according to paragraphs (b) to (d).

(b) An appropriation for the fiscal year ending June 30 of the odd-numbered year does not remain in effect for the fiscal year starting on July 1 if the legislature specifically designated the appropriation as a onetime appropriation, if the commissioner of management and budget determines that the legislature clearly intended the appropriation to be onetime, or if the program for which the appropriation was made expires on or before July 1.

(c) If an appropriation remains in effect under authority of subdivision 1, but the program or activity that is the subject of the appropriation is scheduled to expire during a fiscal year, the commissioner of management and budget must prorate the appropriation.

(d) The commissioner of management and budget may make technical adjustments to the amount of an appropriation to the extent the commissioner determines the technical adjustments are needed to accurately reflect the amount that constitutes the annual base level of the appropriation. The commissioner may make an adjustment under this paragraph only if one or more of the following conditions is met:

(1) the legislature previously appropriated money for a biennium, with the entire appropriation being allocated to one year of the biennium, and the commissioner determines an adjustment is necessary to accurately reflect the annual amount needed to maintain program operations at the same level;

(2) laws or policies under which revenues and expenditures are accounted for have changed to eliminate or consolidate certain funds or accounts or to create new funds or accounts, and adjustments in appropriations are necessary to implement these changes;

(3) duties have been transferred between agency programs, or between agencies, and adjustments in appropriations are necessary to reflect these transfers; or

(4) a program, or changes to a program, were not fully operational in one fiscal year, but will be fully operational in the following year, and an adjustment to the appropriation is needed to accurately reflect the annual cost of the new or changed program.

The commissioner of management and budget must give the chairs and lead minority caucus members of the senate finance and house ways and means committees written notice of any adjustments made under this subdivision.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 19. **[16A.503] FEDERAL CONTINGENCY PLANNING.**

Each executive branch state agency that receives federal funds must notify the budget committees of the legislature with jurisdiction over the agency by October 1 of each even-numbered year if the agency believes there is potential for a significant reduction in the amount of federal funds the agency will receive in the biennium beginning the following July 1. Each notice must include:

(1) the reasons for the potential reduction in federal funds, and the likelihood the reduction will occur;

(2) the impact to the agency's operations and to other state and local government services related to the potential reduction in federal funds; and

(3) any steps the agency is taking to adjust to and minimize the impact of a potential loss of federal funds.

Sec. 20. Minnesota Statutes 2012, section 16A.82, is amended to read:

16A.82 TECHNOLOGY LEASE-PURCHASE APPROPRIATION.

The following amounts are appropriated from the general fund to the commissioner to make payments under a lease-purchase agreement as defined in section 16A.81 for replacement of the state's accounting and procurement systems, provided that the state is not obligated to continue such appropriation of funds or to make lease payments in any future fiscal year.

Fiscal year 2010	\$2,828,038
Fiscal year 2011	\$3,063,950
Fiscal year 2012	\$8,967,850
Fiscal year 2013	\$8,968,950
Fiscal year 2014	\$8,970,850
Fiscal year 2015	\$8,971,150
Fiscal year 2016	\$8,966,450
Fiscal year 2017	\$8,967,500
Fiscal year 2018	\$8,970,750
Fiscal year 2019	\$8,968,500

Of these appropriations, up to \$2,000 per year may be used to pay the annual trustee fees for the lease-purchase agreements authorized in this section ~~and section 270C.145~~. Any unexpended portions of this appropriation cancel to the general fund at the close of each biennium. This section expires June 30, 2019.

Sec. 21. **[16E.0466] STATE AGENCY TECHNOLOGY PROJECTS.**

Every state agency with an information or telecommunications project must consult with the Office of Enterprise Technology to determine what the IT cost of the project is, and transfer the IT cost portion to the Office of Enterprise Technology, unless the commissioner of the Office of Enterprise Technology determines that a transfer is not required. A transfer is not required under this section to the extent the transfer is prohibited by federal law or would cause a loss of federal funds. Agencies specified in section 16E.016, paragraph (d), are exempt from the requirements of this section.

Sec. 22. Minnesota Statutes 2012, section 16E.07, subdivision 6, is amended to read:

Subd. 6. **Fees.** The office shall establish fees for technical and transaction services for government units through North Star. Fees must be credited to the North Star account. Except for the convenience fee under subdivision 12, the office may not charge a fee for viewing or inspecting data made available through North Star or linked facilities, unless specifically authorized by law.

EFFECTIVE DATE. This section is effective July 1, 2013.

Sec. 23. Minnesota Statutes 2012, section 16E.07, is amended by adding a subdivision to read:

Subd. 12. Private entity services; fee authority; council established. (a) The office may enter into a contract with a private entity to manage, maintain, support, and expand North Star and online government information services to citizens and businesses.

(b) A contract established under paragraph (a) may provide for compensation of the private entity through a fee established under paragraph (c).

(c) Upon authorization by the E-Government Advisory Council as created in paragraph (e), a private entity that enters into a contract under paragraph (a) or the office may establish a convenience fee for users of North Star and online government information services up to a total of \$2 per transaction. A fee established under this paragraph is in addition to any fees or surcharges authorized under other law.

(d) Receipts from the convenience fee shall be deposited in the North Star account established in subdivision 7. Notwithstanding section 16A.1285, subdivision 2, receipts credited to the account are appropriated to the office for payment to the contracted private entity under paragraph (a). In lieu of depositing the receipts in the North Star account, the office can directly transfer the receipts to the private entity or allow the private entity to retain the receipts pursuant to a contract established under this subdivision.

(e) The E-Government Advisory Council is established for the purpose of improving online government information services to citizens and businesses. The council shall recommend to the office the priority of North Star projects and online government information services to be developed and supported by convenience fee receipts. The council shall provide oversight on the convenience fee and its receipts in the North Star account. The council shall by majority quorum vote approve or disapprove establishing the convenience fee on particular types of transactions, the fee amount, and any changes in the fee amount. If the convenience fee receipts are retained by or transferred to the private entity in lieu of deposit in the North Star account, the council may audit the private entity's convenience fee receipts, expenses paid by the receipts, and associated financial statements.

(1) The council shall consist of the state chief information officer or the chief information officer's designee, one member appointed by the speaker of the house, one member appointed by the senate majority leader, and six members appointed by the governor representing state executive branch agencies that are actively involved with private businesses, the private business community, or the public.

(2) Membership terms, removal of member, and filling of vacancies are as provided in section 15.059. Members do not receive compensation or reimbursement for expenses.

(3) The council shall select a chair from its members. The office shall provide administrative support to the council.

(f) The office shall report to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over state government finance by January 15 of each odd-numbered year regarding the convenience fee receipts and the status of North Star projects and online government information services developed and supported by convenience fee receipts.

Sec. 24. Minnesota Statutes 2012, section 32C.04, is amended to read:

32C.04 ACCOUNTS; AUDITS.

The authority may establish funds and accounts that it determines to be reasonable and necessary to conduct the business of the authority. The board shall ~~provide for and pay the cost of an independent annual audit of its official books and records~~ be subject to audit by the state legislative auditor. A copy of ~~this~~ an audit must be filed with the secretary of state.

Sec. 25. Minnesota Statutes 2012, section 129D.14, subdivision 2, is amended to read:

Subd. 2. **Definitions.** As used in this section, the terms defined in this subdivision have the meanings given them.

(a) "Corporation for Public Broadcasting" or "CPB" means the nonprofit organization established pursuant to United States Code, title 47, section 396.

(b) "Federal Communications Commission" or "FCC" means the federal agency established pursuant to United States Code, title 47, section 151.

(c) "Licensee" means ~~the individual or business~~ an entity to whom which the Federal Communications Commission has issued ~~the~~ a license to operate a noncommercial radio station as defined in Code of Federal Regulations, title 47, subpart D, section 73.503.

(d) "Noncommercial radio station" means a station operated by a licensee of the FCC as a noncommercial educational radio station ~~under a license or program test authority from the Federal Communications Commission as a noncommercial educational radio station~~ as defined in Code of Federal Regulations, title 47, subpart D, section 73.503, licensed to a community within the state and serving a segment of the population of the state.

(e) "Operating income" may include:

(1) individual and other community contributions;

(2) all grants received from the Corporation for Public Broadcasting;

(3) grants received from foundations, corporations, or federal, state, or local agencies or other sources for the purpose of programming or general operating support;

(4) interest income;

(5) earned income;

(6) employee salaries paid through the federal Comprehensive Employment and Training Act, or other similar public employment programs, provided that only salary expended for employee duties directly relating to radio station operations shall be counted;

(7) employee salaries paid through supporting educational institutions, provided that only salary expended for employee duties directly relating to radio station operations shall be counted;

(8) direct operating costs provided by supporting educational institutions; and

(9) no more than \$15,000 in volunteer time calculated at the federal minimum wage.

The following are specifically excluded in determining a station's operating income:

(1) dollar representations in in-kind assistance from any source except as stipulated in clauses (8) and (9) above;

(2) grants or contributions from any source for the purpose of purchasing capital improvements or equipment; and

(3) noncommercial radio station grants received in the previous fiscal year pursuant to this section.

(f) "Local" means the area designated by the FCC's 60 dBu contour map.

Sec. 26. Minnesota Statutes 2012, section 129D.14, subdivision 3, is amended to read:

Subd. 3. **Eligibility.** (a) To qualify for a grant under this section, the licensee ~~shall~~ must:

~~(a) (1)~~ hold a valid noncommercial ~~educational~~ radio station license ~~or program test authority~~ from the ~~Federal Communications Commission; FCC~~ that is a Class "A" or "C" FM, as defined in Code of Federal Regulations, title 47, subpart B, sections 73.210 and 73.211 or Class "C" or "D" AM, as defined in Code of Federal Regulations, title 47, subpart A, section 73.21. Stations with a Class "L1" and "LP100" are not eligible for this funding. The station must be licensed to a community in the state of Minnesota and must be operated as a noncommercial educational station.

~~(b) (2)~~ have facilities adequate to provide local program production and origination;

~~(c) (3)~~ employ a minimum of two full-time professional radio staff persons or the equivalent in part-time staff and agree to employ a minimum of two full-time professional radio staff persons or the equivalent in part-time staff throughout the fiscal year of the grant;

~~(d) (4)~~ maintain a minimum daily broadcasting schedule of (1) the maximum allowed by its Federal Communications Commission license or (2) 12 hours a day during the first year of eligibility for state assistance, 15 hours a day during the second year of eligibility and 18 hours a day during the third and following years of eligibility;

~~(e) (5)~~ broadcast 365 days a year or the maximum number of days allowed by its Federal Communications Commission license with an exception for power outages and natural disasters;

~~(f) (6)~~ have a daily broadcast schedule devoted primarily to programming that serves ascertained community needs of an educational, informational or cultural nature within its primary signal area; however, a program schedule of a main channel carrier designed to further the principles of one or more particular religious philosophies or including 25 percent or more religious programming on a broadcast day does not meet this criterion, nor does a program schedule of a main channel carrier designed primarily for in-school or professional in-service audiences;

~~(g) (7)~~ originate significant, locally produced programming designed to serve its community of license;

~~(h) (8)~~ have a total annual operating income and budget of at least \$50,000;

~~(i) (9)~~ have either a board of directors representing the community or a community advisory board that conducts advisory board meetings that are open to the public;

~~(j) (10)~~ have a board of directors that: ~~(1) (i)~~ holds the portion of any meeting relating to the management or operation of the radio station open to the public and ~~(2) (ii)~~ permits any person to attend any meeting of the board without requiring a person, as a condition to attendance at the meeting, to register the person's name or to provide any other information; and

~~(k) (11)~~ have met the criteria in clauses ~~(a) (1)~~ to ~~(j) (10)~~ for six months before it is eligible for state assistance under this section.

(b) The commissioner shall accept the judgment of Corporation for Public Broadcasting accepted audit when it is available on a station's eligibility for assistance under the criteria of this subdivision. If the station is not qualified for assistance or is qualified for but not receiving funding from the Corporation for Public Broadcasting, an independent audit is required to verify eligibility under paragraph (a), clause (8). If neither is available, the commissioner may accept a written declaration of eligibility signed by an independent auditor, a certified public accountant, or the chief executive officer of the station's parent organization ~~if it is an institution of education~~.

Sec. 27. Minnesota Statutes 2012, section 129D.155, is amended to read:

129D.155 REPAYMENT OF FUNDS.

State funds distributed to public television or noncommercial radio stations and used to purchase equipment assets must be repaid to the state, without interest, if the assets purchased with these funds are sold within five years or otherwise converted to a person other than a nonprofit or municipal corporation. The amount due to the state shall be the net amount realized from the sale of the assets, but shall not exceed the amount of state funds advanced for the purchase of the asset. The commissioner of administration may approve the use of funds derived from the sale of such assets for the purchase of new equipment for similar purposes.

Sec. 28. Minnesota Statutes 2012, section 161.1419, subdivision 3, is amended to read:

Subd. 3. ~~Investigatory powers; Chair, vice-chair, and secretary.~~ The commission may hold meetings and hearings at such time and places as it may designate to accomplish the purposes set forth in this section ~~and may subpoena witnesses and records.~~ It shall select a chair, a vice-chair, and such other officers from its membership as it deems necessary. The commission shall appoint a secretary who shall also serve as a commission member.

Sec. 29. Minnesota Statutes 2012, section 469.3201, is amended to read:

469.3201 STATE LEGISLATIVE AUDITOR; AUDITS OF JOB OPPORTUNITY BUILDING ZONES AND BUSINESS SUBSIDY AGREEMENTS.

As resources allow, the Office of the State Auditor legislative auditor must annually audit the creation and operation of all job opportunity building zones and business subsidy agreements entered into under Minnesota Statutes, sections 469.310 to 469.320. To the extent necessary to perform this audit, the state auditor may request from the commissioner of revenue tax return information of taxpayers who are eligible to receive tax benefits authorized under section 469.315. To the extent necessary to perform this audit, the state auditor may request from the commissioner of employment and economic development wage detail report information required under section 268.044 of taxpayers eligible to receive tax benefits authorized under section 469.315. All public officials and parties to the agreements shall provide the legislative auditor with all documents and data the legislative auditor deems necessary and in all other respects comply with the requirements of section 3.978, subdivision 2.

Sec. 30. Minnesota Statutes 2012, section 471.699, is amended to read:

471.699 ENFORCEMENT OF REPORTING REQUIREMENTS.

Failure of a city to timely file a statement or report under section 471.697 or 471.698 shall, in addition to any other penalties provided by law, authorize the state auditor to send full-time personnel to the city or to contract with private persons, firms, or corporations pursuant to section ~~6.58~~ 6.581, in order to complete and file the financial statement or report. The expenses related to the completion and filing of the financial statement or report shall be charged to the city. Upon failure by the city to pay the charge within 30 days of billing, the state auditor shall so certify to the commissioner of management and budget who shall forward the amount certified to the general fund and deduct the amount from any state funds due to the city under any shared taxes or aids. The state auditor's annual report on cities shall include a listing of all cities failing to file a statement or report.

Sec. 31. **LEGISLATIVE ADVISORY COMMISSION CHAIR; 2013.**

Under Minnesota Statutes, section 3.30, subdivision 2, the chair of the Legislative Advisory Commission must be a member of the senate in 2013.

Sec. 32. **AUDIT OF FINANCIAL STATEMENTS.**

The legislative auditor shall examine alternatives for achieving an annual independent audit of the financial statements of the state of Minnesota required by Minnesota Statutes, section 16A.50, and make recommendations to the Legislative Audit Commission and appropriate legislative committees by October 1, 2013.

Sec. 33. **REPEALER.**

Minnesota Statutes 2012, sections 3.304, subdivisions 1 and 5; 3.885, subdivision 10; and 6.58, are repealed.

ARTICLE 5
REVENUE PROVISIONS

Section 1. Minnesota Statutes 2012, section 65B.84, subdivision 1, is amended to read:

Subdivision 1. **Program described; commissioner's duties; appropriation.** (a) The commissioner of commerce shall:

(1) develop and sponsor the implementation of statewide plans, programs, and strategies to combat automobile theft, improve the administration of the automobile theft laws, and provide a forum for identification of critical problems for those persons dealing with automobile theft;

(2) coordinate the development, adoption, and implementation of plans, programs, and strategies relating to interagency and intergovernmental cooperation with respect to automobile theft enforcement;

(3) annually audit the plans and programs that have been funded in whole or in part to evaluate the effectiveness of the plans and programs and withdraw funding should the commissioner determine that a plan or program is ineffective or is no longer in need of further financial support from the fund;

(4) develop a plan of operation including:

(i) an assessment of the scope of the problem of automobile theft, including areas of the state where the problem is greatest;

(ii) an analysis of various methods of combating the problem of automobile theft;

(iii) a plan for providing financial support to combat automobile theft;

(iv) a plan for eliminating car hijacking; and

(v) an estimate of the funds required to implement the plan; and

(5) distribute money, in consultation with the commissioner of public safety, pursuant to subdivision 3 from the automobile theft prevention special revenue account for automobile theft prevention activities, including:

(i) paying the administrative costs of the program;

(ii) providing financial support to the State Patrol and local law enforcement agencies for automobile theft enforcement teams;

(iii) providing financial support to state or local law enforcement agencies for programs designed to reduce the incidence of automobile theft and for improved equipment and techniques for responding to automobile thefts;

(iv) providing financial support to local prosecutors for programs designed to reduce the incidence of automobile theft;

(v) providing financial support to judicial agencies for programs designed to reduce the incidence of automobile theft;

(vi) providing financial support for neighborhood or community organizations or business organizations for programs designed to reduce the incidence of automobile theft and to educate people about the common methods of automobile theft, the models of automobiles most likely to be stolen, and the times and places automobile theft is most likely to occur; and

(vii) providing financial support for automobile theft educational and training programs for state and local law enforcement officials, driver and vehicle services exam and inspections staff, and members of the judiciary.

(b) The commissioner may not spend in any fiscal year more than ten percent of the money in the fund for the program's administrative and operating costs. The commissioner is annually appropriated and must distribute the amount of the proceeds credited to the automobile theft prevention special revenue account each year, less the transfer of \$1,300,000 each year to the general fund described in section ~~468A.40, subdivision 4~~ 2971.11, subdivision 2.

EFFECTIVE DATE. This section is effective for premiums collected after June 30, 2013.

Sec. 2. Minnesota Statutes 2012, section 270C.69, subdivision 1, is amended to read:

Subdivision 1. **Notice and procedures.** (a) The commissioner may, within five years after the date of assessment of the tax, or if a lien has been filed under section 270C.63, within the statutory period for enforcement of the lien, give notice to any employer deriving income which has a taxable situs in this state regardless of whether the income is exempt from taxation, that an employee of that employer is delinquent in a certain amount with respect to any taxes, including penalties, interest, and costs. The commissioner may proceed under this section only if the tax is uncontested or if the time for appeal of the tax has expired. The commissioner shall not proceed under this section until the expiration of 30 days after mailing to the taxpayer, at the taxpayer's last known address, a written notice of (1) the amount of taxes, interest, and penalties due from the taxpayer and demand for their payment, and (2) the commissioner's intention to require additional withholding by the taxpayer's employer pursuant to this section. The effect of the notice shall expire one year after it has been mailed to the taxpayer provided that the notice may be renewed by mailing a new notice which is in accordance with this section. The renewed notice shall have the effect of reinstating the priority of the original claim. The notice to the taxpayer shall be in substantially the same form as that provided in section 571.72. The notice shall further inform the taxpayer of the wage exemptions contained in section 550.37, subdivision 14. If no statement of exemption is received by the commissioner within 30 days from the mailing of the notice, the commissioner may proceed under this section. The notice to the taxpayer's employer may be served by mail or by delivery by an agent of the department and shall be in substantially the same form as provided in section 571.75. Upon receipt of notice, the employer shall withhold from compensation due or to become due to the employee, the total amount shown by the notice, subject to the provisions of section 571.922. The employer shall continue to withhold each pay period until the notice is released by the commissioner under section 270C.7109. Upon receipt of notice by the employer, the claim of the state of Minnesota shall have priority over any subsequent garnishments or wage assignments. The commissioner may arrange between the employer and the employee for withholding a portion of the total amount due the employee each pay period, until the total amount shown by the notice plus accrued interest has been withheld.

(b) The "compensation due" any employee is defined in accordance with the provisions of section 571.921. The maximum withholding allowed under this section for any one pay period shall be decreased by any amounts payable pursuant to a garnishment action with respect to which the employer was served prior to being served with the notice of

delinquency and any amounts covered by any irrevocable and previously effective assignment of wages; the employer shall give notice to the commissioner of the amounts and the facts relating to such assignments within ten days after the service of the notice of delinquency on the form provided by the commissioner as noted in this section.

(c) Within ten days after the expiration of such pay period, the employer shall remit to the commissioner, ~~on a form and~~ in the manner prescribed by the commissioner, the amount withheld during each pay period under this section. The employer must file all wage levy disclosure forms and remit all wage levy payments by electronic means.

EFFECTIVE DATE. This section is effective for wage levy disclosures or wage levy payments filed or made after December 31, 2013.

Sec. 3. Minnesota Statutes 2012, section 289A.20, subdivision 2, is amended to read:

Subd. 2. **Withholding from wages, entertainer withholding, withholding from payments to out-of-state contractors, and withholding by partnerships, small business corporations, trusts.** (a) A tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships, S corporations, and trusts must be paid on a quarterly basis as estimated taxes under section 289A.25 for partnerships and trusts and under section 289A.26 for S corporations.

(b) An employer who, during the previous quarter, withheld more than \$1,500 of tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must deposit tax withheld under those sections with the commissioner within the time allowed to deposit the employer's federal withheld employment taxes under Code of Federal Regulations, title 26, section 31.6302-1, as amended through December 31, 2001, without regard to the safe harbor or de minimis rules in paragraph (f) or the one-day rule in paragraph (c)(3). Taxpayers must submit a copy of their federal notice of deposit status to the commissioner upon request by the commissioner.

(c) The commissioner may prescribe by rule other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify payors according to the amount of their tax liability and may adopt an appropriate reporting period for the class that the commissioner judges to be consistent with efficient tax collection. In no event will the duration of the reporting period be more than one year.

(d) If less than the correct amount of tax is paid to the commissioner, proper adjustments with respect to both the tax and the amount to be deducted must be made, without interest, in the manner and at the times the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment will be assessed and collected in the manner and at the times the commissioner prescribes.

(e) If the aggregate amount of the tax withheld is:

~~(1) \$20,000 or more in the fiscal year ending June 30, 2005; or~~

~~(2) \$10,000 or more in the a fiscal year ending June 30, 2006, and fiscal years thereafter,~~

the employer must remit each required deposit for wages paid in ~~the all~~ subsequent calendar ~~year~~ years by electronic means.

(f) A third-party bulk filer as defined in section 290.92, subdivision 30, paragraph (a), clause (2), who remits withholding deposits must remit all deposits by electronic means as provided in paragraph (e), regardless of the aggregate amount of tax withheld during a fiscal year for all of the employers.

EFFECTIVE DATE. This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 4. Minnesota Statutes 2012, section 289A.20, subdivision 4, is amended to read:

Subd. 4. **Sales and use tax.** (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f) or (g), except that:

(1) use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year; and

(2) except as provided in paragraph (f), for a vendor having a liability of \$120,000 or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes imposed by chapter 297A, except as provided in paragraph (b), are due and payable to the commissioner monthly in the following manner:

(i) On or before the 14th day of the month following the month in which the taxable event occurred, the vendor must remit to the commissioner 90 percent of the estimated liability for the month in which the taxable event occurred.

(ii) On or before the 20th day of the month in which the taxable event occurs, the vendor must remit to the commissioner a prepayment for the month in which the taxable event occurs equal to 67 percent of the liability for the previous month.

(iii) On or before the 20th day of the month following the month in which the taxable event occurred, the vendor must pay any additional amount of tax not previously remitted under either item (i) or (ii) or, if the payment made under item (i) or (ii) was greater than the vendor's liability for the month in which the taxable event occurred, the vendor may take a credit against the next month's liability in a manner prescribed by the commissioner.

(iv) Once the vendor first pays under either item (i) or (ii), the vendor is required to continue to make payments in the same manner, as long as the vendor continues having a liability of \$120,000 or more during the most recent fiscal year ending June 30.

(v) Notwithstanding items (i), (ii), and (iv), if a vendor fails to make the required payment in the first month that the vendor is required to make a payment under either item (i) or (ii), then the vendor is deemed to have elected to pay under item (ii) and must make subsequent monthly payments in the manner provided in item (ii).

(vi) For vendors making an accelerated payment under item (ii), for the first month that the vendor is required to make the accelerated payment, on the 20th of that month, the vendor will pay 100 percent of the liability for the previous month and a prepayment for the first month equal to 67 percent of the liability for the previous month.

(b) Notwithstanding paragraph (a), a vendor having a liability of \$120,000 or more during a fiscal year ending June 30 must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of the year, the vendor must remit 90 percent of the estimated June liability to the commissioner.

(2) On or before August 20 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) A vendor having a liability of:

(1) \$10,000 or more, but less than \$120,000 during a fiscal year ending June 30, ~~2009~~ 2013, and fiscal years thereafter, must remit by electronic means all liabilities on returns due for periods beginning in ~~the~~ all subsequent calendar ~~year~~ years on or before the 20th day of the month following the month in which the taxable event occurred, or on or before the 20th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4; or

(2) \$120,000 or more, during a fiscal year ending June 30, 2009, and fiscal years thereafter, must remit by electronic means all liabilities in the manner provided in paragraph (a), clause (2), on returns due for periods beginning in the subsequent calendar year, except for 90 percent of the estimated June liability, which is due two business days before June 30. The remaining amount of the June liability is due on August 20.

(d) Notwithstanding paragraph (b) or (c), a person prohibited by the person's religious beliefs from paying electronically shall be allowed to remit the payment by mail. The filer must notify the commissioner of revenue of the intent to pay by mail before doing so on a form prescribed by the commissioner. No extra fee may be charged to a person making payment by mail under this paragraph. The payment must be postmarked at least two business days before the due date for making the payment in order to be considered paid on a timely basis.

(e) Whenever the liability is \$120,000 or more separately for: (1) the tax imposed under chapter 297A; (2) a fee that is to be reported on the same return as and paid with the chapter 297A taxes; or (3) any other tax that is to be reported on the same return as and paid with the chapter 297A taxes, then the payment of all the liabilities on the return must be accelerated as provided in this subdivision.

(f) At the start of the first calendar quarter at least 90 days after the cash flow account established in section 16A.152, subdivision 1, and the budget reserve account established in section 16A.152, subdivision 1a, reach the amounts listed in section 16A.152, subdivision 2, paragraph (a), the remittance of the accelerated payments required under paragraph (a), clause (2), must be suspended. The commissioner of management and budget shall notify the commissioner of revenue when the accounts have reached the required amounts. Beginning with the suspension of paragraph (a), clause (2), for a vendor with a liability of \$120,000 or more during a fiscal year ending June 30, 2009, and fiscal years thereafter, the taxes imposed by chapter 297A are due and payable to the commissioner on the 20th day of the month following the month in which the taxable event occurred. Payments of tax liabilities for taxable events occurring in June under paragraph (b) are not changed.

EFFECTIVE DATE. This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 5. Minnesota Statutes 2012, section 289A.26, subdivision 2a, is amended to read:

Subd. 2a. **Electronic payments.** If the aggregate amount of estimated tax payments made is:

~~(1) \$20,000 or more in the fiscal year ending June 30, 2005; or~~

~~(2) \$10,000 or more in the a fiscal year ending June 30, 2006, and fiscal years thereafter,~~

all estimated tax payments in ~~the~~ all subsequent calendar ~~year~~ years must be paid by electronic means.

EFFECTIVE DATE. This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 6. Minnesota Statutes 2012, section 295.55, subdivision 4, is amended to read:

Subd. 4. **Electronic payments.** A taxpayer with an aggregate tax liability of:

~~(1) \$20,000 or more in the fiscal year ending June 30, 2005; or~~

~~(2) \$10,000 or more in the a fiscal year ending June 30, 2006, and fiscal years thereafter,~~

must remit all liabilities by electronic means in ~~the~~ all subsequent calendar ~~year~~ years.

EFFECTIVE DATE. This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 7. Minnesota Statutes 2012, section 297F.09, subdivision 7, is amended to read:

Subd. 7. **Electronic payment.** A cigarette or tobacco products distributor having a liability of \$10,000 or more during a fiscal year ending June 30 must remit all liabilities in ~~the~~ all subsequent calendar ~~year~~ years by electronic means.

EFFECTIVE DATE. This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 8. Minnesota Statutes 2012, section 297G.09, subdivision 6, is amended to read:

Subd. 6. **Electronic payments.** A licensed brewer, importer, or wholesaler having an excise tax liability of \$10,000 or more during a fiscal year ending June 30 must remit all excise tax liabilities in ~~the~~ all subsequent calendar ~~year~~ years by electronic means.

EFFECTIVE DATE. This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 9. **[297L.11] AUTOMOBILE THEFT PREVENTION SURCHARGE.**

Subdivision 1. **Surcharge.** Each insurer engaged in the writing of policies of automobile insurance shall collect a surcharge, at the rate of 50 cents per vehicle for every six months of coverage, on each policy of automobile insurance providing comprehensive insurance coverage issued or renewed in this state. The surcharge may not be considered premium for any purpose, including the computation of premium tax or agents' commissions. The amount of the surcharge must be separately stated on either a billing or policy declaration sent to an insured. Insurers shall remit the revenue derived from this surcharge to the commissioner of revenue for purposes of the automobile theft prevention program described in section 65B.84. For purposes of this subdivision, "policy of automobile insurance" has the meaning given it in section 65B.14, covering only the following types of vehicles as defined in section 168.002:

- (1) a passenger automobile;
- (2) a pickup truck;
- (3) a van but not commuter vans as defined in section 168.126; or
- (4) a motorcycle.

except that no vehicle with a gross vehicle weight in excess of 10,000 pounds is included within this definition.

Subd. 2. **Automobile theft prevention account.** A special revenue account in the state treasury shall be credited with the proceeds of the surcharge imposed under subdivision 1. Of the revenue in the account, \$1,300,000 each year must be transferred to the general fund. Revenues in excess of \$1,300,000 each year may be used only for the automobile theft prevention program described in section 65B.84.

Subd. 3. **Collection and administration.** The commissioner shall collect and administer the surcharge imposed by this section in the same manner as the taxes imposed by this chapter.

EFFECTIVE DATE. This section is effective for premiums collected after June 30, 2013.

Sec. 10. Minnesota Statutes 2012, section 297L.30, is amended by adding a subdivision to read:

Subd. 10. **Automobile theft prevention surcharge.** On or before May 1, August 1, November 1, and February 1 of each year, every insurer required to pay the surcharge under section 297L.11 shall file a return with the commissioner for the preceding three-month period ending March 31, June 30, September 30, and December 31, in the form prescribed by the commissioner.

EFFECTIVE DATE. This section is effective for premiums collected after June 30, 2013.

Sec. 11. Minnesota Statutes 2012, section 297L.35, subdivision 2, is amended to read:

Subd. 2. **Electronic payments.** If the aggregate amount of tax and surcharges due under this chapter during a fiscal year ending June 30 is equal to or exceeds \$10,000, or if the taxpayer is required to make payment of any other tax to the commissioner by electronic means, then all tax and surcharge payments in ~~the~~ all subsequent calendar ~~year~~ years must be paid by electronic means.

EFFECTIVE DATE. This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 12. Minnesota Statutes 2012, section 473.843, subdivision 3, is amended to read:

Subd. 3. **Payment of fee.** On or before the 20th day of each month each operator shall pay the fee due under this section for the previous month, using a form provided by the commissioner of revenue.

An operator having a fee of \$10,000 or more during a fiscal year ending June 30 must pay all fees in ~~the~~ all subsequent calendar ~~year~~ years by electronic means.

EFFECTIVE DATE. This section is effective for the fiscal year ending June 30, 2013, and all fiscal years thereafter.

Sec. 13. **REPEALER.**

(a) Minnesota Statutes 2012, section 168A.40, subdivisions 3 and 4, are repealed effective for premiums collected after June 30, 2013.

(b) Minnesota Statutes 2012, section 270C.145, is repealed the day following final enactment.

ARTICLE 6 SUNSET REPEAL

Section 1. Minnesota Statutes 2012, section 254A.035, subdivision 2, is amended to read:

Subd. 2. **Membership terms, compensation, removal and expiration.** The membership of this council shall be composed of 17 persons who are American Indians and who are appointed by the commissioner. The commissioner shall appoint one representative from each of the following groups: Red Lake Band of Chippewa Indians; Fond du Lac Band, Minnesota Chippewa Tribe; Grand Portage Band, Minnesota Chippewa Tribe; Leech Lake Band, Minnesota Chippewa Tribe; Mille Lacs Band, Minnesota Chippewa Tribe; Bois Forte Band, Minnesota Chippewa Tribe; White Earth Band, Minnesota Chippewa Tribe; Lower Sioux Indian Reservation; Prairie Island Sioux Indian Reservation; Shakopee Mdewakanton Sioux Indian Reservation; Upper Sioux Indian Reservation; International Falls Northern Range; Duluth Urban Indian Community; and two representatives from the Minneapolis Urban Indian Community and two from the St. Paul Urban Indian Community. The terms, compensation, and removal of American Indian Advisory Council members shall be as provided in section 15.059. The council expires June 30, 2014, ~~or in accordance with section 3D.21, whichever is later.~~

Sec. 2. Minnesota Statutes 2012, section 254A.04, is amended to read:

254A.04 CITIZENS ADVISORY COUNCIL.

There is hereby created an Alcohol and Other Drug Abuse Advisory Council to advise the Department of Human Services concerning the problems of alcohol and other drug dependency and abuse, composed of ten members. Five members shall be individuals whose interests or training are in the field of alcohol dependency and abuse; and five members whose interests or training are in the field of dependency and abuse of drugs other than alcohol. The terms, compensation and removal of members shall be as provided in section 15.059. The council expires June 30, 2014, ~~or in accordance with section 3D.21, whichever is later.~~ The commissioner of human services shall appoint members whose terms end in even-numbered years. The commissioner of health shall appoint members whose terms end in odd-numbered years.

Sec. 3. Minnesota Statutes 2012, section 256B.093, subdivision 1, is amended to read:

Subdivision 1. **State traumatic brain injury program.** The commissioner of human services shall:

- (1) maintain a statewide traumatic brain injury program;
- (2) supervise and coordinate services and policies for persons with traumatic brain injuries;
- (3) contract with qualified agencies or employ staff to provide statewide administrative case management and consultation;
- (4) maintain an advisory committee to provide recommendations in reports to the commissioner regarding program and service needs of persons with brain injuries;
- (5) investigate the need for the development of rules or statutes for the brain injury home and community-based services waiver;
- (6) investigate present and potential models of service coordination which can be delivered at the local level; and
- (7) the advisory committee required by clause (4) must consist of no fewer than ten members and no more than 30 members. The commissioner shall appoint all advisory committee members to one- or two-year terms and appoint one member as chair. Notwithstanding section 15.059, subdivision 5, the advisory committee does not terminate until June 30, 2014, ~~or in accordance with section 3D.21, whichever is later.~~

Sec. 4. Minnesota Statutes 2012, section 260.835, subdivision 2, is amended to read:

Subd. 2. **Expiration.** Notwithstanding section 15.059, subdivision 5, the American Indian Child Welfare Advisory Council expires June 30, 2014, ~~or in accordance with section 3D.21, whichever is later.~~

Sec. 5. Laws 2012, chapter 278, article 1, section 5, is amended to read:

Sec. 5. COUNCIL ON BLACK MINNESOTANS.

The Office of the Legislative Auditor should conduct a financial audit of the Council on Black Minnesotans by December 1, 2013. In its next report to the ~~Sunset Advisory Commission~~ governor and legislature under Minnesota Statutes, section 3.9225, subdivision 7, the Council on Black Minnesotans must respond to any issues raised in this audit and to issues raised in previous audits.

Sec. 6. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall delete all references to "the Sunset Advisory Commission" wherever they appear in Minnesota Statutes, and shall make other changes as necessary in Minnesota Statutes as a result of the enactment of this article.

Sec. 7. **REPEALER.**

(a) Minnesota Statutes 2012, sections 3D.01; 3D.02; 3D.03; 3D.04; 3D.045; 3D.05; 3D.06; 3D.065; 3D.07; 3D.08; 3D.09; 3D.10; 3D.11; 3D.12; 3D.13; 3D.14; 3D.15; 3D.16; 3D.17; 3D.18; 3D.19; 3D.20; and 3D.21, subdivisions 2, 3, 4, 5, 6, 7, and 8, are repealed.

(b) Laws 2012, chapter 278, article 1, section 6, is repealed.

Sec. 8. **EFFECTIVE DATE.**

Sections 1 to 7 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to operation of state government finance; changing a paid military leave provision; modifying provisions in the Veterans Service Office Grant Program; changing provisions in the Minnesota GI Bill program; establishing presumption of rehabilitation by an honorable discharge status from military service following a prior offense; providing for a bid preference for contracts for veteran-owned small businesses; allowing active duty service members to take a peace officer reciprocity exam; changing provisions for the Legislative Advisory Commission, Legislative Coordinating Commission, Legislative Commission on Pensions and Retirement, and the Legislative Audit Commission; granting authority for the secretary of state to accept funds from local government units; allowing the secretary of state to receive certain funds for the address confidentiality program; allowing the state auditor to charge a onetime user fee for a small city and town accounting system software; changing certain provisions pertaining to the state auditor; changing compensation council provisions; requiring determination of IT costs for certain projects; modifying performance measures for change items in the state budget proposal; providing for continuing appropriations under certain circumstances and federal contingency planning; changing certain Office of Enterprise Technology provisions; changing certain audit provisions from the state auditor to the legislative auditor; modifying provisions for general noncommercial radio station grants; making Department of Revenue changes; repealing the Minnesota Sunset Act; appropriating money; amending Minnesota Statutes 2012, sections 3.30, subdivision 2; 3.303, by adding a subdivision; 3.85, subdivisions 8, 9; 3.971, subdivision 6, by adding subdivisions; 6.48; 6.56, subdivision 2; 15A.082, subdivisions 1, 2, 3; 16A.10, subdivision 1c; 16A.82; 16E.07, subdivision 6, by adding a subdivision; 32C.04; 65B.84, subdivision 1; 129D.14, subdivisions 2, 3; 129D.155; 161.1419, subdivision 3; 192.26; 197.608, subdivisions 3, 4, 5, 6; 197.791, subdivisions 4, 5; 254A.035, subdivision 2; 254A.04; 256B.093, subdivision 1; 260.835, subdivision 2; 270C.69, subdivision 1; 289A.20, subdivisions 2, 4; 289A.26, subdivision 2a; 295.55, subdivision 4; 297F.09, subdivision 7; 297G.09, subdivision 6; 297I.30, by adding a subdivision; 297I.35, subdivision 2; 364.03, subdivision 3; 469.3201; 471.699; 473.843, subdivision 3; 626.8517; Laws 2012, chapter 278, article 1, section 5; proposing coding for new law in Minnesota Statutes, chapters 5; 5B; 6; 16A; 16E; 297I; 471; repealing Minnesota Statutes 2012, sections 3.304, subdivisions 1, 5; 3.885, subdivision 10; 3D.01; 3D.02; 3D.03; 3D.04; 3D.045; 3D.05; 3D.06; 3D.065; 3D.07; 3D.08; 3D.09; 3D.10; 3D.11; 3D.12; 3D.13; 3D.14; 3D.15; 3D.16; 3D.17; 3D.18; 3D.19; 3D.20; 3D.21, subdivisions 2, 3, 4, 5, 6, 7, 8; 6.58; 168A.40, subdivisions 3, 4; 197.608, subdivision 2a; 270C.145; Laws 2012, chapter 278, article 1, section 6."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Carlson from the Committee on Ways and Means to which was referred:

H. F. No. 1389, A bill for an act relating to state government; changing certain finance and budget provisions; adding the Office of MN.IT Services to certain provisions and changing certain MN.IT provisions; amending Minnesota Statutes 2012, sections 3.30, subdivision 2; 3.3005, subdivision 4, by adding a subdivision; 3.736, subdivision 7; 3D.14; 4.07, subdivision 2; 4A.01, subdivision 3; 4A.02; 15.06, subdivision 1; 15.76, subdivisions 1, 2, 3; 16A.056, subdivision 7; 16A.095; 16A.10, subdivisions 1, 1c; 16A.127, subdivision 4; 16A.96, subdivision 2; 16E.01, subdivision 1; 16E.04, subdivision 2; 16E.18, subdivision 8; 43A.08, subdivision 1a; 299C.65, subdivision 1; 403.36, subdivision 1; 477A.03, subdivision 2b; repealing Minnesota Statutes 2012, sections 3.989, subdivision 2; 15.06, subdivision 1a; 16A.06, subdivision 9; 16A.103, subdivision 4; 16A.106; 43A.31, subdivision 2; 127A.095, subdivision 3; 325G.415; Laws 2000, chapter 479, article 2, section 1, as amended.

Reported the same back with the following amendments:

Page 2, line 6, reinstate the stricken language and after "budget" insert "shall post to the agency Web site"

Page 2, line 7, reinstate the stricken "all actions of the"

Page 2, line 8, reinstate the stricken "commission."

Page 2, delete sections 2 and 3 and insert:

"Sec. 2. Minnesota Statutes 2012, section 3.3005, subdivision 2, is amended to read:

Subd. 2. **Governor's request to legislature.** A state agency shall not expend money received by it under federal law for any purpose unless a request to spend federal money from that source for that purpose in that ~~fiscal~~ year biennium has been submitted by the governor to the legislature as a part of a budget request submitted during or within ten days before the start of a regular legislative session, or unless specifically authorized by law or as provided by this section. A budget request submitted to the legislature according to this subdivision must be submitted at least 20 days before the deadline set by the legislature for legislative budget committees to act on finance bills.

Sec. 3. Minnesota Statutes 2012, section 3.3005, is amended by adding a subdivision to read:

Subd. 7. **Approvals for both years of biennium.** Approval of the spending of federal funds under subdivision 2 is for the full term of the availability of the federal funds, up to the end of the biennium that begins July 1 following the submission of the request. Approval of the spending of federal funds under subdivision 3, 3a, 3b, or 6 is for the full term of the availability of the federal funds, up to the end of the current biennium. Approval of the spending for federal funds under subdivision 4 is for the fiscal year for which the urgency exists.

Sec. 4. Minnesota Statutes 2012, section 3.3005, is amended by adding a subdivision to read:

Subd. 8. **Request contents.** A request to spend federal funds submitted under this section must include the name of the federal grant, the federal agency from which the funds are available, a federal identification number, a brief description of the purpose of the grant, the amounts expected by fiscal year, an indication if any state match is required, an indication if there is a maintenance of effort requirement, and the number of full-time equivalent positions needed to implement the grant."

Page 3, after line 17, insert:

"Sec. 6. Minnesota Statutes 2012, section 3.989, subdivision 2, is amended to read:

Subd. 2. **Compilation of local impact notes.** The commissioner of management and budget shall ~~prepare by September 1 of each even-numbered year a compilation of key impact notes requested by the legislature during the previous biennial session as provided in section 3.987. The commissioner may consult with local government representatives and legislative fiscal staff to determine which local impact notes were key~~ post to the agency Web site a copy of all local impact notes."

Page 7, delete line 22 and insert "information beginning with fiscal year ~~2010~~ 2012 appropriations and must retain data for at"

Page 17, line 4, delete "(a)" and delete "3.989, subdivision 2:"

Page 17, line 6, delete "127A.095, subdivision 3:"

Page 17, delete lines 7 to 9

Renumber the sections in sequence

Correct the title numbers accordingly

With the recommendation that when so amended the bill pass.

The report was adopted.

Nelson from the Committee on Government Operations to which was referred:

H. F. No. 1705, A bill for an act relating to state government; granting the commissioner of education rulemaking authority.

Reported the same back with the following amendments:

Page 1, line 14, after the period, insert "The authority to use the expedited process to amend rules specified in this section expires July 1, 2014. Rule amendments adopted under the expedited process before that date remain in effect unless further amended under the rulemaking procedures in Minnesota Statutes, chapter 14."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 588, 1041 and 1389 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. No. 953 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Anzelc, Melin and Dill introduced:

H. F. No. 1757, A bill for an act relating to local aid payments; providing for modifications to payments in lieu of taxes for natural resource lands; appropriating money; amending Minnesota Statutes 2012, sections 477A.11, subdivisions 3, 4, by adding subdivisions; 477A.12, subdivisions 1, 2, 3; 477A.14, subdivision 1, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 477A; repealing Minnesota Statutes 2012, section 97A.061.

The bill was read for the first time and referred to the Committee on Taxes.

Hortman introduced:

H. F. No. 1758, A bill for an act relating to homebuyer savings plans; establishing a homebuyer savings plan trust; providing income and franchise tax deductions; amending Minnesota Statutes 2012, section 290.01, subdivisions 19a, 19b, 19d; proposing coding for new law in Minnesota Statutes, chapter 16A.

The bill was read for the first time and referred to the Committee on Taxes.

Bernardy, Yarusso, Fischer and Isaacson introduced:

H. F. No. 1759, A bill for an act relating to transportation; capital investment; appropriating money for highway improvements near the Twin Cities Army Ammunition Plant; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Transportation Finance.

Schomacker, Torkelson, Swedzinski, Gunther and Hamilton introduced:

H. F. No. 1760, A bill for an act relating to capital investment; appropriating money for the Area II Minnesota River Basin; authorizing the sale and issuance of state bonds.

The bill was read for the first time and referred to the Committee on Environment, Natural Resources and Agriculture Finance.

Radinovich introduced:

H. F. No. 1761, A bill for an act relating to taxation; property tax; exempting certain properties from referendum market value; modifying the requirements for class 1c property; modifying leased seasonal-recreation land; amending Minnesota Statutes 2012, sections 126C.01, subdivision 3; 272.0213; 273.13, subdivision 22.

The bill was read for the first time and referred to the Committee on Taxes.

Gruenhagen introduced:

H. F. No. 1762, A bill for an act relating to campaign finance; prohibiting use of public funds to promote or defeat a ballot question; proposing coding for new law in Minnesota Statutes, chapters 5; 10A.

The bill was read for the first time and referred to the Committee on Elections.

Barrett, McDonald, Leidiger and Runbeck introduced:

H. F. No. 1763, A bill for an act relating to stadiums; creating an alternative stadium funding source; funding school districts; authorizing the director of the State Lottery to establish gaming machines; imposing a fee on gaming machine revenue; providing powers and duties to the director; amending Minnesota Statutes 2012, sections 126C.13, subdivision 4; 240.13, by adding subdivisions; 299L.07, subdivisions 2, 2a; 340A.410, subdivision 5; 349A.01, subdivision 10, by adding subdivisions; 349A.10, subdivision 3; 349A.13; 541.20; 541.21; 609.75, subdivision 3; 609.761, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 126C; 297A; 349A; repealing Minnesota Statutes 2012, section 240.30, subdivision 8.

The bill was read for the first time and referred to the Committee on Government Operations.

Barrett, McDonald, Leidiger, O'Neill, Runbeck and Drazkowski introduced:

H. F. No. 1764, A bill for an act relating to stadiums; halting bond sales for the Minnesota Vikings football stadium; requiring revenues be certified; amending Minnesota Statutes 2012, section 16A.965, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Government Operations.

Nelson introduced:

H. F. No. 1765, A bill for an act relating to tax increment financing and other publicly financed projects; modifying requirements for receipt of public funds.

The bill was read for the first time and referred to the Committee on Labor, Workplace and Regulated Industries.

Masin introduced:

H. F. No. 1766, A bill for an act relating to local government; authorizing certain cities to collect civil penalties and fees as a special assessment; amending Minnesota Statutes 2012, section 412.231.

The bill was read for the first time and referred to the Committee on Government Operations.

Carlson; Benson, J.; Freiberg and Winkler introduced:

H. F. No. 1767, A bill for an act relating to taxation; sales and use; eliminating sales tax on purchases by political subdivisions; amending Minnesota Statutes 2012, section 297A.70, subdivision 2.

The bill was read for the first time and referred to the Committee on Taxes.

Hortman introduced:

H. F. No. 1768, A bill for an act relating to taxation; individual income; expanding the working family tax credit; providing for a child credit; amending Minnesota Statutes 2012, section 290.0671, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 290.

The bill was read for the first time and referred to the Committee on Taxes.

Fischer; Yarusso; Ward, J.A.; Hansen and Wagenius introduced:

H. F. No. 1769, A bill for an act relating to the legislature; creating a Legislative Water Commission; prescribing its powers and duties; providing legislative appointments; proposing coding for new law in Minnesota Statutes, chapter 3.

The bill was read for the first time and referred to the Committee on Government Operations.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 164, A bill for an act relating to health; changing provisions for radiation therapy facility construction; amending Minnesota Statutes 2012, section 144.5509.

JOANNE M. ZOFF, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 76.

JOANNE M. ZOFF, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 76, A bill for an act relating to transportation; highways; designating a segment of marked Trunk Highway 23 as Officer Tom Decker Memorial Highway; amending Minnesota Statutes 2012, section 161.14, by adding a subdivision.

The bill was read for the first time.

DECLARATION OF URGENCY

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Howe moved that the rule therein be suspended and an urgency be declared and that the rules of the House be so far suspended so that S. F. No. 76 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 76 was read for the second time.

S. F. No. 76, A bill for an act relating to transportation; highways; designating a segment of marked Trunk Highway 23 as Officer Tom Decker Memorial Highway; amending Minnesota Statutes 2012, section 161.14, by adding a subdivision.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Hansen	Lien	Newton	Selcer
Albright	Dill	Hausman	Lillie	Nornes	Simon
Allen	Dorholt	Hertaus	Loeffler	Norton	Simonson
Anderson, P.	Drazkowski	Hilstrom	Lohmer	O'Driscoll	Slocum
Anderson, S.	Erhardt	Holberg	Loon	O'Neill	Sundin
Anzalc	Erickson, R.	Hoppe	Mack	Paymar	Swedzinski
Atkins	Erickson, S.	Hornstein	Mahoney	Pelowski	Theis
Barrett	Fabian	Hortman	Marquart	Peppin	Torkelson
Beard	Falk	Howe	Masin	Persell	Uglem
Benson, J.	Faust	Huntley	McDonald	Petersburg	Urdahl
Benson, M.	Fischer	Isaacson	McNamar	Poppe	Wagenius
Bernardy	FitzSimmons	Johnson, B.	McNamara	Pugh	Ward, J.A.
Bly	Franson	Johnson, C.	Melin	Quam	Ward, J.E.
Brynaert	Freiberg	Johnson, S.	Metsa	Radinovich	Wills
Carlson	Fritz	Kahn	Moran	Rosenthal	Winkler
Clark	Garofalo	Kelly	Morgan	Runbeck	Woodard
Cornish	Green	Kiel	Mullery	Sanders	Yarusso
Daudt	Gruenhagen	Kresha	Murphy, E.	Savick	Zellers
Davids	Gunther	Laine	Murphy, M.	Sawatzky	Zerwas
Davnie	Hackbarth	Leidiger	Myhra	Schoen	Spk. Thissen
Dean, M.	Halverson	Lenczewski	Nelson	Schomacker	
Dehn, R.	Hamilton	Liebling	Newberger	Scott	

The bill was passed and its title agreed to.

CALENDAR FOR THE DAY

H. F. No. 748, A bill for an act relating to employment; modifying prompt payment of wages requirements; modifying penalties; amending Minnesota Statutes 2012, sections 181.13; 181.14.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Hansen	Lien	Newberger	Scott
Albright	Dill	Hausman	Lillie	Newton	Selcer
Allen	Dorholt	Hertaus	Loeffler	Nornes	Simon
Anderson, P.	Drazkowski	Hilstrom	Lohmer	Norton	Simonson
Anderson, S.	Erhardt	Holberg	Loon	O'Driscoll	Slocum
Anzelc	Erickson, R.	Hoppe	Mack	O'Neill	Sundin
Atkins	Erickson, S.	Hornstein	Mahoney	Paymar	Swedzinski
Barrett	Fabian	Hortman	Mariani	Pelowski	Theis
Beard	Falk	Howe	Marquart	Peppin	Torkelson
Benson, J.	Faust	Huntley	Masin	Persell	Uglem
Benson, M.	Fischer	Isaacson	McDonald	Petersburg	Urdahl
Bernardy	FitzSimmons	Johnson, B.	McNamar	Poppe	Wagenius
Bly	Franson	Johnson, C.	McNamara	Pugh	Ward, J.A.
Brynaert	Freiberg	Johnson, S.	Melin	Quam	Ward, J.E.
Carlson	Fritz	Kahn	Metsa	Radinovich	Wills
Clark	Garofalo	Kelly	Moran	Rosenthal	Winkler
Cornish	Green	Kiel	Morgan	Runbeck	Woodard
Daudt	Gruenhagen	Kresha	Mullery	Sanders	Yarusso
Davids	Gunther	Laine	Murphy, E.	Savick	Zellers
Davnie	Hackbarth	Leidiger	Murphy, M.	Sawatzky	Zerwas
Dean, M.	Halverson	Lenczewski	Myhra	Schoen	Spk. Thissen
Dehn, R.	Hamilton	Liebling	Nelson	Schomacker	

The bill was passed and its title agreed to.

H. F. No. 1243, A bill for an act relating to commerce; modifying securities registration and franchise registration provisions; amending Minnesota Statutes 2012, sections 80A.41; 80A.54; 80A.58; 80A.61; 80A.66; 80C.08, by adding a subdivision.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 81 yeas and 49 nays as follows:

Those who voted in the affirmative were:

Allen	Dehn, R.	Hornstein	Mahoney	Newton	Simonson
Anderson, P.	Dill	Hortman	Mariani	Norton	Slocum
Anzelc	Dorholt	Huntley	Marquart	Paymar	Sundin
Atkins	Erhardt	Isaacson	Masin	Pelowski	Torkelson
Benson, J.	Erickson, R.	Johnson, C.	McNamar	Persell	Urdahl
Bernardy	Falk	Johnson, S.	McNamara	Petersburg	Wagenius
Bly	Faust	Kahn	Melin	Poppe	Ward, J.A.
Brynaert	Fischer	Laine	Metsa	Radinovich	Ward, J.E.
Carlson	Freiberg	Lenczewski	Moran	Rosenthal	Winkler
Clark	Fritz	Liebling	Morgan	Savick	Yarusso
Cornish	Halverson	Lien	Mullery	Sawatzky	Spk. Thissen
Daudt	Hansen	Lillie	Murphy, E.	Schoen	
Davids	Hausman	Loeffler	Murphy, M.	Selcer	
Davnie	Hilstrom	Loon	Nelson	Simon	

Those who voted in the negative were:

Abeler	Erickson, S.	Hamilton	Lohmer	Pugh	Wills
Albright	Fabian	Hertaus	Mack	Quam	Woodard
Anderson, S.	FitzSimmons	Holberg	McDonald	Runbeck	Zellers
Barrett	Franson	Hoppe	Myhra	Sanders	Zerwas
Beard	Garofalo	Howe	Newberger	Schomacker	
Benson, M.	Green	Kelly	Nornes	Scott	
Dean, M.	Gruenhagen	Kiel	O'Driscoll	Swedzinski	
Dettmer	Gunther	Kresha	O'Neill	Theis	
Drazkowski	Hackbarth	Leidiger	Peppin	Uglem	

The bill was passed and its title agreed to.

H. F. No. 834, A bill for an act relating to metropolitan planning activities; extending the sunset date of the Metropolitan Area Water Supply Advisory Committee; amending Minnesota Statutes 2012, section 473.1565, subdivision 2.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 78 yeas and 53 nays as follows:

Those who voted in the affirmative were:

Abeler	Dehn, R.	Hilstrom	Loeffler	Murphy, M.	Schoen
Allen	Dill	Hornstein	Mahoney	Nelson	Selcer
Anzelc	Dorholt	Hortman	Mariani	Newton	Simon
Atkins	Erhardt	Huntley	Marquart	Norton	Simonson
Benson, J.	Erickson, R.	Isaacson	Masin	Paymar	Slocum
Bernardy	Falk	Johnson, C.	McNamar	Pelowski	Sundin
Bly	Faust	Johnson, S.	McNamara	Persell	Uglem
Brynaert	Fischer	Kahn	Melin	Poppe	Wagenius
Carlson	Freiberg	Laine	Metsa	Radinovich	Ward, J.A.
Clark	Fritz	Lenczewski	Moran	Rosenthal	Ward, J.E.
Cornish	Halverson	Liebling	Morgan	Runbeck	Winkler
Davnie	Hansen	Lien	Mullery	Savick	Yarusso
Dean, M.	Hausman	Lillie	Murphy, E.	Sawatzky	Spk. Thissen

Those who voted in the negative were:

Albright	Drazkowski	Hackbarth	Kresha	O'Driscoll	Swedzinski
Anderson, P.	Erickson, S.	Hamilton	Leidiger	O'Neill	Theis
Anderson, S.	Fabian	Hertaus	Lohmer	Peppin	Torkelson
Barrett	FitzSimmons	Holberg	Loon	Petersburg	Urdahl
Beard	Franson	Hoppe	Mack	Pugh	Wills
Benson, M.	Garofalo	Howe	McDonald	Quam	Woodard
Daudt	Green	Johnson, B.	Myhra	Sanders	Zellers
Davids	Gruenhagen	Kelly	Newberger	Schomacker	Zerwas
Dettmer	Gunther	Kiel	Nornes	Scott	

The bill was passed and its title agreed to.

H. F. No. 853 was reported to the House.

Peppin moved to amend H. F. No. 853 as follows:

Page 1, line 9, delete "\$500,000" and insert "\$350,000"

Page 1, line 10, delete "\$500,000" and insert "\$350,000"

A roll call was requested and properly seconded.

The question was taken on the Peppin amendment and the roll was called. There were 49 yeas and 81 nays as follows:

Those who voted in the affirmative were:

Abeler	Dean, M.	Gunther	Kresha	Peppin	Uglen
Albright	Dettmer	Hackbarth	Leidiger	Petersburg	Wills
Anderson, P.	Drazkowski	Hamilton	Lohmer	Pugh	Zellers
Anderson, S.	Erickson, S.	Hertaus	Loon	Quam	Zerwas
Barrett	Fabian	Holberg	Mack	Runbeck	
Beard	Franson	Hoppe	McDonald	Sanders	
Benson, M.	Garofalo	Johnson, B.	Myhra	Schomacker	
Daudt	Green	Kelly	Nornes	Scott	
Davids	Gruenhagen	Kiel	O'Neill	Torkelson	

Those who voted in the negative were:

Allen	Erhardt	Huntley	Masin	O'Driscoll	Sundin
Anzelc	Erickson, R.	Isaacson	McNamar	Paymar	Swedzinski
Atkins	Falk	Johnson, C.	McNamara	Pelowski	Theis
Benson, J.	Faust	Johnson, S.	Melin	Persell	Urdahl
Bernardy	Fischer	Kahn	Metsa	Poppe	Wagenius
Bly	Freiberg	Laine	Moran	Radinovich	Ward, J.A.
Brynaert	Fritz	Lenczewski	Morgan	Rosenthal	Ward, J.E.
Carlson	Halverson	Liebling	Mullery	Savick	Winkler
Clark	Hansen	Lien	Murphy, E.	Sawatzky	Woodard
Cornish	Hausman	Lillie	Murphy, M.	Schoen	Yarusso
Davnie	Hilstrom	Loeffler	Nelson	Selcer	Spk. Thissen
Dehn, R.	Hornstein	Mahoney	Newberger	Simon	
Dill	Hortman	Mariani	Newton	Simonson	
Dorholt	Howe	Marquart	Norton	Slocum	

The motion did not prevail and the amendment was not adopted.

Drazkowski moved to amend H. F. No. 853 as follows:

Page 1, line 13, after the period, insert "If the association has assets or liabilities of more than \$200,000 and less than \$500,000, the association must prepare and file a financial report and submit financial statements at least once every four years."

A roll call was requested and properly seconded.

Pepin moved to amend the Drazkowski amendment to H. F. No. 853 as follows:

Page 1, line 4, after the period, insert "If the state auditor determines that there has been any misappropriation of funds, theft, embezzlement, financial fraud, or other illegal activities relating to an association that is required to file reports only every four years, the state auditor must require the association to file financial reports and financial statements annually until there are three consecutive reports that the state auditor determines are in conformity with generally accepted accounting principles and that do not have major unresolved findings."

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 59 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Hamilton	Liebling	O'Neill	Swedzinski
Albright	Drazkowski	Hertaus	Lohmer	Peppin	Theis
Anderson, P.	Fabian	Holberg	Loon	Petersburg	Torkelson
Anderson, S.	FitzSimmons	Hoppe	Mack	Pugh	Uglen
Barrett	Franson	Howe	McDonald	Quam	Urdahl
Beard	Garofalo	Johnson, B.	McNamara	Rosenthal	Wills
Benson, M.	Green	Kelly	Myhra	Runbeck	Woodard
Daudt	Gruenhagen	Kiel	Newberger	Sanders	Zellers
Davids	Gunther	Kresha	Nornes	Schomacker	Zerwas
Dean, M.	Hackbarth	Leidiger	O'Driscoll	Scott	

Those who voted in the negative were:

Allen	Dill	Hausman	Lillie	Murphy, E.	Schoen
Anzelc	Dorholt	Hilstrom	Loeffler	Murphy, M.	Selcer
Atkins	Erhardt	Hornstein	Mahoney	Nelson	Simon
Benson, J.	Erickson, R.	Hortman	Mariani	Newton	Simonson
Bernardy	Erickson, S.	Huntley	Marquart	Norton	Slocum
Bly	Falk	Isaacson	Masin	Paymar	Sundin
Brynaert	Faust	Johnson, C.	McNamar	Pelowski	Wagenius
Carlson	Fischer	Johnson, S.	Melin	Persell	Ward, J.A.
Clark	Freiberg	Kahn	Metsa	Poppe	Ward, J.E.
Cornish	Fritz	Laine	Moran	Radinovich	Winkler
Davnie	Halverson	Lenczewski	Morgan	Savick	Yarusso
Dehn, R.	Hansen	Lien	Mullery	Sawatzky	Spk. Thissen

The motion did not prevail and the amendment to the amendment was not adopted.

Benson, M., moved to amend the Drazkowski amendment to H. F. No. 853 as follows:

Page 1, line 4, after the period, insert "If the state auditor determines that a financial report or financial statements filed by an association that is required to file only every four years contains discrepancies or irregularities, the state auditor may require the association to file financial reports and financial statements annually until there are two consecutive reports that the state auditor determines are in conformity with generally accepted accounting principles and that do not have major unresolved findings."

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 59 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Hamilton	Lenczewski	O'Neill	Swedzinski
Albright	Drazkowski	Hertaus	Lohmer	Peppin	Theis
Anderson, P.	Fabian	Holberg	Loon	Petersburg	Torkelson
Anderson, S.	FitzSimmons	Hoppe	Mack	Pugh	Uglem
Barrett	Franson	Howe	McDonald	Quam	Urdahl
Beard	Garofalo	Johnson, B.	McNamara	Rosenthal	Wills
Benson, M.	Green	Kelly	Myhra	Runbeck	Woodard
Daudt	Gruenhagen	Kiel	Newberger	Sanders	Zellers
Davids	Gunther	Kresha	Nornes	Schomacker	Zerwas
Dean, M.	Hackbarth	Leidiger	O'Driscoll	Scott	

Those who voted in the negative were:

Allen	Dorholt	Hornstein	Mariani	Norton	Sundin
Anzelc	Erhardt	Hortman	Marquart	Paymar	Wagenius
Atkins	Erickson, R.	Huntley	Masin	Pelowski	Ward, J.A.
Benson, J.	Erickson, S.	Isaacson	McNamar	Persell	Ward, J.E.
Bernardy	Falk	Johnson, C.	Melin	Poppe	Winkler
Bly	Faust	Johnson, S.	Metsa	Radinovich	Yarusso
Brynaert	Fischer	Kahn	Moran	Savick	Spk. Thissen
Carlson	Freiberg	Laine	Morgan	Sawatzky	
Clark	Fritz	Liebling	Mullery	Schoen	
Cornish	Halverson	Lien	Murphy, E.	Selcer	
Davnie	Hansen	Lillie	Murphy, M.	Simon	
Dehn, R.	Hausman	Loeffler	Nelson	Simonson	
Dill	Hilstrom	Mahoney	Newton	Slocum	

The motion did not prevail and the amendment to the amendment was not adopted.

The question recurred on the Drazkowski amendment and the roll was called. There were 58 yeas and 73 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Hackbarth	Leidiger	O'Neill	Theis
Albright	Drazkowski	Hamilton	Lohmer	Peppin	Torkelson
Anderson, P.	Erickson, S.	Hertaus	Loon	Petersburg	Uglem
Anderson, S.	Fabian	Holberg	Mack	Pugh	Urdahl
Barrett	FitzSimmons	Hoppe	McDonald	Quam	Wills
Beard	Franson	Howe	McNamara	Runbeck	Woodard
Benson, M.	Garofalo	Johnson, B.	Myhra	Sanders	Zellers
Daudt	Green	Kelly	Newberger	Schomacker	Zerwas
Davids	Gruenhagen	Kiel	Nornes	Scott	
Dean, M.	Gunther	Kresha	O'Driscoll	Swedzinski	

Those who voted in the negative were:

Allen	Benson, J.	Brynaert	Cornish	Dill	Erickson, R.
Anzelc	Bernardy	Carlson	Davnie	Dorholt	Falk
Atkins	Bly	Clark	Dehn, R.	Erhardt	Faust

Fischer	Isaacson	Mahoney	Murphy, E.	Rosenthal	Ward, J.A.
Freiberg	Johnson, C.	Mariani	Murphy, M.	Savick	Ward, J.E.
Fritz	Johnson, S.	Marquart	Nelson	Sawatzky	Winkler
Halverson	Kahn	Masin	Newton	Schoen	Yarusso
Hansen	Laine	McNamar	Norton	Selcer	Spk. Thissen
Hausman	Lenczewski	Melin	Paymar	Simon	
Hilstrom	Liebling	Metsa	Pelowski	Simonson	
Hornstein	Lien	Moran	Persell	Slocum	
Hortman	Lillie	Morgan	Poppe	Sundin	
Huntley	Loeffler	Mullery	Radinovich	Wagenius	

The motion did not prevail and the amendment was not adopted.

Mahoney was excused for the remainder of today's session.

POINT OF ORDER

Falk raised a point of order pursuant to section 124 of "Mason's Manual of Legislative Procedure," relating to Personalities Not Permitted in Debate. The Speaker ruled the point of order not well taken.

H. F. No. 853, A bill for an act relating to public safety; fire and police department aid; modifying threshold for financial reports and audits; amending Minnesota Statutes 2012, section 69.051, subdivision 1.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 111 yeas and 19 nays as follows:

Those who voted in the affirmative were:

Albright	Dehn, R.	Hilstrom	Lillie	Newton	Simonson
Allen	Dill	Holberg	Loeffler	Norton	Slocum
Anderson, P.	Dorholt	Hoppe	Loon	O'Driscoll	Sundin
Anderson, S.	Erhardt	Hornstein	Mack	Paymar	Swedzinski
Anzelc	Erickson, R.	Hortman	Mariani	Pelowski	Theis
Atkins	Erickson, S.	Howe	Marquart	Persell	Torkelson
Barrett	Fabian	Huntley	Masin	Petersburg	Urdahl
Beard	Falk	Isaacson	McNamar	Poppe	Wagenius
Benson, J.	Faust	Johnson, B.	McNamara	Quam	Ward, J.A.
Bernardy	Fischer	Johnson, C.	Melin	Radinovich	Ward, J.E.
Bly	Freiberg	Johnson, S.	Metsa	Rosenthal	Wills
Brynaert	Fritz	Kahn	Moran	Sanders	Winkler
Carlson	Garofalo	Kelly	Morgan	Savick	Woodard
Clark	Green	Kiel	Mullery	Sawatzky	Yarusso
Cornish	Gruenhagen	Kresha	Murphy, E.	Schoen	Zellers
Daudt	Halverson	Laine	Murphy, M.	Schomacker	Spk. Thissen
Davids	Hansen	Lenczewski	Myhra	Scott	
Davnie	Hausman	Liebling	Nelson	Selcer	
Dean, M.	Hertaus	Lien	Newberger	Simon	

Those who voted in the negative were:

Abeler	FitzSimmons	Hamilton	Nornes	Runbeck
Benson, M.	Franson	Leidiger	O'Neill	Uglem
Dettmer	Gunther	Lohmer	Peppin	Zerwas
Drazkowski	Hackbarth	McDonald	Pugh	

The bill was passed and its title agreed to.

S. F. No. 166, A bill for an act relating to emergency medical services; modifying certain provisions to include advanced emergency medical technicians; updating inspection provisions; providing requirements for emergency medical responder registration; amending Minnesota Statutes 2012, sections 144E.101, subdivision 7; 144E.18; 144E.27, subdivision 1, by adding a subdivision; 144E.285, subdivisions 2, 4.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Hansen	Lien	Newton	Selcer
Albright	Dill	Hausman	Lillie	Nornes	Simon
Allen	Dorholt	Hertaus	Loeffler	Norton	Simonson
Anderson, P.	Drazkowski	Hilstrom	Lohmer	O'Driscoll	Slocum
Anderson, S.	Erhardt	Holberg	Loon	O'Neill	Sundin
Anzelc	Erickson, R.	Hoppe	Mack	Paymar	Swedzinski
Atkins	Erickson, S.	Hornstein	Mariani	Pelowski	Theis
Barrett	Fabian	Hortman	Marquart	Peppin	Torkelson
Beard	Falk	Howe	Masin	Persell	Uglem
Benson, J.	Faust	Huntley	McDonald	Petersburg	Urdahl
Benson, M.	Fischer	Isaacson	McNamar	Poppe	Wagenius
Bernardy	FitzSimmons	Johnson, B.	McNamara	Pugh	Ward, J.A.
Bly	Franson	Johnson, C.	Melin	Quam	Ward, J.E.
Brynaert	Freiberg	Johnson, S.	Metsa	Radinovich	Wills
Carlson	Fritz	Kahn	Moran	Rosenthal	Winkler
Clark	Garofalo	Kelly	Morgan	Runbeck	Woodard
Cornish	Green	Kiel	Mullery	Sanders	Yarusso
Daudt	Gruenhagen	Kresha	Murphy, E.	Savick	Zellers
Davids	Gunther	Laine	Murphy, M.	Sawatzky	Zerwas
Davnie	Hackbarth	Leidiger	Myhra	Schoen	Spk. Thissen
Dean, M.	Halverson	Lenczewski	Nelson	Schomacker	
Dehn, R.	Hamilton	Liebling	Newberger	Scott	

The bill was passed and its title agreed to.

H. F. No. 131, A bill for an act relating to commerce; requiring estate sale conductors to post a bond to protect owners of the property to be sold; proposing coding for new law in Minnesota Statutes, chapter 325E.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 90 yeas and 40 nays as follows:

Those who voted in the affirmative were:

Abeler	Dill	Hilstrom	Loeffler	Newton	Simon
Allen	Dorholt	Hornstein	Loon	Norton	Simonson
Anderson, P.	Erhardt	Hortman	Mariani	O'Driscoll	Slocum
Anzelc	Erickson, R.	Howe	Marquart	Paymar	Sundin
Atkins	Falk	Huntley	Masin	Pelowski	Theis
Benson, J.	Faust	Isaacson	McNamar	Persell	Torkelson
Bernardy	Fischer	Johnson, C.	Melin	Petersburg	Uglen
Bly	Freiberg	Johnson, S.	Metsa	Poppe	Urdahl
Brynaert	Fritz	Kahn	Moran	Radinovich	Wagenius
Carlson	Garofalo	Kiel	Morgan	Rosenthal	Ward, J.A.
Clark	Gunther	Laine	Mullery	Savick	Ward, J.E.
Cornish	Halverson	Lenczewski	Murphy, E.	Sawatzky	Wills
Davids	Hamilton	Liebling	Murphy, M.	Schoen	Winkler
Davnie	Hansen	Lien	Myhra	Schomacker	Yarusso
Dehn, R.	Hausman	Lillie	Nelson	Selcer	Spk. Thissen

Those who voted in the negative were:

Albright	Dettmer	Gruenhagen	Kresha	Nornes	Scott
Anderson, S.	Drazkowski	Hackbarth	Leidiger	O'Neill	Swedzinski
Barrett	Erickson, S.	Hertaus	Lohmer	Peppin	Woodard
Beard	Fabian	Holberg	Mack	Pugh	Zellers
Benson, M.	FitzSimmons	Hoppe	McDonald	Quam	Zerwas
Daudt	Franson	Johnson, B.	McNamara	Runbeck	
Dean, M.	Green	Kelly	Newberger	Sanders	

The bill was passed and its title agreed to.

H. F. No. 143, A bill for an act relating to veterans; authorizing placement of a plaque in the court of honor on the Capitol grounds to honor American Indian veterans from this state.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Benson, M.	Dehn, R.	Faust	Hackbarth	Hortman
Albright	Bernardy	Dettmer	Fischer	Halverson	Howe
Allen	Bly	Dill	FitzSimmons	Hamilton	Huntley
Anderson, P.	Brynaert	Dorholt	Franson	Hansen	Isaacson
Anderson, S.	Carlson	Drazkowski	Freiberg	Hausman	Johnson, B.
Anzelc	Clark	Erhardt	Fritz	Hertaus	Johnson, C.
Atkins	Cornish	Erickson, R.	Garofalo	Hilstrom	Johnson, S.
Barrett	Daudt	Erickson, S.	Green	Holberg	Kahn
Beard	Davids	Fabian	Gruenhagen	Hoppe	Kelly
Benson, J.	Davnie	Falk	Gunther	Hornstein	Kiel

Kresha	Marquart	Myhra	Petersburg	Scott	Ward, J.A.
Laine	Masin	Nelson	Poppe	Selcer	Ward, J.E.
Leidiger	McDonald	Newberger	Pugh	Simon	Wills
Lenczewski	McNamar	Newton	Quam	Simonson	Winkler
Liebling	McNamara	Nornes	Radinovich	Slocum	Woodard
Lien	Melin	Norton	Rosenthal	Sundin	Yarusso
Lillie	Metsa	O'Driscoll	Runbeck	Swedzinski	Zellers
Loeffler	Moran	O'Neill	Sanders	Theis	Zerwas
Lohmer	Morgan	Paymar	Savick	Torkelson	Spk. Thissen
Loon	Mullery	Pelowski	Sawatzky	Uglem	
Mack	Murphy, E.	Peppin	Schoen	Urdahl	
Mariani	Murphy, M.	Persell	Schomacker	Wagenius	

The bill was passed and its title agreed to.

H. F. No. 232, A bill for an act relating to civil law; modifying the statutory short form power of attorney; authorizing certain judicial relief; modifying gift transaction amount; amending Minnesota Statutes 2012, sections 523.20; 523.23, subdivision 1, by adding subdivisions; 523.24, subdivisions 8, 14; proposing coding for new law in Minnesota Statutes, chapter 523.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dettmer	Hansen	Lien	Newton	Selcer
Albright	Dill	Hausman	Lillie	Nornes	Simon
Allen	Dorholt	Hertaus	Loeffler	Norton	Simonson
Anderson, P.	Drazkowski	Hilstrom	Lohmer	O'Driscoll	Slocum
Anderson, S.	Erhardt	Holberg	Loon	O'Neill	Sundin
Anzelc	Erickson, R.	Hoppe	Mack	Paymar	Swedzinski
Atkins	Erickson, S.	Hornstein	Mariani	Pelowski	Theis
Barrett	Fabian	Hortman	Marquart	Peppin	Torkelson
Beard	Falk	Howe	Masin	Persell	Uglem
Benson, J.	Faust	Huntley	McDonald	Petersburg	Urdahl
Benson, M.	Fischer	Isaacson	McNamar	Poppe	Wagenius
Bernardy	FitzSimmons	Johnson, B.	McNamara	Pugh	Ward, J.A.
Bly	Franson	Johnson, C.	Melin	Quam	Ward, J.E.
Brynaert	Freiberg	Johnson, S.	Metsa	Radinovich	Wills
Carlson	Fritz	Kahn	Moran	Rosenthal	Winkler
Clark	Garofalo	Kelly	Morgan	Runbeck	Woodard
Cornish	Green	Kiel	Mullery	Sanders	Yarusso
Daudt	Gruenhagen	Kresha	Murphy, E.	Savick	Zellers
Davids	Gunther	Laine	Murphy, M.	Sawatzky	Zerwas
Davnie	Hackbarth	Leidiger	Myhra	Schoen	Spk. Thissen
Dean, M.	Halverson	Lenczewski	Nelson	Schomacker	
Dehn, R.	Hamilton	Liebling	Newberger	Scott	

The bill was passed and its title agreed to.

**REPORTS FROM THE COMMITTEE ON RULES
AND LEGISLATIVE ADMINISTRATION**

Murphy, E., from the Committee on Rules and Legislative Administration, pursuant to rules 1.21 and 3.33, designated the following bills to be placed on the Calendar for the Day for Monday, April 15, 2013 and established a prefiling requirement for amendments offered to the following bills:

H. F. Nos. 729, 1069 and 644.

Murphy, E., from the Committee on Rules and Legislative Administration, pursuant to rules 1.21 and 3.33, designated the following bills to be placed on the Calendar for the Day for Tuesday, April 16, 2013 and established a prefiling requirement for amendments offered to the following bills:

H. F. No. 19; S. F. No. 1086; and H. F. Nos. 283, 369 and 450.

MOTIONS AND RESOLUTIONS

Winkler moved that the names of Melin and Freiberg be added as authors on H. F. No. 92. The motion prevailed.

Norton moved that the names of Freiberg and Dorholt be added as authors on H. F. No. 181. The motion prevailed.

Halverson moved that the name of Newton be added as an author on H. F. No. 262. The motion prevailed.

Newton moved that the name of Bernardy be added as an author on H. F. No. 371. The motion prevailed.

Atkins moved that the name of Freiberg be added as an author on H. F. No. 459. The motion prevailed.

Hansen moved that the names of Newton and Freiberg be added as authors on H. F. No. 568. The motion prevailed.

Mahoney moved that the name of Dettmer be added as an author on H. F. No. 690. The motion prevailed.

Hackbarth moved that the names of Uglem and Gunther be added as authors on H. F. No. 988. The motion prevailed.

Hamilton moved that the names of Dehn, R., and Franson be added as authors on H. F. No. 1744. The motion prevailed.

Holberg moved that the name of Franson be added as an author on H. F. No. 1756. The motion prevailed.

Howe moved that H. F. No. 146 be returned to its author. The motion prevailed.

Abeler moved that H. F. No. 1721 be recalled from the Committee on Health and Human Services Finance and be re-referred to the Committee on Commerce and Consumer Protection Finance and Policy. The motion prevailed.

ADJOURNMENT

Murphy, E., moved that when the House adjourns today it adjourn until 3:00 p.m., Monday, April 15, 2013. The motion prevailed.

Murphy, E., moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 3:00 p.m., Monday, April 15, 2013.

ALBIN A. MATHIOWETZ, Chief Clerk, House of Representatives