

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 1764

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| DATE | D-PG | OFFICIAL STATUS |
|------------|------|---|
| 03/16/2015 | 899 | Introduction and first reading Referred to Jobs, Agriculture and Rural Development |
| 03/19/2015 | 1046 | Comm report: To pass and re-referred to Finance |
| 04/24/2015 | | Comm report: To pass as amended Second reading See SF2101, Art. 2 |

A bill for an act

1.1 relating to state government; appropriating money for agriculture, environment,
1.2 and natural resources; providing for animal health and agricultural utilization
1.3 research; making policy and technical changes to various agricultural related
1.4 provisions, including provisions related to pesticide control, plant protection,
1.5 nursery law, seeds, and loans; modifying license exclusions for the direct sale of
1.6 certain prepared food; establishing the agriculture research, education, extension,
1.7 and technology transfer grant program; establishing the Industrial Hemp
1.8 Development Act; providing for incentive payments and grants; modifying
1.9 disposition of certain revenue; providing for pilot programs; establishing the
1.10 farm opportunity loan program; modifying fee provisions; creating accounts;
1.11 modifying recreational vehicle provisions; modifying aquatic invasive species
1.12 provisions; modifying state park and trail provisions; modifying timber and land
1.13 sale provisions; modifying provisions for reclamation of lands; modifying game
1.14 and fish laws; modifying the Water Law; regulating water quality standards;
1.15 regulating chemicals of high concern in children's products; modifying solid
1.16 waste provisions; requiring studies and reports; requiring rulemaking; amending
1.17 Minnesota Statutes 2014, sections 13.643, subdivision 1; 13.7411, subdivision
1.18 8; 18B.01, subdivisions 28, 29; 18B.32, subdivision 1; 18B.33, subdivision
1.19 1; 18B.34, subdivision 1; 18G.10, subdivisions 3, 4; 18H.02, subdivision
1.20 20, by adding subdivisions; 18H.06, subdivision 2; 18J.01; 18J.02; 18J.03;
1.21 18J.04, subdivisions 1, 2, 3, 4; 18J.05, subdivisions 1, 2, 6; 18J.06; 18J.07,
1.22 subdivisions 3, 4, 5; 18J.09; 18J.11, subdivision 1, by adding a subdivision;
1.23 21.81, by adding subdivisions; 21.82, subdivisions 2, 4; 21.85, subdivision
1.24 2, by adding a subdivision; 21.89, subdivision 2; 41B.03, subdivision 6, by
1.25 adding a subdivision; 41B.04, subdivision 17; 41B.043, subdivision 3; 41B.045,
1.26 subdivisions 3, 4; 41B.046, subdivision 5; 41B.047, subdivisions 1, 4; 41B.048,
1.27 subdivision 6; 41B.049, subdivision 4; 41B.055, subdivision 3; 41B.056,
1.28 subdivision 2; 41B.06; 84.415, subdivision 7; 84.82, subdivisions 2a, 6; 84.92,
1.29 subdivisions 8, 9, 10; 84.922, subdivision 5; 84D.01, by adding a subdivision;
1.30 84D.13, subdivision 5; 84D.15, subdivision 3; 85.015, by adding a subdivision;
1.31 85.055, subdivision 1; 85.32, subdivision 1; 86B.401, subdivision 3; 87A.10;
1.32 88.6435, subdivision 4; 90.14; 90.193; 93.20, subdivision 18; 94.16, subdivision
1.33 3; 97A.055, subdivision 4b; 97B.301, by adding a subdivision; 97C.301, by
1.34 adding a subdivision; 103B.101, by adding a subdivision; 103B.3355; 103F.612,
1.35 subdivision 2; 103G.005, by adding a subdivision; 103G.222, subdivisions
1.36 1, 3; 103G.2242, subdivisions 1, 2, 3, 4, 12, 14, 15; 103G.2251; 115A.1415,
1.37 subdivision 16; 115A.557, subdivision 2; 116.07, subdivision 4d; 116.9401;
1.38 116.9402; 116.9403; 116.9405; 116.9406; 375.30, subdivision 2; proposing
1.39

2.1 coding for new law in Minnesota Statutes, chapters 17; 28A; 41A; 41B; 84;
 2.2 84D; 92; 103B; 103F; 116; proposing coding for new law as Minnesota Statutes,
 2.3 chapter 18K; repealing Minnesota Statutes 2014, sections 17.115; 28A.15,
 2.4 subdivisions 9, 10; 41A.12, subdivision 4; 84.68; 86B.13, subdivisions 2, 4;
 2.5 Laws 2010, chapter 215, article 3, section 3, subdivision 6, as amended.

2.6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

2.7 **ARTICLE 1**

2.8 **AGRICULTURE APPROPRIATIONS**

2.9 Section 1. **AGRICULTURE APPROPRIATIONS.**

2.10 The sums shown in the columns marked "Appropriations" are appropriated to the
 2.11 agencies and for the purposes specified in this article. The appropriations are from the
 2.12 general fund, or another named fund, and are available for the fiscal years indicated
 2.13 for each purpose. The figures "2016" and "2017" used in this article mean that the
 2.14 appropriations listed under them are available for the fiscal year ending June 30, 2016, or
 2.15 June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal
 2.16 year 2017. "The biennium" is fiscal years 2016 and 2017. Appropriations for the fiscal
 2.17 year ending June 30, 2015, are effective the day following final enactment.

| | <u>APPROPRIATIONS</u> | |
|--|--------------------------------------|--------------------|
| | <u>Available for the Year</u> | |
| | <u>Ending June 30</u> | |
| | <u>2016</u> | <u>2017</u> |

2.22 Sec. 2. **DEPARTMENT OF AGRICULTURE**

| | | | | |
|---|------------------|--------------------------|------------------|--------------------------|
| 2.23 <u>Subdivision 1. Total Appropriation</u> | <u>\$</u> | <u>45,964,000</u> | <u>\$</u> | <u>45,618,000</u> |
|---|------------------|--------------------------|------------------|--------------------------|

| | <u>Appropriations by Fund</u> | |
|---------------------------------|--------------------------------------|--------------------------|
| | <u>2016</u> | <u>2017</u> |
| 2.25 <u>General</u> | <u>44,586,000</u> | <u>44,240,000</u> |
| 2.26 <u>Remediation</u> | <u>388,000</u> | <u>388,000</u> |
| 2.27 <u>Agricultural</u> | <u>990,000</u> | <u>990,000</u> |

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

| | | |
|---|--------------------------|--------------------------|
| 2.32 <u>Subd. 2. Protection Services</u> | <u>17,958,000</u> | <u>18,677,000</u> |
|---|--------------------------|--------------------------|

| | <u>Appropriations by Fund</u> | |
|----------------------------|--------------------------------------|--------------------------|
| | <u>2016</u> | <u>2017</u> |
| 2.33 <u>General</u> | <u>17,380,000</u> | <u>18,099,000</u> |

| | | | |
|-----|---------------------|----------------|----------------|
| 3.1 | <u>Agricultural</u> | <u>190,000</u> | <u>190,000</u> |
| 3.2 | <u>Remediation</u> | <u>388,000</u> | <u>388,000</u> |

3.3 \$388,000 the first year and \$388,000 the
3.4 second year are from the remediation fund
3.5 for administrative funding for the voluntary
3.6 cleanup program.

3.7 \$300,000 the first year and \$250,000
3.8 the second year are for compensation
3.9 for destroyed or crippled animals under
3.10 Minnesota Statutes, section 3.737. This
3.11 appropriation may be spent to compensate
3.12 for animals that were destroyed or crippled
3.13 during fiscal years 2014 and 2015. If the
3.14 amount in the first year is insufficient, the
3.15 amount in the second year is available in the
3.16 first year.

3.17 \$50,000 the first year and \$50,000 the second
3.18 year are for compensation for crop damage
3.19 under Minnesota Statutes, section 3.7371. If
3.20 the amount in the first year is insufficient, the
3.21 amount in the second year is available in the
3.22 first year.

3.23 If the commissioner determines that claims
3.24 made under Minnesota Statutes, section
3.25 3.737 or 3.7371, are unusually high, amounts
3.26 appropriated for either program may be
3.27 transferred to the appropriation for the other
3.28 program.

3.29 \$225,000 the first year and \$225,000 the
3.30 second year are for deposit in the noxious
3.31 weed and invasive plant species assistance
3.32 account established under Minnesota
3.33 Statutes, section 18.89, to be used to
3.34 implement the noxious weed grant program
3.35 under Minnesota Statutes, section 18.90.

4.1 Notwithstanding Minnesota Statutes, section
 4.2 18B.05, \$90,000 the first year and \$90,000
 4.3 the second year are from the pesticide
 4.4 regulatory account in the agricultural fund
 4.5 for an increase in the operating budget for
 4.6 the Laboratory Services Division.

4.7 \$100,000 the first year and \$100,000 the
 4.8 second year are from the pesticide regulatory
 4.9 account in the agricultural fund to update
 4.10 and modify applicator education and training
 4.11 materials.

4.12 \$3,475,000 the first year and \$4,244,000
 4.13 the second year are for increased protection
 4.14 services.

4.15 **Subd. 3. Agricultural Marketing and**
 4.16 **Development**

4,823,000

3,873,000

4.17 \$186,000 the first year and \$186,000 the
 4.18 second year are for transfer to the Minnesota
 4.19 grown account and may be used as grants
 4.20 for Minnesota grown promotion under
 4.21 Minnesota Statutes, section 17.102. Grants
 4.22 may be made for one year. Notwithstanding
 4.23 Minnesota Statutes, section 16A.28, the
 4.24 appropriations encumbered under contract
 4.25 on or before June 30, 2017, for Minnesota
 4.26 grown grants in this paragraph are available
 4.27 until June 30, 2019.

4.28 \$634,000 the first year and \$634,000 the
 4.29 second year are for continuation of the dairy
 4.30 development and profitability enhancement
 4.31 and dairy business planning grant programs
 4.32 established under Laws 1997, chapter
 4.33 216, section 7, subdivision 2, and Laws
 4.34 2001, First Special Session chapter 2,
 4.35 section 9, subdivision 2. The commissioner

5.1 may allocate the available sums among
5.2 permissible activities, including efforts to
5.3 improve the quality of milk produced in the
5.4 state in the proportions that the commissioner
5.5 deems most beneficial to Minnesota's
5.6 dairy farmers. The commissioner must
5.7 submit a detailed accomplishment report
5.8 and a work plan detailing future plans for,
5.9 and anticipated accomplishments from,
5.10 expenditures under this program to the
5.11 chairs and ranking minority members of the
5.12 legislative committees with jurisdiction over
5.13 agricultural policy and finance on or before
5.14 the start of each fiscal year. If significant
5.15 changes are made to the plans in the course
5.16 of the year, the commissioner must notify the
5.17 chairs and ranking minority members.

5.18 The commissioner may use money
5.19 appropriated in this subdivision for annual
5.20 cost-share payments to resident farmers
5.21 or entities that sell, process, or package
5.22 agricultural products in this state for the costs
5.23 of organic certification. The commissioner
5.24 may allocate these funds for assistance for
5.25 persons transitioning from conventional to
5.26 organic agriculture.

5.27 \$100,000 the first year is to (1) enhance the
5.28 commissioner's efforts to identify existing
5.29 and emerging opportunities for Minnesota's
5.30 agricultural producers and processors to
5.31 export their products to Cuba, consistent with
5.32 federal law, and (2) effectively communicate
5.33 these opportunities to the producers and
5.34 processors. This is a onetime appropriation.

6.1 \$350,000 the first year is for grants to
 6.2 communities to develop or expand food
 6.3 hubs and other alternative community-based
 6.4 food distribution systems. Of this amount,
 6.5 \$50,000 is for the commissioner to consult
 6.6 with existing food hubs, alternative
 6.7 community-based food distribution systems,
 6.8 and University of Minnesota Extension
 6.9 to identify best practices for use by other
 6.10 Minnesota communities. No later than
 6.11 December 15, 2015, the commissioner must
 6.12 report to the legislative committees with
 6.13 jurisdiction over agriculture and health
 6.14 regarding the status of emerging alternative
 6.15 community-based food distribution systems
 6.16 in the state along with recommendations to
 6.17 eliminate any barriers to success. This is a
 6.18 onetime appropriation.

6.19 \$500,000 the first year is for urban
 6.20 agriculture development grants under
 6.21 Minnesota Statutes, section 17.1095. This is
 6.22 a onetime appropriation.

6.23 **Subd. 4. Bioenergy and Value-Added**
 6.24 **Agriculture**

7,235,000

7,235,000

6.25 \$6,235,000 the first year and \$6,235,000
 6.26 the second year are for the agricultural
 6.27 growth, research, and innovation program
 6.28 in Minnesota Statutes, section 41A.12. No
 6.29 later than February 1, 2016, and February
 6.30 1, 2017, the commissioner must report to
 6.31 the legislative committees with jurisdiction
 6.32 over agriculture policy and finance regarding
 6.33 the commissioner's accomplishments
 6.34 and anticipated accomplishments in
 6.35 the following areas: facilitating the
 6.36 start-up, modernization, or expansion of

7.1 livestock operations including beginning
7.2 and transitioning livestock operations;
7.3 developing new markets for Minnesota
7.4 farmers by providing more fruits, vegetables,
7.5 meat, grain, and dairy for Minnesota school
7.6 children; assisting value-added agricultural
7.7 businesses to begin or expand, access new
7.8 markets, or diversify products; facilitating
7.9 the start-up, modernization, or expansion
7.10 of other beginning and transitioning farms,
7.11 including loans under Minnesota Statutes,
7.12 section 41B.056; research on conventional
7.13 and cover crops; sustainable agriculture
7.14 on farm research and demonstration; and
7.15 research on bioenergy, biobased content,
7.16 or biobased formulated products and other
7.17 renewable energy development.

7.18 The commissioner may use up to 4.5 percent
7.19 of this appropriation for costs incurred to
7.20 administer the program. Any unencumbered
7.21 balance does not cancel at the end of the first
7.22 year and is available for the second year.

7.23 Notwithstanding Minnesota Statutes, section
7.24 16A.28, the appropriations encumbered
7.25 under contract on or before June 30, 2017, for
7.26 agricultural growth, research, and innovation
7.27 grants in this subdivision are available until
7.28 June 30, 2019.

7.29 Money appropriated in this subdivision may
7.30 be used for grants under this paragraph.

7.31 The NextGen Energy Board, established in
7.32 Minnesota Statutes, section 41A.105, shall
7.33 make recommendations to the commissioner
7.34 on grants for owners of Minnesota facilities
7.35 producing bioenergy, biobased content,
7.36 or a biobased formulated product; for

8.1 organizations that provide for on-station,
8.2 on-farm field scale research and outreach to
8.3 develop and test the agronomic and economic
8.4 requirements of diverse strands of prairie
8.5 plants and other perennials for bioenergy
8.6 systems; or for certain nongovernmental
8.7 entities. For the purposes of this paragraph,
8.8 "bioenergy" includes transportation fuels
8.9 derived from cellulosic material, as well as
8.10 the generation of energy for commercial heat,
8.11 industrial process heat, or electrical power
8.12 from cellulosic materials via gasification or
8.13 other processes. Grants are limited to 50
8.14 percent of the cost of research, technical
8.15 assistance, or equipment related to bioenergy,
8.16 biobased content, or biobased formulated
8.17 product production or \$500,000, whichever
8.18 is less. Grants to nongovernmental entities
8.19 for the development of business plans and
8.20 structures related to community ownership
8.21 of eligible bioenergy facilities together may
8.22 not exceed \$150,000. The board shall make
8.23 a good-faith effort to select projects that have
8.24 merit and, when taken together, represent a
8.25 variety of bioenergy technologies, biomass
8.26 feedstocks, and geographic regions of the
8.27 state. Projects must have a qualified engineer
8.28 provide certification on the technology and
8.29 fuel source. Grantees must provide reports at
8.30 the request of the commissioner.

8.31 Notwithstanding Minnesota Statutes, section
8.32 41A.12, subdivision 3, of the amount
8.33 appropriated in this subdivision, \$1,000,000
8.34 the first year and \$1,000,000 the second year
8.35 are for distribution in equal amounts to each

9.1 of the state's county fairs to preserve and
 9.2 promote Minnesota agriculture.

9.3 Of the amount appropriated in this
 9.4 subdivision, up to \$2,500,000 the first
 9.5 year and \$2,500,000 the second year are
 9.6 for incentive payments under Minnesota
 9.7 Statutes, sections 41A.14, 41A.15, and
 9.8 41A.16. Up to 4.5 percent of the amount
 9.9 available under this paragraph may be used
 9.10 for administration of the incentive payments.

9.11 Subd. 5. Administration and Financial
 9.12 Assistance

15,948,000

15,833,000

9.13 Appropriations by Fund

| | <u>2016</u> | <u>2017</u> |
|--------------------------|-------------------|-------------------|
| 9.14 <u>General</u> | <u>15,148,000</u> | <u>15,033,000</u> |
| 9.15 <u>Agricultural</u> | <u>800,000</u> | <u>800,000</u> |

9.17 \$47,000 the first year and \$47,000 the second
 9.18 year are for the Northern Crops Institute.

9.19 These appropriations may be spent to
 9.20 purchase equipment.

9.21 \$18,000 the first year and \$18,000 the
 9.22 second year are for a grant to the Minnesota
 9.23 Livestock Breeders Association.

9.24 \$235,000 the first year and \$235,000 the
 9.25 second year are for grants to the Minnesota

9.26 Agricultural Education and Leadership
 9.27 Council for programs of the council under
 9.28 Minnesota Statutes, chapter 41D.

9.29 \$474,000 the first year and \$474,000 the
 9.30 second year are for payments to county and
 9.31 district agricultural societies and associations
 9.32 under Minnesota Statutes, section 38.02,
 9.33 subdivision 1. Aid payments to county and
 9.34 district agricultural societies and associations
 9.35 shall be disbursed no later than July 15 of

10.1 each year. These payments are the amount of
10.2 aid from the state for an annual fair held in
10.3 the previous calendar year.

10.4 \$1,000 the first year and \$1,000 the second
10.5 year are for grants to the Minnesota State
10.6 Poultry Association.

10.7 \$108,000 the first year and \$108,000 the
10.8 second year are for annual grants to the
10.9 Minnesota Turf Seed Council for basic
10.10 and applied research on: (1) the improved
10.11 production of forage and turf seed related to
10.12 new and improved varieties; and (2) native
10.13 plants, including plant breeding, nutrient
10.14 management, pest management, disease
10.15 management, yield, and viability. The grant
10.16 recipient may subcontract with a qualified
10.17 third party for some or all of the basic or
10.18 applied research.

10.19 \$500,000 the first year and \$500,000 the
10.20 second year are for grants to Second Harvest
10.21 Heartland on behalf of Minnesota's six
10.22 Second Harvest food banks for the purchase
10.23 of milk for distribution to Minnesota's food
10.24 shelves and other charitable organizations
10.25 that are eligible to receive food from the food
10.26 banks. Milk purchased under the grants must
10.27 be acquired from Minnesota milk processors
10.28 and based on low-cost bids. The milk must be
10.29 allocated to each Second Harvest food bank
10.30 serving Minnesota according to the formula
10.31 used in the distribution of United States
10.32 Department of Agriculture commodities
10.33 under The Emergency Food Assistance
10.34 Program (TEFAP). Second Harvest
10.35 Heartland must submit quarterly reports

11.1 to the commissioner on forms prescribed
11.2 by the commissioner. The reports must
11.3 include, but are not limited to, information
11.4 on the expenditure of funds, the amount
11.5 of milk purchased, and the organizations
11.6 to which the milk was distributed. Second
11.7 Harvest Heartland may enter into contracts
11.8 or agreements with food banks for shared
11.9 funding or reimbursement of the direct
11.10 purchase of milk. Each food bank receiving
11.11 money from this appropriation may use up to
11.12 two percent of the grant for administrative
11.13 expenses.

11.14 \$500,000 the first year and \$500,000 the
11.15 second year are for grants to Second Harvest
11.16 Heartland on behalf of the six Feeding
11.17 America food banks that serve Minnesota
11.18 to compensate agricultural producers and
11.19 processors for costs incurred to harvest
11.20 and package for transfer surplus fruits,
11.21 vegetables, or other agricultural commodities
11.22 that would otherwise go unharvested, be
11.23 discarded, or be sold in a secondary market.

11.24 Surplus commodities must be distributed
11.25 statewide to food shelves and other charitable
11.26 organizations that are eligible to receive
11.27 food from the food banks. Surplus food
11.28 acquired under this appropriation must be
11.29 from Minnesota producers and processors.

11.30 Second Harvest Heartland must report when
11.31 required by, and in the form prescribed
11.32 by, the commissioner. Second Harvest
11.33 Heartland may use up to 11 percent of any
11.34 grant received for administrative expenses,
11.35 and up to four percent to reimburse for
11.36 transportation expenses.

12.1 \$94,000 the first year and \$94,000 the
12.2 second year are for transfer to the Board of
12.3 Trustees of the Minnesota State Colleges
12.4 and Universities for statewide mental health
12.5 counseling support to farm families and
12.6 business operators through farm business
12.7 management programs at Central Lakes
12.8 College and Ridgewater College.

12.9 \$17,000 the first year and \$17,000 the
12.10 second year are for grants to the Minnesota
12.11 Horticultural Society.

12.12 \$25,000 the first year is for the livestock
12.13 industry study required in this act. This is a
12.14 onetime appropriation.

12.15 Notwithstanding Minnesota Statutes,
12.16 section 18C.131, \$800,000 the first year
12.17 and \$800,000 the second year are from the
12.18 fertilizer account in the agricultural fund
12.19 for grants for fertilizer research as awarded
12.20 by the Minnesota Agricultural Fertilizer
12.21 Research and Education Council under
12.22 Minnesota Statutes, section 18C.71. The
12.23 amount appropriated in either fiscal year
12.24 must not exceed 57 percent of the inspection
12.25 fee revenue collected under Minnesota
12.26 Statutes, section 18C.425, subdivision 6,
12.27 during the previous fiscal year. No later
12.28 than February 1, 2017, the commissioner
12.29 shall report to the legislative committees
12.30 with jurisdiction over agriculture finance.

12.31 The report must include the progress and
12.32 outcome of funded projects as well as the
12.33 sentiment of the council concerning the need
12.34 for additional research funds.

13.1 \$8,500,000 the first year and \$8,500,000
13.2 the second year are for transfer to the fund
13.3 created in Minnesota Statutes, section
13.4 41A.18, subdivision 2. Of these amounts:
13.5 (1) at least \$2,000,000 each year is for
13.6 agriculture rapid response under Minnesota
13.7 Statutes, section 41A.18, subdivision 1,
13.8 clause (2);
13.9 (2) at least \$1,000,000 each year is for
13.10 agricultural education under Minnesota
13.11 Statutes, section 41A.18, subdivision 1,
13.12 clause (3); and
13.13 (3) at least \$500,000 each year is for farm
13.14 business management under Minnesota
13.15 Statutes, section 41A.18, subdivision 1,
13.16 clause (3).
13.17 To the extent practicable, funds expended
13.18 under Minnesota Statutes, section 41A.18,
13.19 subdivision 1, clauses (1) and (2), must
13.20 supplement and not supplant existing sources
13.21 and levels of funding. The base amount
13.22 for this program in fiscal year 2018 and
13.23 thereafter is \$3,500,000.
13.24 \$300,000 the first year is for grants to the
13.25 director of the University of Minnesota
13.26 Extension for a grant program to expand
13.27 the Takeoff 4-H Science, Technology,
13.28 Engineering, Arts, and Mathematics
13.29 (STEAM) Club for Somali youth throughout
13.30 Minnesota. The University of Minnesota
13.31 Extension may use a portion of each grant for
13.32 grant administration and direct costs related
13.33 to the Takeoff 4-H STEAM partnership
13.34 between the University of Minnesota
13.35 Extension and Ka Joog.

| | | | | | |
|------|---|----|------------------|----|------------------|
| 14.1 | Sec. 3. <u>BOARD OF ANIMAL HEALTH</u> | \$ | <u>5,318,000</u> | \$ | <u>5,384,000</u> |
| 14.2 | Sec. 4. <u>AGRICULTURAL UTILIZATION</u> | | | | |
| 14.3 | <u>RESEARCH INSTITUTE</u> | \$ | <u>2,643,000</u> | \$ | <u>2,643,000</u> |

14.4 **ARTICLE 2**

14.5 **AGRICULTURE STATUTORY CHANGES**

14.6 Section 1. Minnesota Statutes 2014, section 13.643, subdivision 1, is amended to read:

14.7 Subdivision 1. **Department of Agriculture data.** (a) **Loan and grant applicant**
 14.8 **data.** The following data on applicants, collected by the Department of Agriculture in its
 14.9 sustainable agriculture revolving loan and grant programs under ~~sections 17.115 and section~~
 14.10 17.116, are private or nonpublic: nonfarm income; credit history; insurance coverage;
 14.11 machinery and equipment list; financial information; and credit information requests.

14.12 (b) **Farm advocate data.** The following data supplied by farmer clients to
 14.13 Minnesota farm advocates and to the Department of Agriculture are private data on
 14.14 individuals: financial history, including listings of assets and debts, and personal and
 14.15 emotional status information.

14.16 Sec. 2. [17.1095] PILOT URBAN AGRICULTURE DEVELOPMENT GRANTS.

14.17 Subdivision 1. **Establishment.** (a) The commissioner shall establish and administer
 14.18 a pilot grant program to provide financial and technical assistance to cities, organizations,
 14.19 or individuals for urban agriculture projects. Grant applications must be submitted to the
 14.20 commissioner on forms provided by the commissioner. The commissioner shall award
 14.21 grants to meritorious projects within the limits of available funding.

14.22 (b) For purposes of this section, "eligible city" means a Minnesota home rule or
 14.23 statutory city located in:

14.24 (1) the seven-county metropolitan area, as defined under section 473.121,
 14.25 subdivision 2; or

14.26 (2) the core county or counties of a metropolitan statistical area.

14.27 (c) The commissioner shall take steps to ensure that eligible organizations serving
 14.28 ethnic communities are made aware of the grant and that they are encouraged to apply.

14.29 Subd. 2. **Grants to organizations or individuals.** The commissioner shall solicit
 14.30 grant applications from individuals and organizations for projects located in urban
 14.31 agriculture development zones in eligible cities. The commissioner shall rank applications
 14.32 based on the project's ability to:

15.1 (1) increase fresh food access, including access to affordable organic foods,
15.2 to improve both local and regional food security through the development of urban
15.3 agriculture projects; and

15.4 (2) reduce or eliminate health disparities related to food access.

15.5 Subd. 3. **Grants to cities.** The commissioner shall solicit grant applications from
15.6 eligible cities that have adopted a zoning ordinance that designates urban agriculture
15.7 development zones. Applicant cities must certify to the commissioner that the ordinance
15.8 will remain in effect for at least ten years and must repay any grant funds received under
15.9 this section if the ordinance is repealed or amended to prohibit urban agriculture during
15.10 the ten-year period.

15.11 Subd. 4. **Expiration.** This section expires July 1, 2018.

15.12 Sec. 3. Minnesota Statutes 2014, section 18B.01, subdivision 28, is amended to read:

15.13 Subd. 28. **Structural pest.** "Structural pest" means a an invertebrate pest, other
15.14 than a plant, or commensal rodent in, on, under, or near a structure such as a residential
15.15 or commercial building.

15.16 Sec. 4. Minnesota Statutes 2014, section 18B.01, subdivision 29, is amended to read:

15.17 Subd. 29. **Structural pest control.** "Structural pest control" means the control of
15.18 any structural pest through the use of a device, a procedure, or application of pesticides or
15.19 through other means in or around a building or other structures, including trucks, boxcars,
15.20 ships, aircraft, docks, and fumigation vaults, and the business activity related to use of a
15.21 device, a procedure, or application of a pesticide.

15.22 Sec. 5. Minnesota Statutes 2014, section 18B.32, subdivision 1, is amended to read:

15.23 Subdivision 1. **Requirement.** (a) A person may not engage in structural pest
15.24 control applications:

15.25 (1) for hire without a structural pest control license; and

15.26 (2) as a sole proprietorship, company, partnership, or corporation unless the person
15.27 is or employs a licensed master in structural pest control operations.

15.28 (b) A structural pest control licensee must have a valid license identification card
15.29 when applying to purchase a restricted use pesticide or apply pesticides for hire and must
15.30 display it upon demand by an authorized representative of the commissioner or a law
15.31 enforcement officer. The license identification card must contain information required by
15.32 the commissioner.

16.1 ~~(e) Notwithstanding the licensing requirements of this subdivision, a person may~~
16.2 ~~control the following nuisance or economically damaging wild animals, by trapping,~~
16.3 ~~without a structural pest control license:~~

16.4 ~~(1) fur-bearing animals, as defined in section 97A.015, with a valid trapping license~~
16.5 ~~or special permit from the commissioner of natural resources; and~~

16.6 ~~(2) skunks, woodchucks, gophers, porcupines, coyotes, moles, and weasels.~~

16.7 Sec. 6. Minnesota Statutes 2014, section 18B.33, subdivision 1, is amended to read:

16.8 Subdivision 1. **Requirement.** (a) A person may not apply a pesticide for hire
16.9 without a commercial applicator license for the appropriate use categories or a structural
16.10 pest control license.

16.11 (b) A commercial applicator licensee must have a valid license identification card
16.12 ~~when applying to purchase a restricted use pesticide or apply pesticides for hire and must~~
16.13 display it upon demand by an authorized representative of the commissioner or a law
16.14 enforcement officer. The commissioner shall prescribe the information required on the
16.15 license identification card.

16.16 Sec. 7. Minnesota Statutes 2014, section 18B.34, subdivision 1, is amended to read:

16.17 Subdivision 1. **Requirement.** (a) Except for a licensed commercial applicator,
16.18 certified private applicator, or licensed structural pest control applicator, a person,
16.19 including a government employee, may not purchase or use a restricted use pesticide in
16.20 performance of official duties without having a noncommercial applicator license for an
16.21 appropriate use category.

16.22 (b) A licensee must have a valid license identification card when applying pesticides
16.23 and must display it upon demand by an authorized representative of the commissioner
16.24 or a law enforcement officer. The license identification card must contain information
16.25 required by the commissioner.

16.26 Sec. 8. Minnesota Statutes 2014, section 18G.10, subdivision 3, is amended to read:

16.27 Subd. 3. **Cooperative agreements.** The commissioner may enter into cooperative
16.28 agreements with federal and state agencies for administration of the export certification
16.29 program. ~~An exporter of plants or plant products desiring to originate shipments from~~
16.30 ~~Minnesota to a foreign country requiring a phytosanitary certificate or export certificate~~
16.31 ~~must submit an application to the commissioner.~~

16.32 Sec. 9. Minnesota Statutes 2014, section 18G.10, subdivision 4, is amended to read:

17.1 Subd. 4. **Phytosanitary and export certificates.** An exporter of plants or plant
 17.2 products desiring to originate shipments from Minnesota to a foreign country requiring
 17.3 a phytosanitary certificate or export certificate must submit an application to the
 17.4 commissioner. Application for phytosanitary certificates or export certificates must be
 17.5 made on forms provided or approved by the commissioner. The commissioner ~~shall~~ may
 17.6 conduct inspections of plants, plant products, or facilities for persons that have applied for
 17.7 or intend to apply for a phytosanitary certificate or export certificate from the commissioner.
 17.8 ~~Inspections must include one or more of the following as requested or required:~~

17.9 ~~(1) an inspection of the plants or plant products intended for export under a~~
 17.10 ~~phytosanitary certificate or export certificate;~~

17.11 ~~(2) field inspections of growing plants to determine presence or absence of plant~~
 17.12 ~~diseases, if necessary;~~

17.13 ~~(3) laboratory diagnosis for presence or absence of plant diseases, if necessary;~~

17.14 ~~(4) observation and evaluation of procedures and facilities utilized in handling~~
 17.15 ~~plants and plant products, if necessary; and~~

17.16 ~~(5) review of United States Department of Agriculture, Federal Grain Inspection~~
 17.17 ~~Service Official Export Grain Inspection Certificate logs.~~

17.18 The commissioner may issue a phytosanitary certificate or export certificate if the
 17.19 plants or plant products satisfactorily meet the requirements of the importing foreign
 17.20 country and the United States Department of Agriculture requirements. The requirements
 17.21 of the destination countries must be met by the applicant.

17.22 Sec. 10. Minnesota Statutes 2014, section 18H.02, subdivision 20, is amended to read:

17.23 Subd. 20. **Nursery stock.** "Nursery stock" means a plant intended for planting or
 17.24 propagation, including, but not limited to, trees, shrubs, vines, perennials, biennials, grafts,
 17.25 cuttings, and buds that may be sold for propagation, whether cultivated or wild, and all
 17.26 viable parts of these plants. Nursery stock does not include:

17.27 (1) field and forage crops or sod;

17.28 (2) ~~the seeds of grasses, cereal grains, vegetable crops, and flowers;~~

17.29 (3) vegetable plants, bulbs, or tubers;

17.30 (4) cut flowers, unless stems or other portions are intended for propagation;

17.31 (5) annuals; or

17.32 (6) Christmas trees.

17.33 Sec. 11. Minnesota Statutes 2014, section 18H.02, is amended by adding a subdivision
 17.34 to read:

18.1 Subd. 32a. **Sod.** "Sod" means the upper portion of soil that contains the roots of
18.2 grasses and the living grass plants.

18.3 Sec. 12. Minnesota Statutes 2014, section 18H.02, is amended by adding a subdivision
18.4 to read:

18.5 Subd. 35. **Tropical plant.** "Tropical plant" means a plant that has a United States
18.6 Department of Agriculture hardiness zone designation of zone 6 or greater, or an annual
18.7 minimum hardiness temperature of -9 degrees Fahrenheit.

18.8 Sec. 13. Minnesota Statutes 2014, section 18H.06, subdivision 2, is amended to read:

18.9 Subd. 2. **Occasional sales.** (a) An individual may offer nursery stock for sale and be
18.10 exempt from the requirement to obtain a nursery stock dealer certificate if:

18.11 (1) the gross sales of all nursery stock in a calendar year do not exceed \$2,000;

18.12 (2) all nursery stock sold or distributed by the individual is intended for planting
18.13 in Minnesota;

18.14 (3) all nursery stock purchased or procured for resale or distribution was grown in
18.15 Minnesota and has been certified by the commissioner; and

18.16 (4) conducts sales or distributions of nursery stock on ten or fewer days in a calendar
18.17 year.

18.18 (b) The commissioner may prescribe the conditions of the exempt nursery sales under
18.19 this subdivision and may conduct routine inspections of the nursery stock offered for sale.

18.20 Sec. 14. Minnesota Statutes 2014, section 18J.01, is amended to read:

18.21 **18J.01 DEFINITIONS.**

18.22 (a) The definitions in sections 18G.02, 18H.02, 18K.03, 27.01, 223.16, 231.01,
18.23 and 232.21 apply to this chapter.

18.24 (b) For purposes of this chapter, "associated rules" means rules adopted under this
18.25 chapter, chapter 18G, 18H, 18K, 27, 223, 231, or 232, or sections 21.80 to 21.92.

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

18.27 Sec. 15. Minnesota Statutes 2014, section 18J.02, is amended to read:

18.28 **18J.02 DUTIES OF COMMISSIONER.**

18.29 The commissioner shall administer and enforce this chapter, chapters 18G, 18H,
18.30 18K, 27, 223, 231, and 232; sections 21.80 to 21.92; and associated rules.

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

19.1 Sec. 16. Minnesota Statutes 2014, section 18J.03, is amended to read:

19.2 **18J.03 CIVIL LIABILITY.**

19.3 A person regulated by this chapter, chapter 18G, 18H, 18K, 27, 223, 231, or 232,
19.4 or sections 21.80 to 21.92, is civilly liable for any violation of one of those statutes or
19.5 associated rules by the person's employee or agent.

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

19.7 Sec. 17. Minnesota Statutes 2014, section 18J.04, subdivision 1, is amended to read:

19.8 Subdivision 1. **Access and entry.** The commissioner, upon presentation of official
19.9 department credentials, must be granted immediate access at reasonable times to sites
19.10 where a person manufactures, distributes, uses, handles, disposes of, stores, or transports
19.11 seeds, plants, grain, household goods, general merchandise, produce, or other living or
19.12 nonliving products or other objects regulated under chapter 18G, 18H, 18K, 27, 223, 231,
19.13 or 232; sections 21.80 to 21.92; or associated rules.

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

19.15 Sec. 18. Minnesota Statutes 2014, section 18J.04, subdivision 2, is amended to read:

19.16 Subd. 2. **Purpose of entry.** (a) The commissioner may enter sites for:

19.17 (1) inspection of inventory and equipment for the manufacture, storage, handling,
19.18 distribution, disposal, or any other process regulated under chapter 18G, 18H, 18K, 27,
19.19 223, 231, or 232; sections 21.80 to 21.92; or associated rules;

19.20 (2) sampling of sites, seeds, plants, products, grain, household goods, general
19.21 merchandise, produce, or other living or nonliving objects that are manufactured, stored,
19.22 distributed, handled, or disposed of at those sites and regulated under chapter 18G, 18H,
19.23 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules;

19.24 (3) inspection of records related to the manufacture, distribution, storage, handling,
19.25 or disposal of seeds, plants, products, grain, household goods, general merchandise,
19.26 produce, or other living or nonliving objects regulated under chapter 18G, 18H, 18K, 27,
19.27 223, 231, or 232; sections 21.80 to 21.92; or associated rules;

19.28 (4) investigating compliance with chapter 18G, 18H, 18K, 27, 223, 231, or 232;
19.29 sections 21.80 to 21.92; or associated rules; or

19.30 (5) other purposes necessary to implement chapter 18G, 18H, 18K, 27, 223, 231, or
19.31 232; sections 21.80 to 21.92; or associated rules.

19.32 (b) The commissioner may enter any public or private premises during or after
19.33 regular business hours without notice of inspection when a suspected violation of chapter

20.1 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules may
20.2 threaten public health or the environment.

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

20.4 Sec. 19. Minnesota Statutes 2014, section 18J.04, subdivision 3, is amended to read:

20.5 Subd. 3. **Notice of inspection samples and analyses.** (a) The commissioner shall
20.6 provide the owner, operator, or agent in charge with a receipt describing any samples
20.7 obtained. If requested, the commissioner shall split any samples obtained and provide
20.8 them to the owner, operator, or agent in charge. If an analysis is made of the samples,
20.9 a copy of the results of the analysis must be furnished to the owner, operator, or agent
20.10 in charge within 30 days after an analysis has been performed. If an analysis is not
20.11 performed, the commissioner must notify the owner, operator, or agent in charge within 30
20.12 days of the decision not to perform the analysis.

20.13 (b) The sampling and analysis must be done according to methods provided for
20.14 under applicable provisions of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections
20.15 21.80 to 21.92; or associated rules. In cases not covered by those sections and methods
20.16 or in cases where methods are available in which improved applicability has been
20.17 demonstrated the commissioner may adopt appropriate methods from other sources.

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

20.19 Sec. 20. Minnesota Statutes 2014, section 18J.04, subdivision 4, is amended to read:

20.20 Subd. 4. **Inspection requests by others.** (a) A person who believes that a violation
20.21 of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated
20.22 rules has occurred may request an inspection by giving notice to the commissioner of the
20.23 violation. The notice must be in writing, state with reasonable particularity the grounds
20.24 for the notice, and be signed by the person making the request.

20.25 (b) If after receiving a notice of violation the commissioner reasonably believes that
20.26 a violation has occurred, the commissioner shall make a special inspection in accordance
20.27 with the provisions of this section as soon as practicable, to determine if a violation has
20.28 occurred.

20.29 (c) An inspection conducted pursuant to a notice under this subdivision may cover
20.30 an entire site and is not limited to the portion of the site specified in the notice. If the
20.31 commissioner determines that reasonable grounds to believe that a violation occurred
20.32 do not exist, the commissioner must notify the person making the request in writing of
20.33 the determination.

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

21.2 Sec. 21. Minnesota Statutes 2014, section 18J.05, subdivision 1, is amended to read:

21.3 Subdivision 1. **Enforcement required.** (a) A violation of chapter 18G, 18H, 18K, 27,
21.4 223, 231, or 232; sections 21.80 to 21.92; or an associated rule is a violation of this chapter.

21.5 (b) Upon the request of the commissioner, county attorneys, sheriffs, and other
21.6 officers having authority in the enforcement of the general criminal laws must take action
21.7 to the extent of their authority necessary or proper for the enforcement of chapter 18G,
21.8 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules or valid
21.9 orders, standards, stipulations, and agreements of the commissioner.

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

21.11 Sec. 22. Minnesota Statutes 2014, section 18J.05, subdivision 2, is amended to read:

21.12 Subd. 2. **Commissioner's discretion.** If minor violations of chapter 18G, 18H,
21.13 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules occur or the
21.14 commissioner believes the public interest will be best served by a suitable notice of
21.15 warning in writing, this section does not require the commissioner to:

- 21.16 (1) report the violation for prosecution;
21.17 (2) institute seizure proceedings; or
21.18 (3) issue a withdrawal from distribution, stop-sale, or other order.

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

21.20 Sec. 23. Minnesota Statutes 2014, section 18J.05, subdivision 6, is amended to read:

21.21 Subd. 6. **Agent for service of process.** All persons licensed, permitted, registered,
21.22 or certified under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or
21.23 associated rules must appoint the commissioner as the agent upon whom all legal process
21.24 may be served and service upon the commissioner is deemed to be service on the licensee,
21.25 permittee, registrant, or certified person.

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

21.27 Sec. 24. Minnesota Statutes 2014, section 18J.06, is amended to read:

21.28 **18J.06 FALSE STATEMENT OR RECORD.**

21.29 A person must not knowingly make or offer a false statement, record, or other
21.30 information as part of:

22.1 (1) an application for registration, license, certification, or permit under chapter 18G,
22.2 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules;

22.3 (2) records or reports required under chapter 18G, 18H, 18K, 27, 223, 231, or 232;
22.4 sections 21.80 to 21.92; or associated rules; or

22.5 (3) an investigation of a violation of chapter 18G, 18H, 18K, 27, 223, 231, or 232;
22.6 sections 21.80 to 21.92; or associated rules.

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

22.8 Sec. 25. Minnesota Statutes 2014, section 18J.07, subdivision 3, is amended to read:

22.9 Subd. 3. **Cancellation of registration, permit, license, certification.** The
22.10 commissioner may cancel or revoke a registration, permit, license, or certification
22.11 provided for under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92;
22.12 or associated rules or refuse to register, permit, license, or certify under provisions of
22.13 chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules
22.14 if the registrant, permittee, licensee, or certified person has used fraudulent or deceptive
22.15 practices in the evasion or attempted evasion of a provision of chapter 18G, 18H, 18K, 27,
22.16 223, 231, or 232; sections 21.80 to 21.92; or associated rules.

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

22.18 Sec. 26. Minnesota Statutes 2014, section 18J.07, subdivision 4, is amended to read:

22.19 Subd. 4. **Service of order or notice.** (a) If a person is not available for service of an
22.20 order, the commissioner may attach the order to the facility, site, seed or seed container,
22.21 plant or other living or nonliving object regulated under chapter 18G, 18H, 18K, 27, 223,
22.22 231, or 232; sections 21.80 to 21.92; or associated rules and notify the owner, custodian,
22.23 other responsible party, or registrant.

22.24 (b) The seed, seed container, plant, or other living or nonliving object regulated
22.25 under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated
22.26 rules may not be sold, used, tampered with, or removed until released under conditions
22.27 specified by the commissioner, by an administrative law judge, or by a court.

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

22.29 Sec. 27. Minnesota Statutes 2014, section 18J.07, subdivision 5, is amended to read:

22.30 Subd. 5. **Unsatisfied judgments.** (a) An applicant for a license, permit, registration,
22.31 or certification under provisions of this chapter, chapter 18G, 18H, 18K, 27, 223, 231, or
22.32 232; sections 21.80 to 21.92; or associated rules may not allow a final judgment against

23.1 the applicant for damages arising from a violation of those statutes or rules to remain
 23.2 unsatisfied for a period of more than 30 days.

23.3 (b) Failure to satisfy, within 30 days, a final judgment resulting from a violation of this
 23.4 chapter results in automatic suspension of the license, permit, registration, or certification.

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

23.6 Sec. 28. Minnesota Statutes 2014, section 18J.09, is amended to read:

23.7 **18J.09 CREDITING OF PENALTIES, FEES, AND COSTS.**

23.8 Penalties, cost reimbursements, fees, and other money collected under this chapter
 23.9 must be deposited into the state treasury and credited to the appropriate nursery and
 23.10 phytosanitary, industrial hemp, or seed account.

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

23.12 Sec. 29. Minnesota Statutes 2014, section 18J.11, subdivision 1, is amended to read:

23.13 Subdivision 1. **General violation.** Except as provided in subdivisions 2 ~~and~~ 3, and
 23.14 4, a person is guilty of a misdemeanor if the person violates this chapter or an order,
 23.15 standard, stipulation, agreement, or schedule of compliance of the commissioner.

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

23.17 Sec. 30. Minnesota Statutes 2014, section 18J.11, is amended by adding a subdivision
 23.18 to read:

23.19 Subd. 4. **Controlled substance offenses.** Prosecution under this section does not
 23.20 preclude prosecution under chapter 152.

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

23.22 Sec. 31. **[18K.01] SHORT TITLE.**

23.23 This chapter may be referred to as the "Industrial Hemp Development Act."

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

23.25 Sec. 32. **[18K.03] DEFINITIONS.**

23.26 Subdivision 1. **Scope.** The definitions in this section apply to this chapter.

23.27 Subd. 2. **Commissioner.** "Commissioner" means the commissioner of agriculture.

24.1 Subd. 3. **Industrial hemp.** "Industrial hemp" means the plant Cannabis sativa L.
 24.2 and any part of the plant, whether growing or not, with a delta-9 tetrahydrocannabinol
 24.3 concentration of not more than 0.3 percent on a dry weight basis. Industrial hemp is not
 24.4 marijuana as defined in section 152.01, subdivision 9.

24.5 Subd. 4. **Marijuana.** "Marijuana" has the meaning given in section 152.01,
 24.6 subdivision 9.

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

24.8 Sec. 33. **[18K.035] PILOT PROGRAM; OTHER RESEARCH AUTHORIZED.**

24.9 Subdivision 1. **Authorized activity.** The commissioner may grow or cultivate
 24.10 industrial hemp pursuant to a pilot program administered by the commissioner to study
 24.11 the growth, cultivation, or marketing of industrial hemp. The commissioner may: (1)
 24.12 authorize institutions of higher education to grow or cultivate industrial hemp as part
 24.13 of the commissioner's pilot program or as is necessary to perform other agricultural,
 24.14 renewable energy, or academic research; and (2) contract with public or private entities for
 24.15 testing or other activities authorized under this subdivision. Authorized activity under this
 24.16 section may include collecting seed from wild hemp sources.

24.17 Subd. 2. **Site registration.** Before growing or cultivating industrial hemp pursuant
 24.18 to this section, each site must be registered with and certified by the commissioner. A
 24.19 person must register each site annually in the form prescribed by the commissioner and
 24.20 must pay the annual registration and certification fee established by the commissioner in
 24.21 accordance with section 16A.1285, subdivision 2.

24.22 Subd. 3. **Rulemaking.** The commissioner may adopt rules that govern the pilot
 24.23 program pursuant to this section and Public Law 113-79.

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

24.25 Sec. 34. **[18K.04] AGRICULTURAL CROP; POSSESSION AUTHORIZED.**

24.26 Industrial hemp is an agricultural crop in this state. A person may possess, transport,
 24.27 process, sell, or buy industrial hemp that is grown pursuant to this chapter.

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

24.29 Sec. 35. **[18K.05] LICENSING.**

24.30 Subdivision 1. **Requirement; issuance; presumption.** (a) A person must obtain a
 24.31 license from the commissioner before growing industrial hemp for commercial purposes.
 24.32 A person must apply to the commissioner in the form prescribed by the commissioner and

25.1 must pay the annual registration and inspection fee established by the commissioner in
25.2 accordance with section 16A.1285, subdivision 2. The license application must include
25.3 the name and address of the applicant and the legal description of the land area or areas
25.4 where industrial hemp will be grown by the applicant.

25.5 (b) When an applicant has paid the fee and completed the application process to the
25.6 satisfaction of the commissioner, the commissioner must issue a license which is valid
25.7 until December 31 of the year of application.

25.8 (c) A person licensed under this section is presumed to be growing industrial hemp
25.9 for commercial purposes.

25.10 Subd. 2. **Background check; data classification.** The commissioner must require
25.11 each first-time applicant for a license to submit to a background investigation conducted
25.12 by the Bureau of Criminal Apprehension as a condition of licensure. As part of the
25.13 background investigation, the Bureau of Criminal Apprehension must conduct criminal
25.14 history checks of Minnesota records and is authorized to exchange fingerprints with the
25.15 United States Department of Justice, Federal Bureau of Investigation for the purpose of a
25.16 criminal background check of the national files. The cost of the investigation must be paid
25.17 by the applicant. Criminal history records provided to the commissioner under this section
25.18 must be treated as private data on individuals, as defined in section 13.02, subdivision 12.

25.19 Subd. 3. **Federal requirements.** The applicant must demonstrate to the satisfaction
25.20 of the commissioner that the applicant has complied with all applicable federal
25.21 requirements pertaining to the production, distribution, and sale of industrial hemp.

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

25.23 Sec. 36. **[18K.06] ANNUAL REPORT; SALES NOTIFICATION.**

25.24 (a) Annually, a licensee must file with the commissioner:

25.25 (1) documentation demonstrating to the commissioner's satisfaction that the seeds
25.26 planted by the licensee are of a type and variety that contain no more than three-tenths of
25.27 one percent delta-9 tetrahydrocannabinol; and

25.28 (2) a copy of any contract to grow industrial hemp.

25.29 (b) Within 30 days, a licensee must notify the commissioner of each sale or
25.30 distribution of industrial hemp grown by the licensee including, but not limited to, the
25.31 name and address of the person receiving the industrial hemp and the amount of industrial
25.32 hemp sold or distributed.

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

26.1 Sec. 37. **[18K.07] RULEMAKING.**

26.2 (a) The commissioner shall adopt rules governing the production, testing, and
26.3 licensing of industrial hemp.

26.4 (b) Rules adopted under paragraph (a) must include, but not be limited to, provisions
26.5 governing:

26.6 (1) the supervision and inspection of industrial hemp during its growth and harvest;

26.7 (2) the testing of industrial hemp to determine delta-9 tetrahydrocannabinol levels;

26.8 (3) the use of background checks results required under section 18K.05 to approve
26.9 or deny a license application; and

26.10 (4) any other provision or procedure necessary to carry out the purposes of this
26.11 chapter.

26.12 (c) Rules issued under this section must be consistent with federal law regarding
26.13 the production, distribution, and sale of industrial hemp.

26.14 **EFFECTIVE DATE.** This section is effective the day after the federal government
26.15 authorizes the commercial production of industrial hemp in this country.

26.16 Sec. 38. **[18K.08] FEES.**

26.17 Fees collected under this chapter must be credited to the industrial hemp account,
26.18 which is hereby established in the agricultural fund in the state treasury. Interest earned
26.19 in the account accrues to the account. Funds in the industrial hemp account are annually
26.20 appropriated to the commissioner to implement and enforce this chapter.

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

26.22 Sec. 39. **[18K.09] DEFENSE FOR POSSESSION OF MARIJUANA.**

26.23 It is an affirmative defense to a prosecution for the possession of marijuana under
26.24 chapter 152 if:

26.25 (1) the defendant possesses industrial hemp grown pursuant to this chapter; or

26.26 (2) the defendant has a valid controlled substance registration from the United States
26.27 Department of Justice, Drug Enforcement Administration, if required under federal law.

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

26.29 Sec. 40. Minnesota Statutes 2014, section 21.81, is amended by adding a subdivision
26.30 to read:

27.1 Subd. 1a. **Address.** "Address" means the complete primary mailing address of the
27.2 labeler or the person or firm selling seed. A complete address includes the street address,
27.3 post office box, or rural route, and city, state, and zip code or postal code.

27.4 Sec. 41. Minnesota Statutes 2014, section 21.81, is amended by adding a subdivision
27.5 to read:

27.6 Subd. 27a. **Total viable.** "Total viable" means the sum of the germination
27.7 percentage, plus hard seeds, dormant seeds, or both.

27.8 Sec. 42. Minnesota Statutes 2014, section 21.82, subdivision 2, is amended to read:

27.9 Subd. 2. **Content.** For agricultural, vegetable, flower, or wildflower seeds offered
27.10 for sale as agricultural seed, except as otherwise provided in subdivisions 4, 5, and 6, the
27.11 label must contain:

27.12 (a) The name of the kind or kind and variety for each seed component in excess
27.13 of five percent of the whole and the percentage by weight of each in order of its
27.14 predominance. The commissioner shall by rule designate the kinds that are required to be
27.15 labeled as to variety. If the variety of those kinds generally labeled as to variety is not
27.16 stated and it is not required to be stated, the label shall show the name of the kind and the
27.17 words: "Variety not stated." The heading "pure seed" must be indicated on the seed label
27.18 in close association with other required label information.

27.19 (1) The percentage that is hybrid shall be at least 95 percent of the percentage of pure
27.20 seed shown unless the percentage of pure seed which is hybrid seed is shown separately.
27.21 If two or more kinds or varieties are present in excess of five percent and are named on
27.22 the label, each that is hybrid shall be designated as hybrid on the label. Any one kind or
27.23 kind and variety that has pure seed which is less than 95 percent but more than 75 percent
27.24 hybrid seed as a result of incompletely controlled pollination in a cross shall be labeled to
27.25 show the percentage of pure seed that is hybrid seed or a statement such as "contains from
27.26 75 percent to 95 percent hybrid seed." No one kind or variety of seed shall be labeled as
27.27 hybrid if the pure seed contains less than 75 percent hybrid seed. The word hybrid shall be
27.28 shown on the label in conjunction with the kind.

27.29 (2) Blends shall be listed on the label using the term "blend" in conjunction with
27.30 the kind.

27.31 (3) Mixtures shall be listed on the label using the term "mixture," "mix," or "mixed."

27.32 (b) Lot number or other lot identification.

27.33 (c) Origin, if known, or that the origin is unknown.

28.1 (d) Percentage by weight of all weed seeds present. This percentage may not exceed
 28.2 one percent. The heading "weed seed" must be indicated on the seed label in close
 28.3 association with other required label information.

28.4 (e) Name and rate of occurrence per pound of each kind of restricted noxious weed
 28.5 seeds present. They must be listed under the heading "noxious weed seeds" in close
 28.6 association with other required label information.

28.7 (f) Percentage by weight of seeds other than those kinds and varieties required
 28.8 to be named on the label. They must be listed under the heading "other crop" in close
 28.9 association with other required label information.

28.10 (g) Percentage by weight of inert matter. The heading "inert matter" must be
 28.11 indicated on the seed label in close association with other required label information.

28.12 (h) Net weight of contents, to appear on either the container or the label.

28.13 (i) For each named kind or variety of seed:

28.14 (1) percentage of germination, exclusive of hard or dormant seed or both;

28.15 (2) percentage of hard or dormant seed or both, if present; and

28.16 (3) the calendar month and year the percentages were determined by test or the
 28.17 statement "sell by (month and year)" which may not be more than 12 months from the
 28.18 date of test, exclusive of the month of test.

28.19 The headings for "germination" and "hard seed or dormant seed" percentages must be
 28.20 stated separately on the seed label. A separate percentage derived from combining these
 28.21 percentages may also be stated on the seed label, ~~but the heading for this percentage must~~
 28.22 ~~be "total germination and hard seed or dormant seed when applicable." They must not be~~
 28.23 ~~stated as "total live seed," "total germination," or in any other unauthorized manner. as~~
 28.24 ~~"total viable."~~

28.25 (j) Name and address of the person who labeled the seed or who sells the seed within
 28.26 this state, or a code number which has been registered with the commissioner.

28.27 Sec. 43. Minnesota Statutes 2014, section 21.82, subdivision 4, is amended to read:

28.28 Subd. 4. **Hybrid seed corn.** For hybrid seed corn purposes a label must contain:

28.29 (1) a statement indicating the number of seeds in the container may be listed along
 28.30 with or in lieu of the net weight of contents; and

28.31 (2) for each variety of hybrid seed field corn, the day classification as determined
 28.32 by the originator or owner. The day classification must approximate the number of days
 28.33 of growing season necessary from emergence of the corn plant above ground to relative
 28.34 maturity and must ~~conform to the day classification established by the director of be~~

29.1 within three days of maturity ratings determined in comparative trials by the Minnesota
29.2 agricultural experiment station for the appropriate zone.

29.3 Sec. 44. Minnesota Statutes 2014, section 21.85, subdivision 2, is amended to read:

29.4 Subd. 2. **Seed laboratory.** (a) The commissioner shall establish and maintain a seed
29.5 laboratory for seed testing, employing necessary agents and assistants to administer and
29.6 enforce sections 21.80 to 21.92, who shall be governed by chapter 43A.

29.7 (b) The laboratory procedures for testing official seed samples are the procedures
29.8 set forth in the Rules for Testing Seeds that is published annually by the Association of
29.9 Official Seed Analysts. If a laboratory procedure rule does not exist for a particular type
29.10 of seed, then laboratory procedures from other recognized seed testing sources may be
29.11 used, including procedures under the Code of Federal Regulations, title 7, part 201, or
29.12 the International Rules for Testing Seeds.

29.13 Sec. 45. Minnesota Statutes 2014, section 21.85, is amended by adding a subdivision
29.14 to read:

29.15 Subd. 15. **Prohibited and restricted seeds.** The commissioner shall determine
29.16 species that are considered prohibited weed seeds and restricted noxious weed seeds and
29.17 the allowable rate of occurrence of restricted noxious weed seeds.

29.18 Sec. 46. Minnesota Statutes 2014, section 21.89, subdivision 2, is amended to read:

29.19 Subd. 2. **Permits; issuance and revocation.** The commissioner shall issue a permit
29.20 to the initial labeler of agricultural, vegetable, flower, and wildflower seeds which are sold
29.21 for use in Minnesota and which conform to and are labeled under sections 21.80 to 21.92.
29.22 The categories of permits are as follows:

29.23 (1) for initial labelers who sell 50,000 pounds or less of agricultural seed each
29.24 calendar year, an annual permit issued for a fee established in section 21.891, subdivision
29.25 2, paragraph (b);

29.26 (2) for initial labelers who sell vegetable, flower, and wildflower seed packed for
29.27 use in home gardens or household plantings, and initial labelers who sell native grasses
29.28 and wildflower seed in commercial or agricultural quantities, an annual permit issued for
29.29 a fee established in section 21.891, subdivision 2, paragraph (c), based upon the gross
29.30 sales from the previous year; and

29.31 (3) for initial labelers who sell more than 50,000 pounds of agricultural seed
29.32 each calendar year, a permanent permit issued for a fee established in section 21.891,
29.33 subdivision 2, paragraph (d).

30.1 In addition, the person shall furnish to the commissioner an itemized statement of all
30.2 seeds sold in Minnesota for the periods established by the commissioner. This statement
30.3 shall be delivered, along with the payment of the fee, based upon the amount and type
30.4 of seed sold, to the commissioner no later than 30 days after the end of each reporting
30.5 period. Any person holding a permit shall show as part of the analysis labels or invoices
30.6 on all agricultural, vegetable, flower, wildflower, tree, or shrub seeds all information the
30.7 commissioner requires. The commissioner may revoke any permit in the event of failure
30.8 to comply with applicable laws and rules.

30.9 Sec. 47. **[28A.152] COTTAGE FOODS EXEMPTION.**

30.10 **Subdivision 1. Licensing provisions applicability.** (a) The licensing provisions of
30.11 sections 28A.01 to 28A.16 do not apply to the following:

30.12 (1) an individual who prepares and sells food that is not potentially hazardous food,
30.13 as defined in Minnesota Rules, part 4626.0020, subpart 62, if the following requirements
30.14 are met:

30.15 (i) the prepared food offered for sale under this clause is labeled to accurately reflect
30.16 the name and address of the person preparing and selling the food, the date on which the
30.17 food was prepared, and the ingredients and any possible allergens; and

30.18 (ii) the individual displays at the point of sale a clearly legible sign or placard stating:
30.19 "These products are homemade and not subject to state inspection"; and

30.20 (2) an individual who prepares and sells home-processed and home-canned food
30.21 products if the following requirements are met:

30.22 (i) the products are pickles, vegetables, or fruits having an equilibrium pH value of
30.23 4.6 or lower;

30.24 (ii) the products are home-processed and home-canned in Minnesota;

30.25 (iii) the individual displays at the point of sale a clearly legible sign or placard
30.26 stating: "These canned goods are homemade and not subject to state inspection"; and

30.27 (iv) each container of the product sold or offered for sale under this clause is
30.28 accurately labeled to provide the name and address of the person who processed and
30.29 canned the goods, the date on which the goods were processed and canned, and ingredients
30.30 and any possible allergens.

30.31 (b) An individual who qualifies for an exemption under paragraph (a), clause (2), is
30.32 also exempt from the provisions of sections 31.31 and 31.392.

30.33 **Subd. 2. Direct sales to consumers.** (a) An individual qualifying for an exemption
30.34 under subdivision 1 may sell the exempt food:

30.35 (1) directly to the ultimate consumer;

31.1 (2) at a community event or farmers' market; or

31.2 (3) directly from the individual's home to the consumer, to the extent allowed by
 31.3 local ordinance.

31.4 (b) If an exempt food product will be delivered to the ultimate consumer upon sale
 31.5 of the food product, the individual who prepared the food product must be the person who
 31.6 delivers the food product to the ultimate consumer.

31.7 (c) Food products exempt under subdivision 1, paragraph (a), clause (2), may not be
 31.8 sold outside of Minnesota.

31.9 (d) Food products exempt under subdivision 1 may be sold over the Internet but
 31.10 must be delivered directly to the ultimate consumer by the individual who prepared the
 31.11 food product. The statement "These products are homemade and not subject to state
 31.12 inspection" must be displayed on the Web site that offers the exempt foods for purchase.

31.13 Subd. 3. **Limitation on sales.** An individual selling exempt foods under this section
 31.14 is limited to total sales with gross receipts of \$18,000 or less in a calendar year.

31.15 Subd. 4. **Registration.** Before an individual sells food that is exempt under this
 31.16 section, the individual must register with the commissioner on a form prescribed by the
 31.17 commissioner. The individual must renew the individual's registration every three years.
 31.18 The registration fee is \$50. An individual with \$5,000 or less in annual gross receipts from
 31.19 the sale of exempt food under this section is not required to pay the registration fee.

31.20 Subd. 5. **Training.** An individual who prepares and sells exempt food under
 31.21 subdivision 1 must complete a safe food handling training course that is approved by the
 31.22 commissioner. The training shall not exceed eight hours and must be completed every
 31.23 three years while the individual is registered under subdivision 4.

31.24 Subd. 6. **Local ordinances.** This section does not preempt the application of any
 31.25 business licensing requirement or sanitation, public health, or zoning ordinance of a
 31.26 political subdivision.

31.27 Subd. 7. **Account established.** A cottage foods account is created as a separate
 31.28 account in the special revenue fund in the state treasury for depositing money received
 31.29 by the commissioner under this section. Money in the account, including interest, is
 31.30 appropriated to the commissioner for costs under this section.

31.31 **Sec. 48. [41A.13] DEFINITIONS.**

31.32 (a) For the purposes of sections 41A.13 to 41A.17, the terms defined in this section
 31.33 have the meanings given them.

31.34 (b) "Advanced biofuels" has the meaning given in section 239.051, subdivision 1a.

32.1 (c) "Biomass thermal production" means the generation of energy for commercial
32.2 heat or industrial process heat from a cellulosic material or other material composed of
32.3 forestry or agricultural feedstocks for a new or expanding capacity facility or a facility that
32.4 is displacing existing use of fossil fuel after the effective date of this section.

32.5 (d) "Cellulosic biomass" means material primarily made up of cellulose,
32.6 hemicellulose, or lignin, or a combination of those ingredients.

32.7 (e) "Cellulosic sugar" means sugar derived from cellulosic biomass from agricultural
32.8 or forestry resources.

32.9 (f) "Commissioner" means the commissioner of agriculture.

32.10 (g) "Cover crops" means grasses, legumes, forbs, or other herbaceous plants that are
32.11 known to be noninvasive and not listed as a noxious weed in Minnesota and that are either
32.12 interseeded into living cash crops or planted on agricultural fields during fallow periods
32.13 for seasonal cover and conservation purposes.

32.14 (h) "MMbtu" means one million British thermal units.

32.15 (i) "Perennial crops" means agriculturally produced plants that are known to be
32.16 noninvasive and not listed as a noxious weed in Minnesota and that have a life cycle of at
32.17 least three years at the location where the plants are being cultivated. Biomass from alfalfa
32.18 produced in a two-year rotation shall be considered a perennial crop.

32.19 (j) "Renewable chemical" means a chemical with biobased content as defined in
32.20 section 41A.105, subdivision 1a.

32.21 **Sec. 49. [41A.14] ADVANCED BIOFUEL PRODUCTION INCENTIVE.**

32.22 (a) A facility eligible for payment under this program must source at least 80 percent
32.23 raw materials from Minnesota. If a facility is sited 50 miles or less from the state border,
32.24 raw materials may be sourced from within a 100-mile radius. Raw materials must be from
32.25 agricultural or forestry sources or from solid waste. The production facility must be
32.26 located in Minnesota, must begin production at a specific location by June 30, 2025, and
32.27 must not begin operation above 95,000 MMbtu of annual biofuel production before July 1,
32.28 2015. Eligible facilities include existing companies and facilities that are adding advanced
32.29 biofuel production capacity, or retrofitting existing capacity, as well as new companies
32.30 and facilities. Production of conventional corn ethanol and conventional biodiesel is not
32.31 eligible. Advanced biofuel facilities must produce at least 30,000 MMbtu a year to be
32.32 eligible for the program.

32.33 (b) The commissioner shall make payments to eligible producers of advanced
32.34 biofuel. For the purpose of this section, an entity that holds a controlling interest in more
32.35 than one advanced biofuel facility is considered a single eligible producer. The amount

33.1 of the payment for each eligible producer's annual production is \$2.1053 per MMBtu
33.2 for advanced biofuel production from cellulosic biomass, and \$1.053 per MMBtu for
33.3 advanced biofuel production from sugar or starch at a specific location for ten years after
33.4 the start of production. Cellulosic biofuel facilities utilizing crop residues, other than
33.5 cellulosic biofuel using corn kernel fiber, or biogas, shall derive at least ten percent of total
33.6 energy production from perennial crops or biomass from cover crops in the first year of
33.7 receiving production incentives, and in the third year, at least 30 percent of total energy
33.8 production shall be derived from perennial crops or biomass from cover crops, and in the
33.9 fifth year, at least 50 percent of total energy production shall be derived from perennial
33.10 crops or biomass from cover crops and maintain at least 50 percent for the remainder of
33.11 the production incentive payment period. All forestry-derived cellulosic biomass must
33.12 be produced using Minnesota state biomass harvesting guidelines or the equivalent.
33.13 All biomass from brushlands must be produced using Minnesota brushland harvesting
33.14 biomass harvest guidelines or the equivalent. Forestry-derived cellulosic biomass that
33.15 comes from land parcels greater than 160 acres must be certified by the Forest Stewardship
33.16 Council, Sustainable Forestry Initiative, or American Tree Farm System. Uncertified land
33.17 from parcels of 160 acres or less and federal land must be harvested by a logger who has
33.18 completed training for biomass harvesting from the Minnesota logger education program
33.19 or the equivalent and have a forest stewardship plan.

33.20 (c) An eligible producer who utilizes agricultural cellulosic biomass must submit a
33.21 responsible biomass sourcing plan for approval by the commissioner prior to applying for
33.22 payments under this section. The commissioner shall make the plan publicly available.

33.23 The plan must:

33.24 (1) provide a detailed explanation for how agricultural cellulosic biomass will be
33.25 produced and managed in a way that preserves soil quality, does not increase soil and
33.26 nutrient runoff, avoids introduction of harmful invasive species, limits negative impacts
33.27 on wildlife habitat, and reduces greenhouse gas emissions;

33.28 (2) include the producer's approach to verifying that biomass suppliers are following
33.29 the plan;

33.30 (3) discuss how new technologies and practices that are not yet commercially viable
33.31 may be encouraged and adopted during the life of the facility, and how the producer will
33.32 encourage continuous improvement during the life of the project;

33.33 (4) include specific numeric goals and timelines for making progress;

33.34 (5) require agronomic practices that result in a positive NRCS Soil Conditioning
33.35 Index score for acres from which biomass from corn stover will be harvested; and

34.1 (6) include biennial soil sampling to verify maintained or increased levels of soil
34.2 organic matter.

34.3 (d) An eligible producer who utilizes agricultural cellulosic biomass and receives
34.4 payments under this section shall submit an annual report on the producer's responsible
34.5 biomass sourcing plan to the commissioner by January 15 each year. The report must
34.6 include data on progress made by the producer in meeting specific goals laid out in the
34.7 plan. The commissioner shall make the report publicly available. The commissioner
34.8 shall perform an annual review of submitted reports and make a determination whether
34.9 the producer is following the plan and meeting the criteria in paragraph (c) based on the
34.10 reports submitted. The commissioner may take appropriate steps, including reducing or
34.11 ceasing payments until the producer is in compliance with the plan.

34.12 (e) No payments shall be made for advanced biofuel production that occurs after
34.13 June 30, 2035, for those eligible biofuel producers under paragraph (b). An eligible
34.14 producer of advanced biofuel shall not transfer the producer's eligibility for payments
34.15 under this section to an advanced biofuel facility at a different location.

34.16 (f) Total payments under this section to an eligible biofuel producer in a fiscal year
34.17 may not exceed the amount necessary for 2,850,000 MMbtu of biofuel production. Total
34.18 payments under this section to all eligible biofuel producers in a fiscal year may not
34.19 exceed the amount necessary for 17,100,000 MMbtu of biofuel production.

34.20 (g) By the last day of October, January, April, and July, each eligible biofuel producer
34.21 shall file a claim for payment for advanced biofuel production during the preceding three
34.22 calendar months. An eligible biofuel producer that files a claim under this paragraph shall
34.23 include a statement of the eligible biofuel producer's total advanced biofuel production
34.24 in Minnesota during the quarter covered by the claim. For each claim and statement of
34.25 total advanced biofuel production filed under this paragraph, the volume of advanced
34.26 biofuel production must be examined by an independent certified public accountant firm
34.27 licensed under chapter 326A, in accordance with Statements on Standards for Attestation
34.28 Engagements established by the American Institute of Certified Public Accountants.

34.29 (h) Payments must be made November 15, February 15, May 15, and August 15.
34.30 A separate payment must be made for each claim filed.

34.31 (i) Any producer that ceases production for any reason is ineligible to receive
34.32 payments under the program until they begin producing again.

34.33 (j) Renewable chemical production for which payment has been received under
34.34 section 41A.15, and biomass thermal production for which payment has been received
34.35 under section 41A.16, is not eligible for payment under this section.

35.1 **Sec. 50. [41A.15] RENEWABLE CHEMICAL PRODUCTION INCENTIVE.**

35.2 (a) A facility eligible for payment under this program must source at least 80
35.3 percent biobased content, as defined in section 41A.105, subdivision 1a, clause (1),
35.4 from Minnesota. If a facility is sited 50 miles or less from the state border, biobased
35.5 content may be sourced from within a 100-mile radius. Biobased content must be from
35.6 agricultural or forestry sources or from solid waste. The production facility must be
35.7 located in Minnesota, must begin production at a specific location by June 30, 2025, and
35.8 must not begin production of 3,000,000 pounds of chemicals annually before January
35.9 1, 2015. Eligible facilities include existing companies and facilities that are adding
35.10 production capacity, or retrofitting existing capacity, as well as new companies and
35.11 facilities. Renewable chemical facilities must produce at least 3,000,000 pounds per year
35.12 to be eligible for the program. Renewable chemicals produced through processes that are
35.13 fully commercial before January 1, 2000, are not eligible.

35.14 (b) The commissioner shall make payments to eligible producers of renewable
35.15 chemicals located in the state. For the purpose of this subdivision, an entity that holds a
35.16 controlling interest in more than one renewable chemical production facility is considered
35.17 a single eligible producer. The amount of the payment for each producer's annual
35.18 production is \$0.03 per pound of sugar-derived renewable chemical, \$0.03 per pound of
35.19 cellulosic sugar, and \$0.06 per pound of cellulosic-derived renewable chemical produced at
35.20 a specific location for ten years after the start of production. All forestry-derived cellulosic
35.21 biomass must be produced using Minnesota state biomass harvesting guidelines or the
35.22 equivalent. All cellulosic biomass from brushlands must be produced using Minnesota
35.23 brushland harvesting biomass harvest guidelines or the equivalent. Forestry-derived
35.24 cellulosic biomass that comes from land parcels greater than 160 acres must be certified
35.25 by the Forest Stewardship Council, Sustainable Forestry Initiative, or American Tree
35.26 Farm System. Uncertified land from parcels of 160 acres or less and federal land must
35.27 be harvested by a logger who has completed training for biomass harvesting from the
35.28 Minnesota logger education program or the equivalent and have a forest stewardship plan.
35.29 An eligible facility producing renewable chemicals using agricultural cellulosic biomass
35.30 is eligible for a 20 percent bonus payment for each MMbtu produced from agricultural
35.31 biomass that is derived from perennial crops or from acres where cover crops are used.

35.32 (c) An eligible producer who utilizes agricultural cellulosic biomass must submit a
35.33 responsible biomass sourcing plan to the commissioner prior to applying for payments
35.34 under this section. The plan must:

35.35 (1) provide a detailed explanation for how agricultural cellulosic biomass will be
35.36 produced and managed in a way that preserves soil quality, does not increase soil and

36.1 nutrient runoff, avoids introduction of harmful invasive species, limits negative impacts
36.2 on wildlife habitat, and reduces greenhouse gas emissions;

36.3 (2) include the producer's approach to verifying that biomass suppliers are following
36.4 the plan;

36.5 (3) discuss how new technologies and practices that are not yet commercially viable
36.6 may be encouraged and adopted during the life of the facility, and how the producer will
36.7 encourage continuous improvement during the life of the project; and

36.8 (4) include specific numeric goals and timelines for making progress.

36.9 (d) An eligible producer who utilizes agricultural cellulosic biomass and receives
36.10 payments under this section shall submit an annual report on the producer's responsible
36.11 biomass sourcing plan to the commissioner by January 15 each year. The report must
36.12 include data on progress made by the producer in meeting specific goals laid out in the
36.13 plan. The commissioner shall make the report publicly available. The commissioner
36.14 shall perform an annual review of submitted reports and is authorized to make a
36.15 determination that the producer is not following the plan based on the reports submitted.
36.16 The commissioner may take appropriate steps, including reducing or ceasing payments
36.17 until the producer is in compliance with the plan.

36.18 (e) No payments shall be made for renewable chemical production that occurs after
36.19 June 30, 2035, for those eligible renewable chemical producers under paragraph (b). An
36.20 eligible producer of renewable chemicals shall not transfer the producer's eligibility for
36.21 payments under this section to a renewable chemical facility at a different location.

36.22 (f) Total payments under this section to an eligible renewable chemical producer in
36.23 a fiscal year may not exceed the amount necessary for 99,999,999 pounds of renewable
36.24 chemical production. Total payments under this section to all eligible renewable chemical
36.25 producers in a fiscal year may not exceed the amount necessary for 599,999,999 pounds of
36.26 renewable chemical production.

36.27 (g) By the last day of October, January, April, and July, each eligible renewable
36.28 chemical producer shall file a claim for payment for renewable chemical production
36.29 during the preceding three calendar months. An eligible renewable chemical producer
36.30 that files a claim under this paragraph shall include a statement of the eligible producer's
36.31 total renewable chemical production in Minnesota during the quarter covered by the
36.32 claim. For each claim and statement of total renewable chemical production filed under
36.33 this paragraph, the volume of renewable chemical production must be examined by an
36.34 independent certified public accountant firm licensed under chapter 326A, in accordance
36.35 with Statements on Standards for Attestation Engagements established by the American
36.36 Institute of Certified Public Accountants.

37.1 (h) Payments must be made November 15, February 15, May 15, and August 15.

37.2 A separate payment must be made for each claim filed.

37.3 (i) Any producer that ceases production for any reason is ineligible to receive
37.4 payments under the program until they begin producing again.

37.5 (j) Advanced biofuel production for which payment has been received under section
37.6 41A.14, and biomass thermal production for which payment has been received under
37.7 section 41A.16, is not eligible for payment under this section.

37.8 **Sec. 51. [41A.16] BIOMASS THERMAL PRODUCTION INCENTIVE.**

37.9 (a) A facility eligible for payment under this program must source at least 80 percent
37.10 raw materials from Minnesota. If a facility is sited 50 miles or less from the state border,
37.11 raw materials may be sourced from within a 100-mile radius. Raw materials must be from
37.12 agricultural or forestry sources. The production facility must be located in Minnesota and
37.13 must not begin before July 1, 2015. Eligible facilities include existing companies and
37.14 facilities that are adding production capacity, or retrofitting existing capacity, as well as
37.15 new companies and facilities. Biomass thermal production facilities must produce at least
37.16 1,000 MMbtu per year to be eligible for the program.

37.17 (b) The commissioner shall make payments to eligible producers of biomass thermal
37.18 located in the state that have begun production at a specific location by June 30, 2025.
37.19 For the purpose of this subdivision, an entity that holds a controlling interest in more than
37.20 one biomass thermal production facility is considered a single eligible producer. The
37.21 amount of the payment for each producer's annual production is \$5.00 per MMbtu of
37.22 biomass thermal production produced at a specific location for ten years after the start of
37.23 production. All forestry-derived cellulosic biomass must be produced using Minnesota
37.24 state biomass harvesting guidelines or the equivalent. All biomass from brushland must
37.25 be produced using Minnesota brushland harvesting biomass guidelines or the equivalent.
37.26 Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres
37.27 must be certified by the Forest Stewardship Council, the Sustainable Forestry Initiative, or
37.28 American Tree Farm System. Uncertified land from parcels of 160 acres or less and federal
37.29 land must be harvested by a logger who has completed training for biomass harvesting from
37.30 the Minnesota logger education program or the equivalent and have a forest stewardship
37.31 plan. An eligible facility producing biomass thermal using agricultural cellulosic biomass
37.32 is eligible for a 20 percent bonus payment for each MMbtu produced from agricultural
37.33 biomass that is derived from perennial crops or from acres where cover crops are used.

38.1 (c) An eligible producer who utilizes agricultural cellulosic biomass must submit a
38.2 responsible biomass sourcing plan to the commissioner prior to applying for payments
38.3 under this section. The plan must:

38.4 (1) provide a detailed explanation for how agricultural cellulosic biomass will be
38.5 produced and managed in a way that preserves soil quality, does not increase soil and
38.6 nutrient runoff, avoids introduction of harmful invasive species, limits negative impacts
38.7 on wildlife habitat, and reduces greenhouse gas emissions;

38.8 (2) include the producer's approach to verifying that biomass suppliers are following
38.9 the plan;

38.10 (3) discuss how new technologies and practices that are not yet commercially viable
38.11 may be encouraged and adopted during the life of the facility, and how the producer will
38.12 encourage continuous improvement during the life of the project; and

38.13 (4) include specific numeric goals and timelines for making progress.

38.14 (d) An eligible producer who utilizes agricultural cellulosic biomass and receives
38.15 payments under this section shall submit an annual report on the producer's responsible
38.16 biomass sourcing plan to the commissioner by January 15 each year. The report must
38.17 include data on progress made by the producer in meeting specific goals laid out in the
38.18 plan. The commissioner shall make the report publicly available. The commissioner
38.19 shall perform an annual review of submitted reports and is authorized to make a
38.20 determination that the producer is not following the plan based on the reports submitted.
38.21 The commissioner may take appropriate steps, including reducing or ceasing payments
38.22 until the producer is in compliance with the plan.

38.23 (e) No payments shall be made for biomass thermal production that occurs after June
38.24 30, 2035, for those eligible biomass thermal producers under paragraph (b). A producer of
38.25 biomass thermal production shall not transfer the producer's eligibility for payments under
38.26 this section to a biomass thermal production facility at a different location.

38.27 (f) Total payments under this section to an eligible thermal producer in a fiscal year
38.28 may not exceed the amount necessary for 30,000 MMbtu of thermal production. Total
38.29 payments under this section to all eligible thermal producers in a fiscal year may not
38.30 exceed the amount necessary for 150,000 MMbtu of total thermal production.

38.31 (g) An eligible facility may blend a cellulosic feedstock with other fuels in the
38.32 biomass thermal production facility, but only the percentage attributable to cellulosic
38.33 material listed is eligible to receive the producer payment.

38.34 (h) By the last day of October, January, April, and July, each producer shall file a
38.35 claim for payment for biomass thermal production during the preceding three calendar
38.36 months. A producer that files a claim under this paragraph shall include a statement of

39.1 the producer's total biomass thermal production in Minnesota during the quarter covered
 39.2 by the claim. For each claim and statement of total biomass thermal production filed
 39.3 under this paragraph, the volume of biomass thermal production must be examined by an
 39.4 independent certified public accountant firm licensed under chapter 326A, in accordance
 39.5 with Statements on Standards for Attestation Engagements established by the American
 39.6 Institute of Certified Public Accountants.

39.7 (i) Payments shall be made November 15, February 15, May 15, and August 15. A
 39.8 separate payment shall be made for each claim filed.

39.9 (j) Biofuel production for which payment has been received under section 41A.14,
 39.10 and renewable chemical production for which payment has been received under section
 39.11 41A.15, is not eligible for payment under this section.

39.12 **Sec. 52. [41A.17] REPORT; INCENTIVE PROGRAMS.**

39.13 By January 15 each year, the commissioner shall report on the incentive programs
 39.14 under sections 41A.14, 41A.15, and 41A.16 to the legislative policy and finance
 39.15 committees with primary jurisdiction over environment and agriculture. The report shall
 39.16 include information on production and expenditures for incentives under the programs.

39.17 **Sec. 53. [41A.18] AGRICULTURE RESEARCH, EDUCATION, EXTENSION,**
 39.18 **AND TECHNOLOGY TRANSFER GRANT PROGRAM.**

39.19 Subdivision 1. **Duties; grants.** The agriculture research, education, extension, and
 39.20 technology transfer grant program is created. The purpose of the grant program is to
 39.21 provide investments that will most efficiently achieve long-term agricultural sustainability
 39.22 and productivity increases through improved infrastructure, vision, and accountability.
 39.23 The scope and intent of the grants, to the extent possible, shall provide for a long-term
 39.24 base funding that allows the research grantee to continue the functions of the research,
 39.25 education, and extension efforts to a practical conclusion. Priority for grants shall be
 39.26 given to human infrastructure. To be eligible for grants under this section, the dean of the
 39.27 College of Food, Agricultural and Natural Resource Sciences, in consultation with the
 39.28 dean of the College of Veterinarian Medicine, and the dean of the University of Minnesota
 39.29 Extension Service must consult with stakeholders representing general farm, forestry, and
 39.30 agricultural producer organizations. The commissioner shall provide grants for:

39.31 (1) agricultural research and technology transfer needs and recipients including, but
 39.32 not limited to, agricultural research and extension at the University of Minnesota, research
 39.33 and outreach centers, the College of Food, Agricultural and Natural Resource Sciences,
 39.34 the Minnesota Agricultural Experiment Station, University of Minnesota Extension

40.1 Service, the University of Minnesota Veterinary School, the Veterinary Diagnostic
 40.2 Laboratory, the Stakman-Borlaug Center, and the Minnesota Agriculture Fertilizer
 40.3 Research and Education Council;

40.4 (2) agriculture rapid response for plant and animal diseases and pests; and

40.5 (3) agricultural education including, but not limited to, the Minnesota Agriculture
 40.6 Education Leadership Council, farm business management, mentoring programs, graduate
 40.7 debt forgiveness, and high school programs.

40.8 Subd. 2. **Fund.** An agriculture research, education, extension, and technology
 40.9 transfer fund is created in the state treasury. The fund consists of money received in the form
 40.10 of gifts, grants, reimbursement, or appropriations from any source for any of the purposes
 40.11 provided in subdivision 1, and any interest or earnings of the fund. Money in the fund is
 40.12 appropriated to the commissioner of agriculture for the purposes under subdivision 1.

40.13 Sec. 54. Minnesota Statutes 2014, section 41B.03, subdivision 6, is amended to read:

40.14 Subd. 6. **Application fee.** The authority may impose a reasonable nonrefundable
 40.15 application fee for each application submitted for a beginning farmer loan or a
 40.16 seller-sponsored loan. The application fee is initially \$50. The authority may review the
 40.17 fee annually and make adjustments as necessary. The fee must be deposited in the state
 40.18 treasury and credited to ~~an account in the special revenue fund. Money in the account is~~
 40.19 ~~appropriated to the commissioner for administrative expenses of the beginning farmer~~
 40.20 ~~and seller-sponsored loan programs~~ the Rural Finance Authority administrative account
 40.21 established in subdivision 7.

40.22 Sec. 55. Minnesota Statutes 2014, section 41B.03, is amended by adding a subdivision
 40.23 to read:

40.24 Subd. 7. **Rural Finance Authority administrative account.** There is established
 40.25 in the special revenue fund a Rural Finance Authority administrative account. Money in
 40.26 the account, including interest, is appropriated to the commissioner for the administrative
 40.27 expenses of the loan programs administered by the Rural Finance Authority.

40.28 Sec. 56. Minnesota Statutes 2014, section 41B.04, subdivision 17, is amended to read:

40.29 Subd. 17. **Application and origination fee.** The authority may impose a reasonable
 40.30 nonrefundable application fee for each application and an origination fee for each loan
 40.31 issued under the loan restructuring program. The origination fee is 1.5 percent of the
 40.32 authority's participation interest in the loan and the application fee is \$50. The authority
 40.33 may review the fees annually and make adjustments as necessary. The fees must be

41.1 deposited in the state treasury and credited to ~~an account in the special revenue fund.~~
41.2 ~~Money in the account is appropriated to the commissioner for administrative expenses~~
41.3 ~~of the loan restructuring program~~ the Rural Finance Authority administrative account
41.4 established in section 41B.03.

41.5 Sec. 57. Minnesota Statutes 2014, section 41B.043, subdivision 3, is amended to read:

41.6 Subd. 3. **Application and origination fee.** The authority may impose a reasonable
41.7 nonrefundable application fee for each application submitted for a participation issued
41.8 under the agricultural improvement loan program. The application fee is initially \$50. The
41.9 authority may review the fees annually and make adjustments as necessary. The fees must
41.10 be deposited in the state treasury and credited to ~~an account in the special revenue fund.~~
41.11 ~~Money in this account is appropriated to the commissioner for administrative expenses of~~
41.12 ~~the agricultural improvement loan program~~ the Rural Finance Authority administrative
41.13 account established in section 41B.03.

41.14 Sec. 58. Minnesota Statutes 2014, section 41B.045, subdivision 3, is amended to read:

41.15 Subd. 3. **Specifications.** ~~No loan may be made to refinance an existing debt.~~ Each
41.16 loan participation must be secured by a mortgage on real property and such other security
41.17 as the authority may require.

41.18 Sec. 59. Minnesota Statutes 2014, section 41B.045, subdivision 4, is amended to read:

41.19 Subd. 4. **Application and origination fee.** The authority may impose a reasonable
41.20 nonrefundable application fee for each application for a loan participation and an
41.21 origination fee for each loan issued under the livestock expansion loan program. The
41.22 origination fee initially shall be set at 1.5 percent and the application fee at \$50. The
41.23 authority may review the fees annually and make adjustments as necessary. The fees must
41.24 be deposited in the state treasury and credited to ~~an account in the special revenue fund.~~
41.25 ~~Money in this account is appropriated to the commissioner for administrative expenses of~~
41.26 ~~the livestock expansion loan program~~ the Rural Finance Authority administrative account
41.27 established in section 41B.03.

41.28 Sec. 60. Minnesota Statutes 2014, section 41B.046, subdivision 5, is amended to read:

41.29 Subd. 5. **Loans.** (a) The authority may participate in a stock loan with an eligible
41.30 lender to a farmer who is eligible under subdivision 4. Participation is limited to 45
41.31 percent of the principal amount of the loan or \$40,000, whichever is less. The interest
41.32 rates and repayment terms of the authority's participation interest may differ from the

42.1 interest rates and repayment terms of the lender's retained portion of the loan, but the
 42.2 authority's interest rate must not exceed 50 percent of the lender's interest rate.

42.3 (b) No more than 95 percent of the purchase price of the stock may be financed
 42.4 under this program.

42.5 (c) Security for stock loans must be the stock purchased, a personal note executed by
 42.6 the borrower, and whatever other security is required by the eligible lender or the authority.

42.7 (d) The authority may impose a reasonable nonrefundable application fee for each
 42.8 application for a stock loan. The authority may review the fee annually and make
 42.9 adjustments as necessary. The application fee is initially \$50. Application fees received
 42.10 by the authority must be deposited in the ~~revolving loan account established in section~~
 42.11 ~~41B.06~~ Rural Finance Authority administrative account established in section 41B.03.

42.12 (e) Stock loans under this program will be made using money in the revolving
 42.13 loan account established in section 41B.06.

42.14 (f) The authority may not grant stock loans in a cumulative amount exceeding
 42.15 \$2,000,000 for the financing of stock purchases in any one cooperative.

42.16 (g) Repayments of financial assistance under this section, including principal and
 42.17 interest, must be deposited into the revolving loan account established in section 41B.06.

42.18 Sec. 61. Minnesota Statutes 2014, section 41B.047, subdivision 1, is amended to read:

42.19 Subdivision 1. **Establishment.** The authority shall establish and implement a
 42.20 disaster recovery loan program to help farmers:

42.21 (1) clean up, repair, or replace farm structures and septic and water systems, as well
 42.22 as replace seed, other crop inputs, feed, and livestock, when damaged by high winds,
 42.23 hail, tornado, or flood; ~~or~~

42.24 (2) purchase watering systems, irrigation systems, and other drought mitigation
 42.25 systems and practices when drought is the cause of the purchase; or

42.26 (3) restore farmland.

42.27 Sec. 62. Minnesota Statutes 2014, section 41B.047, subdivision 4, is amended to read:

42.28 Subd. 4. **Loans.** (a) The authority may participate in a disaster recovery loan with
 42.29 an eligible lender to a farmer who is eligible under subdivision 3. Participation is limited
 42.30 to 45 percent of the principal amount of the loan or \$50,000, whichever is less. The
 42.31 interest rates and repayment terms of the authority's participation interest may differ from
 42.32 the interest rates and repayment terms of the lender's retained portion of the loan, but the
 42.33 authority's interest rate must not exceed four percent.

43.1 (b) Standards for loan amortization shall be set by the Rural Finance Authority
43.2 not to exceed ten years.

43.3 (c) Security for the disaster recovery loans must be a personal note executed by the
43.4 borrower and whatever other security is required by the eligible lender or the authority.

43.5 (d) The authority may impose a reasonable nonrefundable application fee for a
43.6 disaster recovery loan. The authority may review the fee annually and make adjustments
43.7 as necessary. The application fee is initially \$50. Application fees received by the
43.8 authority must be deposited in the ~~revolving loan account established under section~~
43.9 41B.06 Rural Finance Authority administrative account established in section 41B.03.

43.10 (e) Disaster recovery loans under this program will be made using money in the
43.11 revolving loan account established under section 41B.06.

43.12 (f) Repayments of financial assistance under this section, including principal and
43.13 interest, must be deposited into the revolving loan account established under section
43.14 41B.06.

43.15 Sec. 63. Minnesota Statutes 2014, section 41B.048, subdivision 6, is amended to read:

43.16 Subd. 6. **Loans.** (a) The authority may disburse loans through a fiscal agent to
43.17 farmers and agricultural landowners who are eligible under subdivision 5. The total
43.18 accumulative loan principal must not exceed \$75,000 per loan.

43.19 (b) The fiscal agent may impose a loan origination fee in the amount of one percent
43.20 of the total approved loan. This fee is to be paid by the borrower to the fiscal agent at
43.21 the time of loan closing.

43.22 (c) The loan may be disbursed over a period not to exceed 12 years.

43.23 (d) A borrower may receive loans, depending on the availability of funds, for planted
43.24 areas up to 160 acres for up to:

43.25 (1) the total amount necessary for establishment of the crop;

43.26 (2) the total amount of maintenance costs, including weed control, during the first
43.27 three years; and

43.28 (3) 70 percent of the estimated value of one year's growth of the crop for years
43.29 four through 12.

43.30 (e) Security for the loan must be the crop, a personal note executed by the borrower, an
43.31 interest in the land upon which the crop is growing, and whatever other security is required
43.32 by the fiscal agent or the authority. All recording fees must be paid by the borrower.

43.33 (f) The authority may prescribe forms and establish an application process for
43.34 applicants to apply for a loan.

44.1 (g) The authority may impose a reasonable, nonrefundable application fee for each
44.2 application for a loan under this program. The application fee is initially \$50. Application
44.3 fees received by the authority must be deposited in the ~~revolving loan account established~~
44.4 ~~under section 41B.06~~ Rural Finance Authority administrative account established in
44.5 section 41B.03.

44.6 (h) Loans under the program must be made using money in the revolving loan
44.7 account established under section 41B.06.

44.8 (i) All repayments of financial assistance granted under this section, including
44.9 principal and interest, must be deposited into the revolving loan account established
44.10 under section 41B.06.

44.11 (j) The interest payable on loans made by the authority for the agroforestry loan
44.12 program must, if funded by revenue bond proceeds, be at a rate not less than the rate on the
44.13 revenue bonds, and may be established at a higher rate necessary to pay costs associated
44.14 with the issuance of the revenue bonds and a proportionate share of the cost of administering
44.15 the program. The interest payable on loans for the agroforestry loan program funded from
44.16 sources other than revenue bond proceeds must be at a rate determined by the authority.

44.17 (k) Loan principal balance outstanding plus all assessed interest must be repaid
44.18 within 120 days of harvest, but no later than 15 years from planting.

44.19 Sec. 64. Minnesota Statutes 2014, section 41B.049, subdivision 4, is amended to read:

44.20 Subd. 4. **Loans.** (a) The authority may make a direct loan or participate in a loan
44.21 with an eligible lender to a farmer who is eligible under subdivision 3. Repayment terms
44.22 of the authority's participation interest may differ from repayment terms of the lender's
44.23 retained portion of the loan. Loans made under this section must be no-interest loans.

44.24 (b) Application for a direct loan or a loan participation must be made on forms
44.25 prescribed by the authority.

44.26 (c) Standards for loan amortization shall be set by the Rural Finance Authority
44.27 not to exceed ten years.

44.28 (d) Security for the loans must be a personal note executed by the borrower and
44.29 whatever other security is required by the eligible lender or the authority.

44.30 (e) No loan proceeds may be used to refinance a debt existing prior to application.

44.31 (f) The authority may impose a reasonable nonrefundable application fee for
44.32 each application for a direct loan or a loan participation. The authority may review the
44.33 application fees annually and make adjustments as necessary. The application fee is
44.34 initially set at \$100 for a loan under subdivision 1. The fees received by the authority must

45.1 be deposited in the ~~revolving loan account established in section 41B.06~~ Rural Finance
45.2 Authority administrative account established in section 41B.03.

45.3 Sec. 65. Minnesota Statutes 2014, section 41B.055, subdivision 3, is amended to read:

45.4 Subd. 3. **Loans.** (a) The authority may participate in a livestock equipment loan
45.5 equal to 90 percent of the purchased equipment value with an eligible lender to a farmer
45.6 who is eligible under subdivision 2. Participation is limited to 45 percent of the principal
45.7 amount of the loan or \$40,000, whichever is less. The interest rates and repayment terms
45.8 of the authority's participation interest may differ from the interest rates and repayment
45.9 terms of the lender's retained portion of the loan, but the authority's interest rate must
45.10 not exceed three percent. The authority may review the interest annually and make
45.11 adjustments as necessary.

45.12 (b) Standards for loan amortization must be set by the Rural Finance Authority
45.13 and must not exceed ten years.

45.14 (c) Security for a livestock equipment loan must be a personal note executed by the
45.15 borrower and whatever other security is required by the eligible lender or the authority.

45.16 (d) Refinancing of existing debt is not an eligible purpose.

45.17 (e) The authority may impose a reasonable, nonrefundable application fee for
45.18 a livestock equipment loan. The authority may review the fee annually and make
45.19 adjustments as necessary. The initial application fee is \$50. Application fees received
45.20 by the authority must be deposited in the ~~revolving loan account established in section~~
45.21 41B.06 Rural Finance Authority administrative account established in section 41B.03.

45.22 (f) Loans under this program must be made using money in the revolving loan
45.23 account established in section 41B.06.

45.24 Sec. 66. Minnesota Statutes 2014, section 41B.056, subdivision 2, is amended to read:

45.25 Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

45.26 (b) "Intermediary" means any lending institution or other organization of a for-profit
45.27 or nonprofit nature that is in good standing with the state of Minnesota that has the
45.28 appropriate business structure and trained personnel suitable to providing efficient
45.29 disbursement of loan funds and the servicing and collection of loans.

45.30 (c) "Specialty crops" means agricultural crops, such as annuals, flowers, perennials,
45.31 and other horticultural products, that are intensively cultivated.

45.32 (d) "Eligible livestock" means ~~poultry that has been allowed access to the outside,~~
45.33 sheep, or goats beef cattle, dairy cattle, swine, poultry, goats, mules, farmed cervidae,
45.34 ratitae, bison, sheep, horses, and llamas.

46.1 Sec. 67. [41B.057] FARM OPPORTUNITY LOAN PROGRAM.

46.2 Subdivision 1. Establishment. The commissioner of agriculture shall establish a
46.3 farm opportunity loan program to provide loans that enable farmers to:

46.4 (1) add value to crops or livestock produced in Minnesota;

46.5 (2) adopt best management practices that emphasize sufficiency and self-sufficiency;

46.6 (3) reduce or improve management of agricultural inputs resulting in environmental
46.7 improvements; or

46.8 (4) increase production of on-farm energy.

46.9 Subd. 2. Loan criteria. (a) The farm opportunity loan program shall provide loans
46.10 for purchase of new or used equipment and installation of equipment for projects that
46.11 make environmental improvements and enhance farm profitability. The loan program
46.12 shall also be used to add value to crops or livestock produced in Minnesota by, but not
46.13 limited to, initiating or expanding livestock product processing; purchasing equipment to
46.14 initiate, upgrade, or modernize value-added agricultural businesses; or increasing farmers'
46.15 processing and aggregating capacity facilitating entry into farm-to-institution and other
46.16 markets. Eligible loan uses do not include expenses related to seeds, fertilizer, fuel, or
46.17 other operating expenses.

46.18 (b) The authority may impose a reasonable, nonrefundable application fee for a farm
46.19 opportunity loan. The authority may review the fee annually and make adjustments as
46.20 necessary. The initial application fee is \$50. Application fees received by the authority
46.21 must be deposited in the Rural Finance Authority administrative account established
46.22 in section 41B.03.

46.23 (c) Loans may only be made to Minnesota residents engaged in farming. Standards
46.24 for loan amortization must be set by the Rural Finance Authority and must not exceed
46.25 ten years.

46.26 (d) The borrower must show the ability to repay the loan.

46.27 (e) Refinancing of existing debt is not an eligible expense.

46.28 (f) Loans under this program must be made using money in the revolving loan
46.29 account established in section 41B.06.

46.30 Subd. 3. Loan participation. The authority may participate in a farm opportunity
46.31 loan with an eligible lender, as defined in section 41B.02, subdivision 8, to a farmer or a
46.32 group of farmers on joint projects who are eligible under subdivision 2, paragraph (c),
46.33 and who are actively engaged in farming. Participation is limited to 45 percent of the
46.34 principal amount of the loan or \$45,000 per individual, whichever is less. For loans to a
46.35 group made up of four or more individuals, participation is limited to 45 percent of the

47.1 principal amount of the loan or \$180,000, whichever is less. The interest rate on the
 47.2 loans must not exceed six percent.

47.3 Sec. 68. Minnesota Statutes 2014, section 41B.06, is amended to read:

47.4 **41B.06 RURAL FINANCE AUTHORITY REVOLVING LOAN ACCOUNT.**

47.5 There is established in the rural finance administration fund a Rural Finance
 47.6 Authority revolving loan account that is eligible to receive appropriations and the transfer
 47.7 of loan funds from other programs. All repayments of financial assistance granted from
 47.8 this account, including principal and interest, must be deposited into this account. Interest
 47.9 earned on money in the account accrues to the account, and the money in the account is
 47.10 appropriated to the commissioner of agriculture for purposes of the Rural Finance Authority
 47.11 livestock equipment, methane digester, disaster recovery, value-added agricultural
 47.12 product, agroforestry, ~~and agricultural microloan,~~ and farm opportunity loan programs,
 47.13 including costs incurred by the authority to establish and administer the programs.

47.14 Sec. 69. Minnesota Statutes 2014, section 375.30, subdivision 2, is amended to read:

47.15 Subd. 2. **Wild hemp.** A county board, by resolution, may appropriate and spend
 47.16 money as necessary to spray and otherwise eradicate wild hemp, ~~commonly known as~~
 47.17 ~~marijuana,~~ on private property within the county. The county board may authorize the
 47.18 use of county equipment, personnel and supplies and materials to spray or otherwise
 47.19 eradicate wild hemp on private property, and may pro rate the expenses involved between
 47.20 the county and owner or occupant of the property. Industrial hemp grown by a person
 47.21 licensed under chapter 18K is not wild hemp.

47.22 Sec. 70. **CORRECTIONAL FACILITY BUTCHER TRAINING PILOT**
 47.23 **PROGRAM.**

47.24 Subdivision 1. **Pilot program.** The commissioner of agriculture must coordinate a
 47.25 pilot program operated by the Northeast Regional Corrections Center to train inmates for
 47.26 careers as butchers upon release. The commissioner must facilitate program development
 47.27 and ensure that the program prepares inmates to meet applicable food safety and licensure
 47.28 requirements.

47.29 Subd. 2. **Program development.** In facilitating development of the pilot program,
 47.30 the commissioner must consult with the commissioner of employment and economic
 47.31 development and a representative of each of the following organizations:

- 47.32 (1) Northeast Regional Corrections Center; and
 47.33 (2) United Food and Commercial Workers.

48.1 Subd. 3. **Report required.** No later than February 1, 2017, the commissioner must
48.2 report on the progress and outcomes of the program to the legislative committees with
48.3 jurisdiction over agriculture, higher education, and public safety.

48.4 Subd. 4. **Expiration.** This section expires July 1, 2017.

48.5 **Sec. 71. BALANCES TRANSFERRED; ACCOUNTS ABOLISHED.**

48.6 The balances in the accounts created under Minnesota Statutes, sections 41B.03,
48.7 subdivision 6; 41B.04, subdivision 17; 41B.043, subdivision 3; and 41B.045, subdivision
48.8 4, are transferred to the Rural Finance Authority administrative account established under
48.9 Minnesota Statutes, section 41B.03, subdivision 7, and the original accounts are abolished.

48.10 The balance in the account created under Minnesota Statutes, section 17.115,
48.11 is transferred to the Rural Finance Authority revolving loan account established under
48.12 Minnesota Statutes, section 41B.06, and the original account is abolished.

48.13 **Sec. 72. LIVESTOCK INDUSTRY STUDY.**

48.14 The commissioner of agriculture must identify causes of the relative growth or
48.15 decline of poultry and livestock production in Minnesota, Iowa, North Dakota, South
48.16 Dakota, Wisconsin, and Nebraska over the last ten years. The commissioner shall include
48.17 the most recent ten years of data on the number of livestock farms for each of the states
48.18 that are compared. No later than February 1, 2016, the commissioner must report findings
48.19 by poultry and livestock sector and provide recommendations on how to strengthen and
48.20 expand Minnesota animal agriculture to the legislative committees with jurisdiction over
48.21 agriculture policy and finance.

48.22 **Sec. 73. REPEALER.**

48.23 Minnesota Statutes 2014, sections 17.115; 28A.15, subdivisions 9 and 10; and
48.24 41A.12, subdivision 4, are repealed.

48.25 **ARTICLE 3**

48.26 **ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS**

48.27 **Section 1. ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS.**

48.28 The sums shown in the columns marked "Appropriations" are appropriated to the
48.29 agencies and for the purposes specified in this article. The appropriations are from the
48.30 general fund, or another named fund, and are available for the fiscal years indicated
48.31 for each purpose. The figures "2016" and "2017" used in this article mean that the
48.32 appropriations listed under them are available for the fiscal year ending June 30, 2016, or

49.1 June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal
 49.2 year 2017. "The biennium" is fiscal years 2016 and 2017. Appropriations for the fiscal
 49.3 year ending June 30, 2015, are effective the day following final enactment.

| | <u>APPROPRIATIONS</u> | |
|--|--------------------------------------|--------------------|
| | <u>Available for the Year</u> | |
| | <u>Ending June 30</u> | |
| | <u>2016</u> | <u>2017</u> |

49.8 **Sec. 2. POLLUTION CONTROL AGENCY**

| | | | | | |
|------|--|------------------|--------------------------|------------------|--------------------------|
| 49.9 | <u>Subdivision 1. Total Appropriation</u> | <u>\$</u> | <u>94,682,000</u> | <u>\$</u> | <u>91,884,000</u> |
|------|--|------------------|--------------------------|------------------|--------------------------|

| | <u>Appropriations by Fund</u> | | |
|-------|-------------------------------|-------------------|-------------------|
| | <u>2016</u> | <u>2017</u> | |
| 49.10 | | | |
| 49.11 | | | |
| 49.12 | <u>General</u> | <u>5,495,000</u> | <u>5,477,000</u> |
| 49.13 | <u>State Government</u> | | |
| 49.14 | <u>Special Revenue</u> | <u>75,000</u> | <u>75,000</u> |
| 49.15 | <u>Environmental</u> | <u>74,130,000</u> | <u>74,548,000</u> |
| 49.16 | <u>Remediation</u> | <u>14,982,000</u> | <u>11,784,000</u> |

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

| | | | |
|-------|------------------------------|--------------------------|--------------------------|
| 49.20 | <u>Subd. 2. Water</u> | <u>26,438,000</u> | <u>26,231,000</u> |
|-------|------------------------------|--------------------------|--------------------------|

| | <u>Appropriations by Fund</u> | | |
|-------|-------------------------------|-------------------|-------------------|
| | <u>2016</u> | <u>2017</u> | |
| 49.21 | | | |
| 49.22 | | | |
| 49.23 | <u>General</u> | <u>4,207,000</u> | <u>3,777,000</u> |
| 49.24 | <u>State Government</u> | | |
| 49.25 | <u>Special Revenue</u> | <u>75,000</u> | <u>75,000</u> |
| 49.26 | <u>Environmental</u> | <u>22,156,000</u> | <u>22,379,000</u> |

49.27 \$1,959,000 the first year and \$1,959,000
 49.28 the second year are for grants to delegated
 49.29 counties to administer the county feedlot
 49.30 program under Minnesota Statutes, section
 49.31 116.0711, subdivisions 2 and 3. Money
 49.32 remaining after the first year is available for
 49.33 the second year.

49.34 \$753,000 the first year and \$765,000 the
 49.35 second year are from the environmental
 49.36 fund to address the need for continued

50.1 increased activity in the areas of new
50.2 technology review, technical assistance
50.3 for local governments, and enforcement
50.4 under Minnesota Statutes, sections 115.55
50.5 to 115.58, and to complete the requirements
50.6 of Laws 2003, chapter 128, article 1, section
50.7 165.

50.8 \$400,000 the first year and \$400,000
50.9 the second year are for the clean water
50.10 partnership program. Any unexpended
50.11 balance in the first year does not cancel but
50.12 is available in the second year. Priority shall
50.13 be given to projects preventing impairments
50.14 and degradation of lakes, rivers, streams,
50.15 and groundwater according to Minnesota
50.16 Statutes, section 114D.20, subdivision 2,
50.17 clause (4).

50.18 \$673,000 the first year and \$683,000 the
50.19 second year are from the environmental
50.20 fund for subsurface sewage treatment
50.21 system (SSTS) program administration
50.22 and community technical assistance and
50.23 education, including grants and technical
50.24 assistance to communities for water quality
50.25 protection. Of this amount, \$129,000 each
50.26 year is for assistance to counties through
50.27 grants for SSTS program administration.

50.28 A county receiving a grant from this
50.29 appropriation shall submit the results
50.30 achieved with the grant to the commissioner
50.31 as part of its annual SSTS report. Any
50.32 unexpended balance in the first year does not
50.33 cancel but is available in the second year.

51.1 \$107,000 the first year and \$109,000 the
51.2 second year are from the environmental fund
51.3 for registration of wastewater laboratories.

51.4 \$150,000 the first year from the
51.5 environmental fund is for wild rice water
51.6 quality rulemaking and implementation
51.7 provided for in this act. This is a onetime
51.8 appropriation.

51.9 \$200,000 the first year is for a grant to
51.10 the Red River Basin Commission for
51.11 development of a water quality strategic plan
51.12 for the Red River of the North, in cooperation
51.13 with the Red River Board of the International
51.14 Joint Commission. The appropriation
51.15 must be matched by equal amounts from
51.16 both North Dakota and Manitoba and a
51.17 proportionate amount from South Dakota.
51.18 This is a onetime appropriation and does
51.19 not cancel. The plan must include, but is
51.20 not limited to, consistency in water quality
51.21 goals and objectives for the Red River of the
51.22 North and pollution reduction allocations for
51.23 both point and nonpoint sources on the Red
51.24 River of the North and for individual major
51.25 watersheds tributary to the Red River of the
51.26 North. The Red River Basin Commission
51.27 must involve the interests of local, state, and
51.28 federal government, business and industry,
51.29 environmental groups, and Red River
51.30 basin landowners. The Red River Basin
51.31 Commission must report progress on the plan
51.32 to the house of representatives and senate
51.33 committees and divisions with jurisdiction
51.34 over environment policy and finance by
51.35 February 15 in 2016 and 2017 and must

52.1 submit the completed plan by December 31,
 52.2 2017.

52.3 Notwithstanding Minnesota Statutes, section
 52.4 16A.28, the appropriations encumbered on or
 52.5 before June 30, 2017, as grants or contracts
 52.6 for SSTS's, surface water and groundwater
 52.7 assessments, total maximum daily loads,
 52.8 storm water, and water quality protection in
 52.9 this subdivision are available until June 30,
 52.10 2020.

52.11 Subd. 3. Air 15,640,000 16,087,000

| | <u>Appropriations by Fund</u> | |
|-------|-------------------------------|-------------------|
| | <u>2016</u> | <u>2017</u> |
| 52.12 | | |
| 52.13 | | |
| 52.14 | <u>15,640,000</u> | <u>16,087,000</u> |

52.15 \$202,000 the first year and \$204,000 the
 52.16 second year are from the environmental fund
 52.17 for a monitoring program under Minnesota
 52.18 Statutes, section 116.454.

52.19 Up to \$150,000 the first year and \$150,000
 52.20 the second year may be transferred from the
 52.21 environmental fund to the small business
 52.22 environmental improvement loan account
 52.23 established in Minnesota Statutes, section
 52.24 116.993.

52.25 \$126,000 the first year and \$127,000 the
 52.26 second year are from the environmental fund
 52.27 for monitoring ambient air for hazardous
 52.28 pollutants in the metropolitan area.

52.29 \$214,000 the first year and \$219,000 the
 52.30 second year are from the environmental
 52.31 fund for systematic, localized monitoring
 52.32 efforts in the state that sample ambient air
 52.33 to determine whether significant localized
 52.34 differences exist. The commissioner, when
 52.35 selecting areas to monitor, shall give priority

53.1 to areas where low income, indigenous
 53.2 American Indians, and communities of
 53.3 color are disproportionately impacted by
 53.4 pollution from highway traffic, air traffic,
 53.5 and industrial sources.

53.6 \$691,000 the first year and \$693,000 the
 53.7 second year are from the environmental
 53.8 fund for emission reduction activities and
 53.9 grants to small businesses and other nonpoint
 53.10 emission reduction efforts. Any unexpended
 53.11 balance in the first year does not cancel but is
 53.12 available in the second year.

53.13 Subd. 4. Land 22,013,000 18,934,000

| 53.14 | <u>Appropriations by Fund</u> | |
|-------|-------------------------------|-------------------------------------|
| 53.15 | <u>2016</u> | <u>2017</u> |
| 53.16 | <u>Environmental</u> | <u>7,031,000</u> <u>7,150,000</u> |
| 53.17 | <u>Remediation</u> | <u>14,982,000</u> <u>11,784,000</u> |

53.18 All money for environmental response,
 53.19 compensation, and compliance in the
 53.20 remediation fund not otherwise appropriated
 53.21 is appropriated to the commissioners of the
 53.22 Pollution Control Agency and agriculture
 53.23 for purposes of Minnesota Statutes, section
 53.24 115B.20, subdivision 2, clauses (1), (2),
 53.25 (3), (6), and (7). At the beginning of each
 53.26 fiscal year, the two commissioners shall
 53.27 jointly submit an annual spending plan
 53.28 to the commissioner of management and
 53.29 budget that maximizes the utilization of
 53.30 resources and appropriately allocates the
 53.31 money between the two departments. This
 53.32 appropriation is available until June 30, 2017.

53.33 \$4,279,000 the first year and \$4,343,000 the
 53.34 second year are from the remediation fund
 53.35 for purposes of the leaking underground

54.1 storage tank program to investigate, clean up,
54.2 and prevent future releases from underground
54.3 petroleum storage tanks, and to the petroleum
54.4 remediation program for purposes of vapor
54.5 assessment and remediation. These same
54.6 annual amounts are transferred from the
54.7 petroleum tank fund to the remediation fund.
54.8 \$252,000 the first year and \$252,000 the
54.9 second year are from the remediation fund
54.10 for transfer to the commissioner of health for
54.11 private water supply monitoring and health
54.12 assessment costs in areas contaminated
54.13 by unpermitted mixed municipal solid
54.14 waste disposal facilities and drinking water
54.15 advisories and public information activities
54.16 for areas contaminated by hazardous releases.
54.17 \$743,000 the first year is transferred from the
54.18 general account in the remediation fund to
54.19 the dry cleaner environmental response and
54.20 reimbursement account in the remediation
54.21 fund for the purpose of remediating land
54.22 contaminated by a release from a dry cleaning
54.23 facility, as provided under Minnesota
54.24 Statutes, section 115B.50. The commissioner
54.25 shall prioritize expenditures from this
54.26 transfer to address contaminated sites that
54.27 pose the greatest risk to public health or
54.28 welfare or to the environment, as established
54.29 in Minnesota Statutes, section 115B.17,
54.30 subdivision 13. This is a onetime transfer.
54.31 \$868,000 the first year is from the remediation
54.32 fund for a grant to the city of Mountain Iron
54.33 for remediation of the abandoned wastewater
54.34 treatment pond of the former Nichols

55.1 Township. This is a onetime appropriation
 55.2 that is available until June 30, 2019.

55.3 Subd. 5. **Environmental Assistance and**
 55.4 **Cross-Media**

30,591,000

30,632,000

55.5 Appropriations by Fund

| 55.6 | <u>2016</u> | <u>2017</u> |
|---------------------------|-------------------|-------------------|
| 55.7 <u>Environmental</u> | <u>29,303,000</u> | <u>28,932,000</u> |
| 55.8 <u>General</u> | <u>1,288,000</u> | <u>1,700,000</u> |

55.9 \$17,250,000 the first year and \$17,250,000
 55.10 the second year are from the environmental
 55.11 fund for SCORE block grants to counties.

55.12 \$119,000 the first year and \$119,000 the
 55.13 second year are from the environmental
 55.14 fund for environmental assistance grants
 55.15 or loans under Minnesota Statutes, section
 55.16 115A.0716. Any unencumbered grant and
 55.17 loan balances in the first year do not cancel
 55.18 but are available for grants and loans in the
 55.19 second year.

55.20 \$90,000 the first year and \$90,000 the
 55.21 second year are from the environmental fund
 55.22 for duties related to harmful chemicals in
 55.23 products under Minnesota Statutes, sections
 55.24 116.9401 to 116.9407. Of this amount,
 55.25 \$57,000 each year is transferred to the
 55.26 commissioner of health.

55.27 \$400,000 the second year is to enhance
 55.28 awareness of and reduce priority chemicals
 55.29 in consumer products. Of this amount,
 55.30 \$90,000 the second year is for transfer to the
 55.31 Department of Commerce and \$90,000 the
 55.32 second year is for transfer to the Department
 55.33 of Health. This is a onetime appropriation.
 55.34 The agency base for fiscal year 2018 shall
 55.35 include \$826,000 for this purpose.

56.1 \$203,000 the first year and \$207,000 the
56.2 second year are from the environmental
56.3 fund for the costs of implementing general
56.4 operating permits for feedlots over 1,000
56.5 animal units.

56.6 \$565,000 the first year and \$569,000 the
56.7 second year are from the general fund and
56.8 \$192,000 the first year and \$192,000 the
56.9 second year are from the environmental fund
56.10 for Environmental Quality Board operations
56.11 and support.

56.12 \$500,000 the first year from the
56.13 environmental fund is a onetime
56.14 appropriation to the Environmental Quality
56.15 Board for development of a Web-based
56.16 environmental review tool.

56.17 \$50,000 the first year and \$50,000 the second
56.18 year are from the environmental fund for
56.19 transfer to the Office of Administrative
56.20 Hearings to establish sanitary districts.

56.21 \$502,000 the first year and \$503,000 the
56.22 second year are from the general fund for
56.23 the Environmental Quality Board to lead
56.24 an interagency team to provide technical
56.25 assistance regarding the mining, processing,
56.26 and transporting of silica sand.

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

56.33 Notwithstanding Minnesota Statutes, section
56.34 16A.28, the appropriations encumbered on
56.35 or before June 30, 2017, as contracts or

57.1 grants for surface water and groundwater
 57.2 assessments; environmental assistance
 57.3 awarded under Minnesota Statutes, section
 57.4 115A.0716; technical and research assistance
 57.5 under Minnesota Statutes, section 115A.152;
 57.6 technical assistance under Minnesota
 57.7 Statutes, section 115A.52; and pollution
 57.8 prevention assistance under Minnesota
 57.9 Statutes, section 115D.04, are available until
 57.10 June 30, 2019.

57.11 **Subd. 6. Remediation Fund**

57.12 The commissioner shall transfer up to
 57.13 \$42,000,000 from the environmental fund
 57.14 to the remediation fund for the purposes
 57.15 of the remediation fund under Minnesota
 57.16 Statutes, section 116.155, subdivision
 57.17 2. \$2,500,000 of the amount transferred
 57.18 under this subdivision is appropriated in
 57.19 the first year from the remediation fund to
 57.20 the commissioner for a grant to the city of
 57.21 Paynesville to add an air stripping treatment
 57.22 process to a water treatment plant for removal
 57.23 of volatile organic compounds.

57.24 **Subd. 7. Transfer**

57.25 By June 30, 2016, the commissioner of
 57.26 management and budget shall transfer
 57.27 \$33,276,000 from the closed landfill
 57.28 investment fund to the general fund.

57.29 **Sec. 3. NATURAL RESOURCES**

57.30 **Subdivision 1. Total Appropriation** **\$ 267,802,000** **\$ 262,288,000**

57.31 **Appropriations by Fund**

| | <u>2016</u> | <u>2017</u> |
|--------------------------------|--------------------|--------------------|
| 57.32 | | |
| 57.33 <u>General</u> | <u>76,484,000</u> | <u>74,994,000</u> |
| 57.34 <u>Natural Resources</u> | <u>84,786,000</u> | <u>85,236,000</u> |
| 57.35 <u>Game and Fish</u> | <u>106,232,000</u> | <u>101,758,000</u> |

| | | | |
|------|-------------------------|----------------|----------------|
| 58.1 | <u>Remediation</u> | <u>100,000</u> | <u>100,000</u> |
| 58.2 | <u>Permanent School</u> | <u>200,000</u> | <u>200,000</u> |

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

58.6 Subd. 2. Land and Mineral Resources
 58.7 Management

5,461,000

5,521,000

58.8 Appropriations by Fund

| | | | |
|-------|--------------------------|------------------|------------------|
| 58.9 | | <u>2016</u> | <u>2017</u> |
| 58.10 | <u>General</u> | <u>1,585,000</u> | <u>1,585,000</u> |
| 58.11 | <u>Natural Resources</u> | <u>3,332,000</u> | <u>3,392,000</u> |
| 58.12 | <u>Game and Fish</u> | <u>344,000</u> | <u>344,000</u> |
| 58.13 | <u>Permanent School</u> | <u>200,000</u> | <u>200,000</u> |

58.14 \$68,000 the first year and \$68,000 the
 58.15 second year are for minerals cooperative
 58.16 environmental research, of which \$34,000
 58.17 the first year and \$34,000 the second year are
 58.18 available only as matched by \$1 of nonstate
 58.19 money for each \$1 of state money. The
 58.20 match may be cash or in-kind.

58.21 \$251,000 the first year and \$251,000 the
 58.22 second year are for iron ore cooperative
 58.23 research. Of this amount, \$200,000 each year
 58.24 is from the minerals management account
 58.25 in the natural resources fund. \$175,000 the
 58.26 first year and \$175,000 the second year are
 58.27 available only as matched by \$1 of nonstate
 58.28 money for each \$1 of state money. The match
 58.29 may be cash or in-kind. Any unencumbered
 58.30 balance from the first year does not cancel
 58.31 and is available in the second year.

58.32 \$2,755,000 the first year and \$2,815,000
 58.33 the second year are from the minerals
 58.34 management account in the natural resources
 58.35 fund for use as provided in Minnesota
 58.36 Statutes, section 93.2236, paragraph (c),

59.1 for mineral resource management, projects
 59.2 to enhance future mineral income, and
 59.3 projects to promote new mineral resource
 59.4 opportunities.

59.5 \$200,000 the first year and \$200,000 the
 59.6 second year are from the state forest suspense
 59.7 account in the permanent school fund to
 59.8 accelerate land exchanges, land sales, and
 59.9 commercial leasing of school trust lands and
 59.10 to identify, evaluate, and lease construction
 59.11 aggregate located on school trust lands. This
 59.12 appropriation is to be used for securing
 59.13 long-term economic return from the
 59.14 school trust lands consistent with fiduciary
 59.15 responsibilities and sound natural resources
 59.16 conservation and management principles.

59.17 Prior to June 30, 2015, the commissioner
 59.18 shall offer to renegotiate mineral royalty
 59.19 rates under Minnesota Statutes, section
 59.20 93.20. In renegotiating the royalty rates, the
 59.21 commissioner shall consider the long-term
 59.22 effect of the royalty rates on the beneficiary
 59.23 funds, including the effect of the royalty
 59.24 rates on the long-term health of the mining
 59.25 industry in Minnesota. This paragraph is
 59.26 effective the day following final enactment.

59.27 Subd. 3. **Ecological and Water Resources** 32,768,000 32,506,000

| | <u>Appropriations by Fund</u> | |
|-------|-------------------------------|-------------------|
| | <u>2016</u> | <u>2017</u> |
| 59.28 | | |
| 59.29 | | |
| 59.30 | <u>17,491,000</u> | <u>17,046,000</u> |
| 59.31 | <u>10,487,000</u> | <u>10,546,000</u> |
| 59.32 | <u>4,790,000</u> | <u>4,914,000</u> |

59.33 \$3,242,000 the first year and \$3,242,000 the
 59.34 second year are from the invasive species
 59.35 account in the natural resources fund and
 59.36 \$3,206,000 the first year and \$3,206,000 the

60.1 second year are from the general fund for
60.2 management, public awareness, assessment
60.3 and monitoring research, and water access
60.4 inspection to prevent the spread of invasive
60.5 species; management of invasive plants in
60.6 public waters; and management of terrestrial
60.7 invasive species on state-administered lands.

60.8 \$5,000,000 the first year and \$5,000,000 the
60.9 second year are from the water management
60.10 account in the natural resources fund for only
60.11 the purposes specified in Minnesota Statutes,
60.12 section 103G.27, subdivision 2.

60.13 \$124,000 the first year and \$124,000 the
60.14 second year are for a grant to the Mississippi
60.15 Headwaters Board for up to 50 percent of
60.16 the cost of implementing the comprehensive
60.17 plan for the upper Mississippi within areas
60.18 under the board's jurisdiction.

60.19 \$10,000 the first year and \$10,000 the second
60.20 year are for payment to the Leech Lake Band
60.21 of Chippewa Indians to implement the band's
60.22 portion of the comprehensive plan for the
60.23 upper Mississippi.

60.24 \$264,000 the first year and \$264,000 the
60.25 second year are for grants for up to 50
60.26 percent of the cost of implementation of the
60.27 Red River mediation agreement.

60.28 \$2,393,000 the first year and \$2,393,000
60.29 the second year are from the heritage
60.30 enhancement account in the game and
60.31 fish fund for only the purposes specified
60.32 in Minnesota Statutes, section 297A.94,
60.33 paragraph (e), clause (1).

60.34 \$950,000 the first year and \$950,000 the
60.35 second year are from the nongame wildlife

61.1 management account in the natural resources
61.2 fund for the purpose of nongame wildlife
61.3 management. Notwithstanding Minnesota
61.4 Statutes, section 290.431, \$100,000 the first
61.5 year and \$100,000 the second year may
61.6 be used for nongame wildlife information,
61.7 education, and promotion.

61.8 \$6,000,000 the first year and \$6,000,000 the
61.9 second year are from the general fund for the
61.10 following activities:

61.11 (1) financial reimbursement and technical
61.12 support to soil and water conservation
61.13 districts or other local units of government
61.14 for groundwater level monitoring;

61.15 (2) surface water monitoring and analysis,
61.16 including installation of monitoring gauges;

61.17 (3) groundwater analysis to assist with water
61.18 appropriation permitting decisions;

61.19 (4) permit application review incorporating
61.20 surface water and groundwater technical
61.21 analysis;

61.22 (5) precipitation data and analysis to improve
61.23 the use of irrigation;

61.24 (6) information technology, including
61.25 electronic permitting and integrated data
61.26 systems; and

61.27 (7) compliance and monitoring.

61.28 \$150,000 is for the commissioner of
61.29 natural resources, in cooperation with the
61.30 commissioners of the Pollution Control
61.31 Agency and health, the Public Facilities
61.32 Authority, and local units of government to
61.33 conduct a study and report to the legislature
61.34 on:

62.1 (1) the feasibility of constructing
 62.2 a wastewater treatment facility for
 62.3 communities surrounding White Bear Lake
 62.4 that will provide treated wastewater to be
 62.5 used to augment water levels in White Bear
 62.6 Lake; and

62.7 (2) design and construction of an
 62.8 augmentation supply from Sucker Lake
 62.9 to White Bear Lake. The commissioner
 62.10 shall submit the report to the chairs and
 62.11 ranking minority members of the legislative
 62.12 committees and divisions with jurisdiction
 62.13 over environment and natural resources
 62.14 policy and finance no later than January 15,
 62.15 2016.

62.16 \$400,000 the first year is for grants to assist
 62.17 in the construction of flood protection rural
 62.18 and farmstead ring levees in the Red River
 62.19 watershed. Grants may not exceed 50 percent
 62.20 of the cost of the projects. This is a onetime
 62.21 appropriation and is available until June 30,
 62.22 2019.

62.23 Subd. 4. **Forest Management** 40,456,000 39,860,000

| | <u>Appropriations by Fund</u> | |
|--------------------------------|-------------------------------|-------------------|
| | <u>2016</u> | <u>2017</u> |
| 62.26 <u>General</u> | <u>28,046,000</u> | <u>27,450,000</u> |
| 62.27 <u>Natural Resources</u> | <u>11,123,000</u> | <u>11,123,000</u> |
| 62.28 <u>Game and Fish</u> | <u>1,287,000</u> | <u>1,287,000</u> |

62.29 \$7,145,000 the first year and \$7,145,000
 62.30 the second year are for prevention,
 62.31 presuppression, and suppression costs of
 62.32 emergency firefighting and other costs
 62.33 incurred under Minnesota Statutes, section
 62.34 88.12. The amount necessary to pay for
 62.35 presuppression and suppression costs during

63.1 the biennium is appropriated from the general
63.2 fund.

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

63.17 \$11,123,000 the first year and \$11,123,000
63.18 the second year are from the forest
63.19 management investment account in the
63.20 natural resources fund for only the purposes
63.21 specified in Minnesota Statutes, section
63.22 89.039, subdivision 2.

63.23 \$1,287,000 the first year and \$1,287,000
63.24 the second year are from the heritage
63.25 enhancement account in the game and fish
63.26 fund to advance ecological classification
63.27 systems (ECS) scientific management tools
63.28 for forest and invasive species management.

63.29 This appropriation is from revenue deposited
63.30 in the game and fish fund under Minnesota
63.31 Statutes, section 297A.94, paragraph (e),
63.32 clause (1).

63.33 \$880,000 the first year and \$880,000 the
63.34 second year are for the Forest Resources

64.1 Council for implementation of the
 64.2 Sustainable Forest Resources Act.
 64.3 \$1,000,000 the first year is for a pilot
 64.4 program to increase forest road maintenance.
 64.5 The commissioner shall use the money to
 64.6 perform needed maintenance on forest roads
 64.7 in conjunction with timber sales. Optional
 64.8 forest road maintenance contracts may be
 64.9 offered to successful purchasers of state
 64.10 timber sales at the commissioner's discretion.
 64.11 This is a onetime appropriation.

64.12 \$250,000 the first year and \$250,000 the
 64.13 second year are for the FORIST system.

64.14 The commissioner shall contract with a
 64.15 telecommunication provider to place a cell
 64.16 phone transmitter on the ranger tower on
 64.17 Side Lake in St. Louis County.

64.18 The general fund base budget for forest
 64.19 management in fiscal year 2018 and
 64.20 thereafter is \$27,450,000.

64.21 Subd. 5. **Parks and Trails Management** 73,414,000 73,800,000

| | | |
|-------|-------------------------------|-------------------------------------|
| 64.22 | <u>Appropriations by Fund</u> | |
| 64.23 | <u>2016</u> | <u>2017</u> |
| 64.24 | <u>General</u> | <u>23,627,000</u> <u>23,777,000</u> |
| 64.25 | <u>Natural Resources</u> | <u>47,521,000</u> <u>47,750,000</u> |
| 64.26 | <u>Game and Fish</u> | <u>2,266,000</u> <u>2,273,000</u> |

64.27 \$1,075,000 the first year and \$1,075,000 the
 64.28 second year are from the water recreation
 64.29 account in the natural resources fund for
 64.30 enhancing public water access facilities.

64.31 \$5,740,000 the first year and \$5,740,000 the
 64.32 second year are from the natural resources
 64.33 fund for state trail, park, and recreation area
 64.34 operations. This appropriation is from the
 64.35 revenue deposited in the natural resources

65.1 fund under Minnesota Statutes, section
65.2 297A.94, paragraph (e), clause (2).

65.3 \$1,005,000 the first year and \$1,005,000 the
65.4 second year are from the natural resources
65.5 fund for park and trail grants to local units of
65.6 government on land to be maintained for at
65.7 least 20 years for the purposes of the grants.

65.8 This appropriation is from the revenue
65.9 deposited in the natural resources fund
65.10 under Minnesota Statutes, section 297A.94,
65.11 paragraph (e), clause (4). Any unencumbered
65.12 balance does not cancel at the end of the first
65.13 year and is available for the second year.

65.14 \$8,424,000 the first year and \$8,424,000
65.15 the second year are from the snowmobile
65.16 trails and enforcement account in the
65.17 natural resources fund for the snowmobile
65.18 grants-in-aid program. Any unencumbered
65.19 balance does not cancel at the end of the first
65.20 year and is available for the second year.

65.21 \$1,460,000 the first year and \$1,460,000 the
65.22 second year are from the natural resources
65.23 fund for the off-highway vehicle grants-in-aid
65.24 program. Of this amount, \$1,210,000 each
65.25 year is from the all-terrain vehicle account;
65.26 \$150,000 each year is from the off-highway
65.27 motorcycle account; and \$100,000 each year
65.28 is from the off-road vehicle account. Any
65.29 unencumbered balance does not cancel at the
65.30 end of the first year and is available for the
65.31 second year.

65.32 \$968,000 the first year and \$968,000 the
65.33 second year are from the off-road vehicle
65.34 account in the natural resources fund. Of
65.35 this amount, \$568,000 each year is for parks

66.1 and trails management for off-road vehicle
66.2 purposes; \$325,000 is for the off-road
66.3 vehicle grant-in-aid program; and \$75,000
66.4 is for a new full-time employee position or
66.5 contract in northern Minnesota to work in
66.6 conjunction with the Minnesota Four-Wheel
66.7 Drive Association to address off-road vehicle
66.8 touring routes and other issues related to
66.9 off-road vehicle activities. This is a onetime
66.10 appropriation.

66.11 \$75,000 the first year and \$75,000 the second
66.12 year are from the cross-country ski account
66.13 in the natural resources fund for grooming
66.14 and maintaining cross-country ski trails in
66.15 state parks, trails, and recreation areas.

66.16 \$250,000 the first year and \$250,000 the
66.17 second year are from the state land and
66.18 water conservation account (LAWCON)
66.19 in the natural resources fund for priorities
66.20 established by the commissioner for eligible
66.21 state projects and administrative and
66.22 planning activities consistent with Minnesota
66.23 Statutes, section 84.0264, and the federal
66.24 Land and Water Conservation Fund Act.

66.25 Any unencumbered balance does not cancel
66.26 at the end of the first year and is available for
66.27 the second year.

66.28 \$65,000 the first year is from the water
66.29 recreation account in the natural resources
66.30 fund to cooperate with local units of
66.31 government in marking routes and
66.32 designating river accesses and campsites
66.33 under Minnesota Statutes, section 85.32.

66.34 This is a onetime appropriation and is
66.35 available until June 30, 2019.

67.1 \$190,000 from the natural resources fund the
 67.2 first year is for a grant to the city of Virginia
 67.3 for the additional cost of supporting a trail
 67.4 due to the rerouting of U.S. Highway No.
 67.5 53. This is a onetime appropriation and is
 67.6 available until June 30, 2019.

67.7 \$50,000 the first year is for development of
 67.8 a master plan for the Mississippi Blufflands
 67.9 Trail, including work on possible extensions
 67.10 or connections to other state or regional
 67.11 trails. This is a onetime appropriation that is
 67.12 available until June 30, 2017.

67.13 \$61,000 from the natural resources fund the
 67.14 first year is for a grant to the city of East
 67.15 Grand Forks for payment under a reciprocity
 67.16 agreement for the Red River State Recreation
 67.17 Area.

67.18 Subd. 6. **Fish and Wildlife Management** 75,320,000 71,003,000

| | <u>Appropriations by Fund</u> | |
|--------------------------------|-------------------------------|-------------------|
| | <u>2016</u> | <u>2017</u> |
| 67.21 <u>Natural Resources</u> | <u>1,908,000</u> | <u>1,912,000</u> |
| 67.22 <u>Game and Fish</u> | <u>73,412,000</u> | <u>69,091,000</u> |

67.23 \$8,167,000 the first year and \$8,167,000
 67.24 the second year are from the heritage
 67.25 enhancement account in the game and fish
 67.26 fund only for activities specified in Minnesota
 67.27 Statutes, section 297A.94, paragraph (e),
 67.28 clause (1). Notwithstanding Minnesota
 67.29 Statutes, section 297A.94, five percent of
 67.30 this appropriation may be used for expanding
 67.31 hunter and angler recruitment and retention.

67.32 \$5,000,000 the first year from the game
 67.33 and fish fund is for trap, skeet, and archery
 67.34 shooting sports facility grants under
 67.35 Minnesota Statutes, section 87A.10. This is

68.1 a onetime appropriation and is available until
 68.2 June 30, 2018.

68.3 Notwithstanding Minnesota Statutes, section
 68.4 84.943, \$13,000 the first year and \$13,000
 68.5 the second year from the critical habitat
 68.6 private sector matching account may be used
 68.7 to publicize the critical habitat license plate
 68.8 match program.

68.9 Subd. 7. Enforcement 39,313,000 38,528,000

68.10 Appropriations by Fund

| | <u>2016</u> | <u>2017</u> |
|--------------------------------|-------------------|-------------------|
| 68.11 <u>General</u> | <u>4,985,000</u> | <u>4,386,000</u> |
| 68.12 <u>Natural Resources</u> | <u>10,095,000</u> | <u>10,193,000</u> |
| 68.13 <u>Game and Fish</u> | <u>24,133,000</u> | <u>23,849,000</u> |
| 68.14 <u>Remediation</u> | <u>100,000</u> | <u>100,000</u> |

68.16 \$870,000 the first year and \$130,000 the
 68.17 second year from the general fund and
 68.18 \$1,330,000 the first year and \$220,000 the
 68.19 second year from the game and fish fund are
 68.20 for aviation services. This appropriation is
 68.21 onetime.

68.22 \$1,718,000 the first year and \$1,718,000 the
 68.23 second year are from the general fund for
 68.24 enforcement efforts to prevent the spread of
 68.25 aquatic invasive species.

68.26 \$1,520,000 the first year and \$1,563,000
 68.27 the second year are from the heritage
 68.28 enhancement account in the game and
 68.29 fish fund for only the purposes specified
 68.30 in Minnesota Statutes, section 297A.94,
 68.31 paragraph (e), clause (1). The base for these
 68.32 purposes in fiscal year 2018 and thereafter is
 68.33 \$1,590,000.

68.34 \$1,082,000 the first year and \$1,082,000 the
 68.35 second year are from the water recreation

69.1 account in the natural resources fund for
69.2 grants to counties for boat and water safety.
69.3 Any unencumbered balance does not cancel
69.4 at the end of the first year and is available for
69.5 the second year.

69.6 \$315,000 the first year and \$315,000 the
69.7 second year are from the snowmobile
69.8 trails and enforcement account in the
69.9 natural resources fund for grants to local
69.10 law enforcement agencies for snowmobile
69.11 enforcement activities. Any unencumbered
69.12 balance does not cancel at the end of the first
69.13 year and is available for the second year.

69.14 \$250,000 the first year and \$250,000
69.15 the second year are from the all-terrain
69.16 vehicle account for grants to qualifying
69.17 organizations to assist in safety and
69.18 environmental education and monitoring
69.19 trails on public lands under Minnesota
69.20 Statutes, section 84.9011. Grants issued
69.21 under this paragraph must be issued through
69.22 a formal agreement with the organization.
69.23 By December 15 each year, an organization
69.24 receiving a grant under this paragraph shall
69.25 report to the commissioner with details on
69.26 expenditures and outcomes from the grant.
69.27 Of this appropriation, \$25,000 each year
69.28 is for administration of these grants. Any
69.29 unencumbered balance does not cancel at the
69.30 end of the first year and is available for the
69.31 second year.

69.32 \$510,000 the first year and \$510,000
69.33 the second year are from the natural
69.34 resources fund for grants to county law
69.35 enforcement agencies for off-highway

70.1 vehicle enforcement and public education
 70.2 activities based on off-highway vehicle use
 70.3 in the county. Of this amount, \$498,000 each
 70.4 year is from the all-terrain vehicle account;
 70.5 \$11,000 each year is from the off-highway
 70.6 motorcycle account; and \$1,000 each year
 70.7 is from the off-road vehicle account. The
 70.8 county enforcement agencies may use
 70.9 money received under this appropriation
 70.10 to make grants to other local enforcement
 70.11 agencies within the county that have a high
 70.12 concentration of off-highway vehicle use.
 70.13 Of this appropriation, \$25,000 each year
 70.14 is for administration of these grants. Any
 70.15 unencumbered balance does not cancel at the
 70.16 end of the first year and is available for the
 70.17 second year.

70.18 Subd. 8. **Operations Support** 1,070,000 1,070,000

| | <u>Appropriations by Fund</u> | |
|-------|-------------------------------|----------------|
| | <u>2016</u> | <u>2017</u> |
| 70.19 | | |
| 70.20 | | |
| 70.21 | <u>750,000</u> | <u>750,000</u> |
| 70.22 | <u>320,000</u> | <u>320,000</u> |

70.23 \$320,000 the first year and \$320,000 the
 70.24 second year are from the natural resources
 70.25 fund for grants to be divided equally between
 70.26 the city of St. Paul for the Como Park Zoo
 70.27 and Conservatory and the city of Duluth
 70.28 for the Duluth Zoo. This appropriation
 70.29 is from the revenue deposited to the fund
 70.30 under Minnesota Statutes, section 297A.94,
 70.31 paragraph (e), clause (5).
 70.32 \$500,000 each year is for legal costs related
 70.33 to water management. This is a onetime
 70.34 appropriation and is available until June 30,
 70.35 2018.

71.1 Money appropriated in this section may not
 71.2 be spent on a new contract for a call center
 71.3 that is located outside the state of Minnesota.

71.4 **Sec. 4. BOARD OF WATER AND SOIL**
 71.5 **RESOURCES**

\$ 13,959,000 \$ 13,133,000

71.6 \$3,423,000 the first year and \$3,423,000 the
 71.7 second year are for natural resources block
 71.8 grants to local governments. Grants must be
 71.9 matched with a combination of local cash or
 71.10 in-kind contributions. The base grant portion
 71.11 related to water planning must be matched
 71.12 by an amount as specified by Minnesota
 71.13 Statutes, section 103B.3369. The board may
 71.14 reduce the amount of the natural resources
 71.15 block grant to a county by an amount equal to
 71.16 any reduction in the county's general services
 71.17 allocation to a soil and water conservation
 71.18 district from the county's previous year
 71.19 allocation when the board determines that
 71.20 the reduction was disproportionate.

71.21 \$3,116,000 the first year and \$3,116,000 the
 71.22 second year are for grants to soil and water
 71.23 conservation districts for general purposes,
 71.24 nonpoint engineering, and implementation of
 71.25 the reinvest in Minnesota reserve program.
 71.26 Expenditures may be made from these
 71.27 appropriations for supplies and services
 71.28 benefiting soil and water conservation
 71.29 districts. Any district receiving a grant under
 71.30 this paragraph shall maintain a Web page that
 71.31 publishes, at a minimum, its annual report,
 71.32 annual audit, annual budget, and meeting
 71.33 notices.

72.1 \$1,560,000 the first year and \$1,560,000 the
72.2 second year are for the following cost-share
72.3 programs:

72.4 (1) \$260,000 each year is for feedlot water
72.5 quality grants for feedlots under 300 animal
72.6 units and nutrient and manure management
72.7 projects in watersheds where there are
72.8 impaired waters;

72.9 (2) \$1,200,000 each year is for soil and
72.10 water conservation district cost-sharing
72.11 contracts for perennially vegetated riparian
72.12 buffers, erosion control, water retention
72.13 and treatment, and other high-priority
72.14 conservation practices; and

72.15 (3) \$100,000 each year is for county
72.16 cooperative weed management programs and
72.17 to restore native plants in selected invasive
72.18 species management sites by providing local
72.19 native seeds and plants to landowners for
72.20 implementation.

72.21 \$800,000 the first year and \$750,000
72.22 the second year are for implementation,
72.23 enforcement, and oversight of the Wetland
72.24 Conservation Act.

72.25 \$166,000 the first year and \$166,000
72.26 the second year are to provide technical
72.27 assistance to local drainage management
72.28 officials and for the costs of the Drainage
72.29 Work Group.

72.30 \$100,000 the first year and \$100,000
72.31 the second year are for a grant to the
72.32 Red River Basin Commission for water
72.33 quality and floodplain management,
72.34 including administration of programs. This
72.35 appropriation must be matched by nonstate

73.1 funds. If the appropriation in either year is
 73.2 insufficient, the appropriation in the other
 73.3 year is available for it.

73.4 \$120,000 the first year and \$120,000
 73.5 the second year are for grants to Area
 73.6 II Minnesota River Basin Projects for
 73.7 floodplain management.

73.8 Notwithstanding Minnesota Statutes, section
 73.9 103C.501, the board may shift cost-share
 73.10 funds in this section and may adjust the
 73.11 technical and administrative assistance
 73.12 portion of the grant funds to leverage
 73.13 federal or other nonstate funds or to address
 73.14 high-priority needs identified in local water
 73.15 management plans or comprehensive water
 73.16 management plans.

73.17 \$750,000 the first year is for purposes of
 73.18 Minnesota Statutes, section 103F.519. This
 73.19 appropriation is onetime and is available
 73.20 until June 30, 2017.

73.21 The appropriations for grants in this section
 73.22 are available until June 30, 2019. If an
 73.23 appropriation for grants in either year is
 73.24 insufficient, the appropriation in the other
 73.25 year is available for it.

73.26 Sec. 5. **METROPOLITAN COUNCIL** **\$** **8,540,000** **\$** **8,540,000**

| | | | |
|-------|-------------------------------|------------------|------------------|
| 73.27 | <u>Appropriations by Fund</u> | | |
| 73.28 | | <u>2016</u> | <u>2017</u> |
| 73.29 | <u>General</u> | <u>2,870,000</u> | <u>2,870,000</u> |
| 73.30 | <u>Natural Resources</u> | <u>5,670,000</u> | <u>5,670,000</u> |

73.31 \$2,870,000 the first year and \$2,870,000 the
 73.32 second year are for metropolitan area regional
 73.33 parks operation and maintenance according
 73.34 to Minnesota Statutes, section 473.351.

74.1 \$5,670,000 the first year and \$5,670,000 the
 74.2 second year are from the natural resources
 74.3 fund for metropolitan area regional parks
 74.4 and trails maintenance and operations. This
 74.5 appropriation is from the revenue deposited
 74.6 in the natural resources fund under Minnesota
 74.7 Statutes, section 297A.94, paragraph (e),
 74.8 clause (3).

74.9 **Sec. 6. CONSERVATION CORPS**
 74.10 **MINNESOTA**

\$ **945,000 \$ **945,000****

74.11 Appropriations by Fund

| 74.12 | <u>2016</u> | <u>2017</u> |
|--------------------------------|----------------|----------------|
| 74.13 <u>General</u> | <u>455,000</u> | <u>455,000</u> |
| 74.14 <u>Natural Resources</u> | <u>490,000</u> | <u>490,000</u> |

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

74.20 **Sec. 7. ZOOLOGICAL BOARD**

\$ **8,410,000 \$ **8,410,000****

74.21 Appropriations by Fund

| 74.22 | <u>2016</u> | <u>2017</u> |
|--------------------------------|------------------|------------------|
| 74.23 <u>General</u> | <u>8,250,000</u> | <u>8,250,000</u> |
| 74.24 <u>Natural Resources</u> | <u>160,000</u> | <u>160,000</u> |

74.25 \$160,000 the first year and \$160,000 the
 74.26 second year are from the natural resources
 74.27 fund from the revenue deposited under
 74.28 Minnesota Statutes, section 297A.94,
 74.29 paragraph (e), clause (5).

74.30 **Sec. 8. SCIENCE MUSEUM**

\$ **1,079,000 \$ **1,079,000****

74.31 **Sec. 9. REPAYMENT; TRANSFER**

74.32 The commissioner of management and
 74.33 budget shall transfer \$14,000,000 in fiscal

75.1 year 2018 and \$14,000,000 in fiscal year
 75.2 2019 from the general fund to the closed
 75.3 landfill investment fund created in Minnesota
 75.4 Statutes, section 115B.421.

75.5 **ARTICLE 4**

75.6 **ENVIRONMENT AND NATURAL RESOURCES STATUTORY CHANGES**

75.7 Section 1. Minnesota Statutes 2014, section 13.7411, subdivision 8, is amended to read:

75.8 Subd. 8. **Pollution Control Agency.** (a) Hazardous waste generators.
 75.9 Information provided by hazardous waste generators under section 473.151 and for which
 75.10 confidentiality is claimed is governed by section 116.075, subdivision 2.

75.11 (b) Priority chemicals. Trade secret information and other information submitted
 75.12 to the Pollution Control Agency related to priority chemicals in children's products are
 75.13 governed by section 116.9408.

75.14 **EFFECTIVE DATE.** This section is effective July 1, 2016.

75.15 Sec. 2. Minnesota Statutes 2014, section 84.415, subdivision 7, is amended to read:

75.16 Subd. 7. ~~Existing road right-of-way;~~ **Application fee exemption.** (a) A utility
 75.17 license for crossing public lands or public waters is exempt from all application fees
 75.18 specified in this section and in rules adopted under this section ~~when the utility crossing is~~
 75.19 ~~on an existing right-of-way of a public road.~~

75.20 (b) This subdivision does not apply to electric power lines, cables, or conduits 100
 75.21 kilovolts or greater or to main pipelines for gas, liquids, or solids in suspension.

75.22 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2014.

75.23 Sec. 3. **[84.69] NATURAL RESOURCES CONSERVATION EASEMENT**
 75.24 **STEWARDSHIP ACCOUNT.**

75.25 Subdivision 1. Account established; sources. The natural resources conservation
 75.26 easement stewardship account is created in the special revenue fund. The account consists
 75.27 of money credited to the account and interest and other earnings on money in the account.
 75.28 The State Board of Investment must manage the account to maximize long-term gain. The
 75.29 following revenue must be deposited in the natural resources conservation easement
 75.30 stewardship account:

75.31 (1) contributions to the account or specified for any purpose of the account;

76.1 (2) contributions under subdivision 3; section 84.66, subdivision 11; or other
 76.2 applicable law;

76.3 (3) money appropriated for any of the purposes described in subdivision 2;

76.4 (4) money appropriated for monitoring and enforcement of easements and earnings
 76.5 on the money appropriated that revert to the state under section 97A.056, subdivision
 76.6 17, or other applicable law; and

76.7 (5) gifts under section 84.085 for conservation easement stewardship.

76.8 Subd. 2. **Appropriation; purposes of account.** Five percent of the balance on
 76.9 July 1 of each year in the natural resources conservation easement stewardship account
 76.10 is annually appropriated to the commissioner of natural resources and may be spent
 76.11 only to cover the costs of managing conservation easements held by the Department
 76.12 of Natural Resources, including costs associated with monitoring, landowner contacts,
 76.13 records storage and management, processing landowner notices, requests for approval
 76.14 or amendments, enforcement, and legal services associated with conservation easement
 76.15 management activities.

76.16 Subd. 3. **Financial contributions.** The commissioner shall seek a financial
 76.17 contribution to the natural resources conservation easement stewardship account for each
 76.18 conservation easement acquired by or assigned to the Department of Natural Resources.
 76.19 Unless otherwise provided by law, the commissioner shall determine the amount of the
 76.20 contribution, which must be an amount calculated to earn sufficient money to meet
 76.21 the costs of managing the conservation easement at a level that neither significantly
 76.22 overrecovers nor underrecovers the costs. In determining the amount of the financial
 76.23 contribution, the commissioner shall consider:

76.24 (1) the estimated annual staff hours needed to manage the conservation easement,
 76.25 taking into consideration factors such as easement type, size, location, and complexity;

76.26 (2) the average hourly wages for the class or classes of employees expected to
 76.27 manage the conservation easement;

76.28 (3) the estimated annual travel expenses to manage the conservation easement;

76.29 (4) the estimated annual miscellaneous costs to manage the conservation easement,
 76.30 including supplies and equipment, information technology support, and aerial flyovers;

76.31 (5) the estimated annualized cost of legal services, including the cost to enforce the
 76.32 easement in the event of a violation; and

76.33 (6) the expected rate of return on investments in the account.

76.34 **EFFECTIVE DATE.** Subdivisions 1 and 2 of this section are effective the day
 76.35 following final enactment. Subdivision 3 of this section is effective for conservation

77.1 easements acquired with money appropriated on or after July 1, 2015, and for acquisitions
 77.2 of conservation easements by gift that are initiated on or after July 1, 2015.

77.3 Sec. 4. Minnesota Statutes 2014, section 84.82, subdivision 2a, is amended to read:

77.4 Subd. 2a. **Nontrail use registration.** A snowmobile may be registered for nontrail
 77.5 use. A snowmobile registered under this subdivision may not be operated on a state or
 77.6 grant-in-aid snowmobile trail. The fee for a nontrail use registration of a snowmobile with
 77.7 an engine displacement that is greater than 125 cubic centimeters is \$45 for three years. A
 77.8 nontrail use registration is not transferable. In addition to other penalties prescribed by
 77.9 law, the penalty for violation of this subdivision is immediate revocation of the nontrail
 77.10 use registration. The commissioner shall ensure that the registration sticker provided for
 77.11 limited nontrail use is of a different color and is distinguishable from other snowmobile
 77.12 registration and state trail stickers provided.

77.13 Sec. 5. Minnesota Statutes 2014, section 84.82, subdivision 6, is amended to read:

77.14 Subd. 6. **Exemptions.** Registration is not required under this section for:

77.15 (1) a snowmobile owned and used by the United States, an Indian tribal government,
 77.16 another state, or a political subdivision thereof;

77.17 (2) a snowmobile registered in a country other than the United States temporarily
 77.18 used within this state;

77.19 (3) a snowmobile that is covered by a valid license of another state and has not been
 77.20 within this state for more than 30 consecutive days or that is registered by an Indian tribal
 77.21 government to a tribal member and has not been outside the tribal reservation boundary
 77.22 for more than 30 consecutive days;

77.23 (4) a snowmobile used exclusively in organized track racing events;

77.24 (5) a snowmobile in transit by a manufacturer, distributor, or dealer;

77.25 (6) a snowmobile at least 15 years old in transit by an individual for use only on
 77.26 land owned or leased by the individual; ~~or~~

77.27 (7) a snowmobile while being used to groom a state or grant-in-aid trail; or

77.28 (8) a snowmobile with an engine displacement that is 125 cubic centimeters or less
 77.29 and the snowmobile is not operated on a state or grant-in-aid trail.

77.30 Sec. 6. Minnesota Statutes 2014, section 84.92, subdivision 8, is amended to read:

77.31 Subd. 8. **All-terrain vehicle or vehicle.** "All-terrain vehicle" or "vehicle" means
 77.32 a motorized vehicle ~~of~~ with: (1) not less than three, but not more than six low pressure
 77.33 or non-pneumatic tires, ~~that is limited in engine displacement of less than 1,000 cubic~~

78.1 ~~centimeters and~~; (2) a total dry weight of 2,000 pounds or less; and (3) a total width
78.2 from outside of tire rim to outside of tire rim that is 65 inches or less. All-terrain vehicle
78.3 includes a class 1 all-terrain vehicle and class 2 all-terrain vehicle. All-terrain vehicle does
78.4 not include a golf cart, mini-truck, dune buggy, or go-cart or a vehicle designed and used
78.5 specifically for lawn maintenance, agriculture, logging, or mining purposes.

78.6 Sec. 7. Minnesota Statutes 2014, section 84.92, subdivision 9, is amended to read:

78.7 Subd. 9. **Class 1 all-terrain vehicle.** "Class 1 all-terrain vehicle" means an
78.8 all-terrain vehicle that has a total ~~dry weight of less than 1,200 pounds~~ width from outside
78.9 of tire rim to outside of tire rim that is 50 inches or less.

78.10 Sec. 8. Minnesota Statutes 2014, section 84.92, subdivision 10, is amended to read:

78.11 Subd. 10. **Class 2 all-terrain vehicle.** "Class 2 all-terrain vehicle" means an
78.12 all-terrain vehicle that has a total ~~dry weight of 1,200 to 1,800 pounds~~ width from outside
78.13 of tire rim to outside of tire rim that is greater than 50 inches but not more than 65 inches.

78.14 Sec. 9. Minnesota Statutes 2014, section 84.922, subdivision 5, is amended to read:

78.15 Subd. 5. **Fees for registration.** (a) The fee for a three-year registration of
78.16 an all-terrain vehicle under this section, other than those registered by a dealer or
78.17 manufacturer under paragraph (b) or (c), is:

78.18 (1) for public use, \$45 for class 1 all-terrain vehicles and \$48 for class 2 all-terrain
78.19 vehicles;

78.20 (2) for private use, \$6; and

78.21 (3) for a duplicate or transfer, \$4.

78.22 (b) The total registration fee for all-terrain vehicles owned by a dealer and operated for
78.23 demonstration or testing purposes is \$50 per year. Dealer registrations are not transferable.

78.24 (c) The total registration fee for all-terrain vehicles owned by a manufacturer and
78.25 operated for research, testing, experimentation, or demonstration purposes is \$150 per
78.26 year. Manufacturer registrations are not transferable.

78.27 (d) The onetime fee for registration of an all-terrain vehicle under subdivision 2b is \$6.

78.28 (e) The fees collected under this subdivision must be credited to the all-terrain
78.29 vehicle account.

78.30 Sec. 10. Minnesota Statutes 2014, section 84D.01, is amended by adding a subdivision
78.31 to read:

79.1 Subd. 1a. **Aquatic invasive species affirmation.** "Aquatic invasive species
 79.2 affirmation" means an affirmation of the summary of the aquatic invasive species laws of
 79.3 this chapter that is part of watercraft licenses and nonresident fishing licenses, as provided
 79.4 in section 84D.106.

79.5 **EFFECTIVE DATE.** This section is effective January 1, 2016.

79.6 Sec. 11. **[84D.106] AQUATIC INVASIVE SPECIES AFFIRMATION.**

79.7 Aquatic invasive species affirmation is required for all:

79.8 (1) watercraft licenses issued under section 86B.401; and

79.9 (2) all nonresident fishing licenses, as provided in section 97C.301, subdivision 2a.

79.10 **EFFECTIVE DATE.** Clause (1) of this section is effective January 1, 2016. Clause
 79.11 (2) of this section is effective March 1, 2016.

79.12 Sec. 12. Minnesota Statutes 2014, section 84D.13, subdivision 5, is amended to read:

79.13 Subd. 5. **Civil penalties.** (a) A civil citation issued under this section must impose
 79.14 the following penalty amounts:

79.15 (1) for transporting aquatic macrophytes in violation of section 84D.09, \$100;

79.16 (2) for placing or attempting to place into waters of the state water-related equipment
 79.17 that has aquatic macrophytes attached, \$200;

79.18 (3) for unlawfully possessing or transporting a prohibited invasive species other
 79.19 than an aquatic macrophyte, \$500;

79.20 (4) for placing or attempting to place into waters of the state water-related equipment
 79.21 that has prohibited invasive species attached when the waters are not listed by the
 79.22 commissioner as being infested with that invasive species, \$500;

79.23 (5) for intentionally damaging, moving, removing, or sinking a buoy marking, as
 79.24 prescribed by rule, Eurasian water milfoil, \$100;

79.25 (6) for failing to have drain plugs or similar devices removed or opened while
 79.26 transporting water-related equipment or for failing to remove plugs, open valves, and
 79.27 drain water from water-related equipment, other than marine sanitary systems, before
 79.28 leaving waters of the state, \$100; ~~and~~

79.29 (7) for transporting infested water off riparian property without a permit as required
 79.30 by rule, \$200; and

79.31 (8) for failing to have aquatic invasive species affirmation displayed or available for
 79.32 inspection as provided in sections 86B.401 and 97C.301, subdivision 2a, \$25.

80.1 (b) A civil citation that is issued to a person who has one or more prior convictions
80.2 or final orders for violations of this chapter is subject to twice the penalty amounts listed
80.3 in paragraph (a).

80.4 Sec. 13. Minnesota Statutes 2014, section 84D.15, subdivision 3, is amended to read:

80.5 Subd. 3. **Use of money in account.** Money credited to the invasive species account
80.6 in subdivision 2 shall be used for management of invasive species and implementation of
80.7 this chapter as it pertains to invasive species, including control, public awareness, law
80.8 enforcement, assessment and monitoring, management planning, habitat improvements,
80.9 and research.

80.10 Sec. 14. Minnesota Statutes 2014, section 85.015, is amended by adding a subdivision
80.11 to read:

80.12 Subd. 6a. **Mississippi Blufflands Trail; Goodhue and Wabasha Counties.** (a)
80.13 The Mississippi Blufflands Trail shall originate at the Cannon Valley Trail and thence
80.14 extend generally southeasterly along the Mississippi River through Frontenac State Park in
80.15 Goodhue County and continue through Goodhue and Wabasha Counties to the city of Lake
80.16 City, and there terminate. The trail shall include connections to the Rattlesnake Bluff Trail.

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

80.18 (c) In establishing, developing, maintaining, and operating the trail, the
80.19 commissioner shall cooperate with local units of government and private individuals and
80.20 groups whenever feasible.

80.21 Sec. 15. Minnesota Statutes 2014, section 85.055, subdivision 1, is amended to read:

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

80.23 (1) an annual use of state parks is ~~\$25~~ \$30;

80.24 (2) a second or subsequent vehicle state park permit is \$18;

80.25 (3) a state park permit valid for one day is ~~\$5~~ \$6;

80.26 (4) a daily vehicle state park permit for groups is \$3;

80.27 (5) an annual permit for motorcycles is \$20;

80.28 (6) an employee's state park permit is without charge; and

80.29 (7) a state park permit for persons with disabilities under section 85.053, subdivision
80.30 7, paragraph (a), clauses (1) to (3), is \$12.

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

80.32 Sec. 16. Minnesota Statutes 2014, section 85.32, subdivision 1, is amended to read:

81.1 Subdivision 1. **Areas marked.** The commissioner of natural resources is authorized
 81.2 in cooperation with local units of government and private individuals and groups when
 81.3 feasible to mark state water trails on the Little Fork, Big Fork, Minnesota, St. Croix,
 81.4 Snake, Mississippi, Red Lake, Cannon, Straight, Des Moines, Crow Wing, St. Louis, Pine,
 81.5 Rum, Kettle, Cloquet, Root, Zumbro, Pomme de Terre within Swift County, Watonwan,
 81.6 Cottonwood, Whitewater, Chippewa from Benson in Swift County to Montevideo in
 81.7 Chippewa County, Long Prairie, Red River of the North, Sauk, Otter Tail, Redwood,
 81.8 Blue Earth, Cedar, Shell Rock, and Crow Rivers which have historic and scenic values
 81.9 and to mark appropriately points of interest, portages, camp sites, and all dams, rapids,
 81.10 waterfalls, whirlpools, and other serious hazards which are dangerous to canoe, kayak,
 81.11 and watercraft travelers.

81.12 Sec. 17. Minnesota Statutes 2014, section 86B.401, subdivision 3, is amended to read:

81.13 Subd. 3. **Licensing.** (a) The license agent shall register the watercraft on receiving
 81.14 an application and the license fee. A license and registration sticker with a registration
 81.15 number shall be issued and must be affixed to the watercraft as prescribed by the
 81.16 commissioner of natural resources.

81.17 (b) A license includes aquatic invasive species affirmation as provided in section
 81.18 84D.106. The aquatic invasive species affirmation portion of the license must be displayed
 81.19 with the signed license certificate. The aquatic invasive species affirmation will be
 81.20 provided with an application for a new, transfer, duplicate, or renewal watercraft license.

81.21 (c) The license is not valid unless signed by at least one owner.

81.22 (d) Failure to complete the aquatic invasive species affirmation in this subdivision is
 81.23 subject to the penalty prescribed in section 84D.13, subdivision 5.

81.24 **EFFECTIVE DATE.** This section is effective January 1, 2016.

81.25 Sec. 18. Minnesota Statutes 2014, section 87A.10, is amended to read:

81.26 **87A.10 TRAP, SKEET, AND ARCHERY SHOOTING SPORTS FACILITY**
 81.27 **GRANTS.**

81.28 The commissioner of natural resources shall administer a program to provide
 81.29 cost-share grants to local recreational shooting clubs or local units of government for up to
 81.30 50 percent of the costs of developing or rehabilitating trap, skeet, and archery shooting
 81.31 sports facilities for public use. A facility rehabilitated or developed with a grant under this
 81.32 section must be open to the general public at reasonable times and for a reasonable fee

82.1 on a walk-in basis. The commissioner shall give preference to projects that will provide
82.2 the most opportunities for youth.

82.3 Sec. 19. Minnesota Statutes 2014, section 88.6435, subdivision 4, is amended to read:

82.4 Subd. 4. **Forest bough account; disposition of fees.** (a) The forest bough account
82.5 is established in the state treasury within the natural resources fund.

82.6 (b) Fees for permits issued under this section ~~shall~~ must be deposited in the state
82.7 treasury and credited to the forest bough account and, except for the electronic licensing
82.8 system commission established by the commissioner under section 84.027, subdivision
82.9 15, are annually appropriated to the commissioner of natural resources for costs associated
82.10 with ~~balsam bough educational~~ special forest product information and education programs
82.11 for harvesters and buyers.

82.12 Sec. 20. Minnesota Statutes 2014, section 90.14, is amended to read:

82.13 **90.14 AUCTION SALE PROCEDURE.**

82.14 (a) All state timber shall be offered and sold by the same unit of measurement as it
82.15 was appraised. No tract shall be sold to any person other than the purchaser in whose name
82.16 the bid was made. The commissioner may refuse to approve any and all bids received and
82.17 cancel a sale of state timber for good and sufficient reasons.

82.18 (b) The purchaser at any sale of timber shall, immediately upon the approval of the
82.19 bid, or, if unsold at public auction, at the time of purchase at a subsequent sale under section
82.20 90.101, subdivision 1, pay to the commissioner a down payment of 15 percent of the
82.21 appraised value. In case any purchaser fails to make such payment, the purchaser shall be
82.22 liable therefor to the state in a civil action, and the commissioner may reoffer the timber for
82.23 sale as though no bid or sale under section 90.101, subdivision 1, therefor had been made.

82.24 (c) In lieu of the scaling of state timber required by this chapter, a purchaser of state
82.25 timber may, at the time of payment by the purchaser to the commissioner of 15 percent
82.26 of the appraised value, elect in writing on a form prescribed by the attorney general to
82.27 purchase a permit based solely on the appraiser's estimate of the volume of timber described
82.28 in the permit, provided that the commissioner has expressly designated the availability of
82.29 such option for that tract on the list of tracts available for sale as required under section
82.30 90.101. A purchaser who elects in writing on a form prescribed by the attorney general
82.31 to purchase a permit based solely on the appraiser's estimate of the volume of timber
82.32 described on the permit does not have recourse to the provisions of section 90.281.

82.33 (d) In the case of a public auction sale conducted by a sealed bid process, tracts shall
82.34 be awarded to the high bidder, who shall pay to the commissioner a down payment of 15

83.1 percent of the appraised value that must be received or postmarked within 14 days of
 83.2 the date of the sealed bid opening. If a purchaser fails to make the down payment, the
 83.3 purchaser is liable for the down payment to the state and the commissioner may offer the
 83.4 timber for sale to the next highest bidder as though no higher bid had been made.

83.5 (e) Except as otherwise provided by law, at the time the purchaser signs a permit
 83.6 issued under section 90.151, the commissioner shall require the purchaser to make a bid
 83.7 guarantee payment to the commissioner in an amount equal to 15 percent of the total
 83.8 purchase price of the permit less the down payment amount required by paragraph (b)
 83.9 for any bid increase in excess of ~~\$5,000~~ \$10,000 of the appraised value. If a required bid
 83.10 guarantee payment is not submitted with the signed permit, no harvesting may occur, the
 83.11 permit cancels, and the down payment for timber forfeits to the state. The bid guarantee
 83.12 payment forfeits to the state if the purchaser and successors in interest fail to execute
 83.13 an effective permit.

83.14 **EFFECTIVE DATE.** This section is effective June 1, 2015, and applies to permits
 83.15 sold on or after that date.

83.16 Sec. 21. Minnesota Statutes 2014, section 90.193, is amended to read:

83.17 **90.193 EXTENSION OF TIMBER PERMITS.**

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

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

83.26 Sec. 22. **[92.83] CONDEMNATION OF SCHOOL TRUST LAND.**

83.27 Subdivision 1. **Purpose.** The purpose of this section is to extinguish the school trust
 83.28 interest in school trust lands where long-term economic return is prohibited by designation
 83.29 or policy while producing economic benefits for Minnesota's public schools. For the
 83.30 purposes of satisfying the Minnesota Constitution, article XI, section 8, which limits the
 83.31 sale of school trust lands to a public sale, the commissioner of natural resources shall
 83.32 acquire school trust lands through condemnation, as provided in subdivision 2.

84.1 Subd. 2. **Commencement of condemnation proceedings.** When the commissioner
84.2 of natural resources has determined sufficient money is available to acquire any of the
84.3 lands identified under section 84.027, subdivision 18, paragraph (c), the commissioner
84.4 shall proceed to extinguish the school trust interest by condemnation action. When
84.5 requested by the commissioner, the attorney general shall commence condemnation of
84.6 the identified school trust lands.

84.7 Subd. 3. **Payment.** The portion of the payment of the award and judgment that
84.8 is for the value of the land shall be deposited into the permanent school fund. The
84.9 remainder of the award and judgment payment shall first be remitted for reimbursement
84.10 to the accounts from which expenses were paid, with any remainder deposited into the
84.11 permanent school fund.

84.12 Subd. 4. **Account.** The school trust lands account is created in the state treasury.
84.13 Money credited to the account is appropriated to the commissioner of natural resources
84.14 for the purposes of this section.

84.15 Sec. 23. Minnesota Statutes 2014, section 93.20, subdivision 18, is amended to read:

84.16 Subd. 18. **Schedule 7.** Schedule 7. Taconite ore shall be understood to mean a
84.17 ferruginous chert or ferruginous slate in the form of compact siliceous rock, in which the
84.18 iron oxide is so finely disseminated that substantially all of the iron-bearing particles of
84.19 merchantable grade are smaller than 20 mesh.

84.20 Taconite concentrates shall be understood to mean the merchantable product, suitable
84.21 for blast furnace use, which, in accordance with good engineering and metallurgical
84.22 practice, has been produced from taconite ore which requires treatment by fine grinding,
84.23 magnetic separation, flotation, or some other method or methods other than or in addition
84.24 to one or more of the methods specified in schedules 1 to 6, inclusive.

84.25 On a ton of taconite concentrates averaging in dried iron 40.49 percent or less, the
84.26 royalty shall be no less than 11 cents. The royalty rate shall be increased one percent for
84.27 each increase of one percent, or fraction thereof, in dried iron analysis.

84.28 In lieu of payment of such royalty on the taconite concentrates, royalty payments
84.29 may be made on the taconite ore as set forth in section 93.201.

84.30 **EFFECTIVE DATE.** This section is effective the day following final enactment
84.31 and applies to both existing and new leases entered into under this section.

84.32 Sec. 24. Minnesota Statutes 2014, section 94.16, subdivision 3, is amended to read:

84.33 Subd. 3. **Proceeds from natural resources land.** (a) Except as provided in
84.34 ~~paragraph~~ paragraphs (b) and (c), the remainder of the proceeds from the sale of lands

85.1 classified as a unit of the outdoor recreation system under section 86A.05 that were under
85.2 the control and supervision of the commissioner of natural resources shall be credited to
85.3 the land acquisition account in the natural resources fund.

85.4 (b) The remainder of the proceeds from the sale of administrative sites under the
85.5 control and supervision of the commissioner of natural resources shall be credited to the
85.6 facilities management account established under section 84.0857 and used to acquire
85.7 facilities or renovate existing buildings for administrative use or to acquire land for,
85.8 design, and construct administrative buildings for the Department of Natural Resources.

85.9 (c) The remainder of the proceeds from the sale of land not within a unit of the
85.10 outdoor recreation system under section 86A.05 and not an administrative site, but under
85.11 the control and supervision of the commissioner of natural resources, shall be credited to
85.12 the school trust lands account established under section 92.83.

85.13 Sec. 25. Minnesota Statutes 2014, section 97A.055, subdivision 4b, is amended to read:

85.14 Subd. 4b. **Citizen oversight committees.** (a) The commissioner shall appoint
85.15 committees of affected persons to review the reports prepared under subdivision 4; review
85.16 the proposed work plans and budgets for the coming year; propose changes in policies,
85.17 activities, and revenue enhancements or reductions; review other relevant information;
85.18 and make recommendations to the legislature and the commissioner for improvements in
85.19 the management and use of money in the game and fish fund.

85.20 (b) The commissioner shall appoint the following committees, each comprised
85.21 of at least ten affected persons:

85.22 (1) a Fisheries Oversight Committee to review fisheries funding and expenditures,
85.23 including activities related to trout and salmon stamps and walleye stamps; and

85.24 (2) a Wildlife Oversight Committee to review wildlife funding and expenditures,
85.25 including activities related to migratory waterfowl, pheasant, and wild turkey management
85.26 and deer and big game management.

85.27 (c) The chairs of the Fisheries Oversight Committee and the Wildlife Oversight
85.28 Committee, and four additional members from each committee, shall form a Budgetary
85.29 Oversight Committee to coordinate the integration of the fisheries and wildlife oversight
85.30 committee reports into an annual report to the legislature; recommend changes on a broad
85.31 level in policies, activities, and revenue enhancements or reductions; and provide a forum
85.32 to address issues that transcend the fisheries and wildlife oversight committees.

85.33 (d) The Budgetary Oversight Committee shall develop recommendations for a
85.34 biennial budget plan and report for expenditures on game and fish activities. By August 15
85.35 of each even-numbered year, the committee shall submit the budget plan recommendations

86.1 to the commissioner and to the senate and house of representatives committees with
86.2 jurisdiction over natural resources finance.

86.3 (e) The chairs of the Fisheries Oversight Committee and the Wildlife Oversight
86.4 Committee shall be chosen by their respective committees. The chair of the Budgetary
86.5 Oversight Committee shall be appointed by the commissioner and may not be the chair of
86.6 either of the other oversight committees.

86.7 (f) The Budgetary Oversight Committee may make recommendations to the
86.8 commissioner and to the senate and house of representatives committees with jurisdiction
86.9 over natural resources finance for outcome goals from expenditures.

86.10 (g) The committees authorized under this subdivision are not advisory councils or
86.11 committees governed by section 15.059 and are not subject to section 15.059. Committee
86.12 members appointed by the commissioner may request reimbursement for mileage
86.13 expenses in the same manner and amount as authorized by the commissioner's plan
86.14 adopted under section 43A.18, subdivision 2. Committee members must not receive daily
86.15 compensation for oversight activities. The Fisheries Oversight Committee, the Wildlife
86.16 Oversight Committee, and the Budgetary Oversight Committee expire June 30, ~~2015~~ 2020.

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

86.18 Sec. 26. Minnesota Statutes 2014, section 97B.301, is amended by adding a
86.19 subdivision to read:

86.20 **Subd. 9. Residents age 84 or over may take deer of either sex.** A resident age 84
86.21 or over may take a deer of either sex. This subdivision does not authorize the taking of an
86.22 antlerless deer by another member of a party under subdivision 3.

86.23 Sec. 27. Minnesota Statutes 2014, section 97C.301, is amended by adding a
86.24 subdivision to read:

86.25 **Subd. 2a. Aquatic invasive species affirmation.** (a) A nonresident license to
86.26 take fish issued under section 97A.475, subdivision 7, includes aquatic invasive species
86.27 affirmation as provided in section 84D.106.

86.28 (b) The aquatic invasive species affirmation portion of the license must be displayed
86.29 with the signed nonresident license to take fish issued under section 97A.475, subdivision
86.30 7. The aquatic invasive species affirmation will be provided at the time of purchase of a
86.31 new or duplicate nonresident license.

86.32 (c) If a license is purchased online, the aquatic invasive species affirmation may be
86.33 completed electronically as part of the online sales process, and the electronic record of
86.34 the license sale will be sufficient for documenting the affirmation.

87.1 (d) Failure to complete the aquatic invasive species affirmation in this subdivision is
87.2 subject to the penalty prescribed in section 84D.13, subdivision 5.

87.3 **EFFECTIVE DATE.** This section is effective March 1, 2016.

87.4 Sec. 28. Minnesota Statutes 2014, section 103B.101, is amended by adding a
87.5 subdivision to read:

87.6 Subd. 16. **Wetland stakeholder coordination.** The board shall work with
87.7 wetland stakeholders to foster mutual understanding and provide recommendations for
87.8 improvements to the management of wetlands and related land and water resources,
87.9 including recommendations for updating the Wetland Conservation Act, developing
87.10 an in-lieu fee program as defined in section 103G.005, subdivision 10g, and related
87.11 provisions. The board may convene informal working groups or work teams to provide
87.12 information and education and to develop recommendations.

87.13 Sec. 29. **[103B.103] EASEMENT STEWARDSHIP ACCOUNTS.**

87.14 Subdivision 1. **Accounts established; sources.** (a) The water and soil conservation
87.15 easement stewardship account and the mitigation easement stewardship account are
87.16 created in the special revenue fund. The accounts consist of money credited to the
87.17 accounts and interest and other earnings on money in the accounts. The State Board of
87.18 Investment must manage the accounts to maximize long-term gain.

87.19 (b) Revenue from contributions and money appropriated for any purposes of the
87.20 account as described in subdivision 2 must be deposited in the water and soil conservation
87.21 easement stewardship account. Revenue from contributions, wetland banking fees
87.22 designated for stewardship purposes by the board, easement stewardship payments
87.23 authorized under subdivision 3, and money appropriated for any purposes of the account
87.24 as described in subdivision 2 must be deposited in the mitigation easement stewardship
87.25 account.

87.26 Subd. 2. **Appropriation; purposes of accounts.** Five percent of the balance on
87.27 July 1 each year in the water and soil conservation easement stewardship account and
87.28 five percent of the balance on July 1 each year in the mitigation easement stewardship
87.29 account are annually appropriated to the board and may be spent only to cover the costs
87.30 of managing easements held by the board, including costs associated with monitoring,
87.31 landowner contacts, records storage and management, processing landowner notices,
87.32 requests for approval or amendments, enforcement, and legal services associated with
87.33 easement management activities.

88.1 Subd. 3. **Financial contributions.** The board shall seek a financial contribution
 88.2 to the water and soil conservation easement stewardship account for each conservation
 88.3 easement acquired by the board. The board shall seek a financial contribution or assess an
 88.4 easement stewardship payment to the mitigation easement stewardship account for each
 88.5 wetland banking easement acquired by the board. Unless otherwise provided by law,
 88.6 the board shall determine the amount of the contribution or payment, which must be an
 88.7 amount calculated to earn sufficient money to meet the costs of managing the easement at
 88.8 a level that neither significantly overrecovers nor underrecovers the costs. In determining
 88.9 the amount of the financial contribution, the board shall consider:

88.10 (1) the estimated annual staff hours needed to manage the conservation easement,
 88.11 taking into consideration factors such as easement type, size, location, and complexity;

88.12 (2) the average hourly wages for the class or classes of state and local employees
 88.13 expected to manage the easement;

88.14 (3) the estimated annual travel expenses to manage the easement;

88.15 (4) the estimated annual miscellaneous costs to manage the easement, including
 88.16 supplies and equipment, information technology support, and aerial flyovers;

88.17 (5) the estimated annualized costs of legal services, including the cost to enforce the
 88.18 easement in the event of a violation; and

88.19 (6) the expected rate of return on investments in the account.

88.20 **EFFECTIVE DATE.** Subdivisions 1 and 2 of this section are effective the day
 88.21 following final enactment. Subdivision 3 of this section is effective for conservation
 88.22 easements acquired with money appropriated on or after July 1, 2015, and for acquisitions
 88.23 of conservation easements by gift or as a condition of approval for wetland mitigation as
 88.24 provided in Minnesota Rules, chapter 8420, that are initiated on or after July 1, 2015.

88.25 Sec. 30. Minnesota Statutes 2014, section 103B.3355, is amended to read:

88.26 **103B.3355 WETLAND FUNCTIONS FOR DETERMINING PUBLIC**
 88.27 **VALUES.**

88.28 (a) The public values of wetlands must be determined based upon the functions of
 88.29 wetlands for:

88.30 (1) water quality, including filtering of pollutants to surface and groundwater,
 88.31 utilization of nutrients that would otherwise pollute public waters, trapping of sediments,
 88.32 shoreline protection, and utilization of the wetland as a recharge area for groundwater;

89.1 (2) floodwater and storm water retention, including the potential for flooding in
89.2 the watershed, the value of property subject to flooding, and the reduction in potential
89.3 flooding by the wetland;

89.4 (3) public recreation and education, including hunting and fishing areas, wildlife
89.5 viewing areas, and nature areas;

89.6 (4) commercial uses, including wild rice and cranberry growing and harvesting
89.7 and aquaculture;

89.8 (5) fish, wildlife, native plant habitats;

89.9 (6) low-flow augmentation;

89.10 (7) carbon sequestration; and

89.11 (8) other public uses.

89.12 (b) The Board of Water and Soil Resources, in consultation with the commissioners of
89.13 natural resources and agriculture and local government units, shall adopt rules establishing:

89.14 (1) scientific methodologies for determining the functions of wetlands; and

89.15 (2) criteria for determining the resulting public values of wetlands.

89.16 (c) The methodologies and criteria established under this section or other
89.17 methodologies and criteria that include the functions in paragraph (a) and are approved
89.18 by the board, in consultation with the commissioners of natural resources and agriculture
89.19 and local government units, must be used to determine the functions and resulting public
89.20 values of wetlands in the state. The functions listed in paragraph (a) are not listed in
89.21 order of priority.

89.22 (d) Public value criteria established or approved by the board under this section do
89.23 not apply in areas subject to local comprehensive wetland protection and management
89.24 plans established under section 103G.2243.

89.25 (e) The Board of Water and Soil Resources, in consultation with the commissioners
89.26 of natural resources and agriculture and local government units, ~~may~~ must identify ~~regions~~
89.27 areas of the state where preservation, enhancement, restoration, and establishment
89.28 of wetlands would have high public value. The board, in consultation with the
89.29 commissioners, ~~may~~ must identify high priority ~~wetland regions~~ areas for wetland
89.30 replacement using available information relating to the factors listed in paragraph
89.31 (a), the historic loss and abundance of wetlands, current applicable state and local
89.32 government water management and natural resource plans, and studies using a watershed
89.33 approach to identify current and future watershed needs. The board shall notify local
89.34 units of government with water planning authority of these high priority ~~regions~~ areas.
89.35 Designation of high priority areas is exempt from the rulemaking requirements of chapter

90.1 14, and section 14.386 does not apply. Designation of high priority areas is not effective
 90.2 until 30 days after publication in the State Register.

90.3 (f) Local units of government, as part of a state-approved comprehensive local
 90.4 water management plan as defined in section 103B.3363, subdivision 3, a state-approved
 90.5 comprehensive watershed management plan as defined in section 103B.3363, subdivision
 90.6 3a, or a state-approved local comprehensive wetland protection and management plan
 90.7 under section 103G.2243, may identify priority areas for wetland replacement and provide
 90.8 them for consideration under paragraph (e).

90.9 **Sec. 31. [103F.519] WORKING LANDS WATERSHED RESTORATION**
 90.10 **PROGRAM.**

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

90.13 (b) "Advanced biofuel" has the meaning given in section 239.051, subdivision 1a.

90.14 (c) "Agricultural use" has the meaning given in section 17.81, subdivision 4.

90.15 (d) "Board" means the Board of Water and Soil Resources.

90.16 (e) "Perennial crops" means agriculturally produced plants that are known to be
 90.17 noninvasive and not listed as a noxious weed in Minnesota and that have a life cycle of at
 90.18 least three years at the location where the plants are being cultivated. Biomass from alfalfa
 90.19 produced in a two-year rotation is considered a perennial crop.

90.20 Subd. 2. **Establishment.** The board shall administer a perennial feedstock program
 90.21 to incentivize the establishment and maintenance of perennial agricultural crops. The
 90.22 board shall contract with landowners and give priority to contracts that implement water
 90.23 protection actions as identified in a completed watershed restoration and protection
 90.24 strategy developed under section 114D.26.

90.25 Subd. 3. **Eligible land.** Land eligible under this section must:

90.26 (1) have been in agricultural use or have been set aside, enrolled, or diverted under
 90.27 another federal or state government program for at least two of the last five years before
 90.28 the date of application; and

90.29 (2) not be currently set aside, enrolled, or diverted under another federal or state
 90.30 government program.

90.31 Subd. 4. **Contract terms.** (a) The board shall offer a contract rate of no more
 90.32 than 90 percent of the most recent federal conservation reserve program payment for the
 90.33 county in which the land is located. The board may make additional payments to assist
 90.34 with the establishment of perennial crops.

90.35 (b) Contracts must be at least ten years in duration.

91.1 (c) Perennial crops grown on lands enrolled under this section may be used for
 91.2 advanced biofuel feedstock or livestock feed. Perennial plants may be processed in a
 91.3 manner that utilizes a portion of the plant for livestock. Mechanical harvest is not allowed
 91.4 before July 1 in any year.

91.5 (d) The board shall prioritize lands with the highest potential to leverage federal
 91.6 funding.

91.7 (e) The board may establish additional contract terms.

91.8 Subd. 5. **Pilot watershed selection.** The board may select up to two watersheds in
 91.9 which to conduct an initial pilot program of up to 100,000 total acres. Project watersheds
 91.10 must have, as determined by the board:

91.11 (1) a completed watershed restoration and protection strategy developed under
 91.12 section 114D.26 or a hydrological simulation program model approved by the Pollution
 91.13 Control Agency;

91.14 (2) multiple water quality impairments resulting primarily from agricultural practices;

91.15 (3) a viable proposed advanced biofuel production facility located within 50 miles
 91.16 of the perennial feedstock grown under this section; and

91.17 (4) sufficient additional acres of cropland available for perennial crop production to
 91.18 adequately supply the proposed advanced biofuel production facility.

91.19 Sec. 32. Minnesota Statutes 2014, section 103F.612, subdivision 2, is amended to read:

91.20 Subd. 2. **Application.** (a) A wetland owner may apply to the county where a
 91.21 wetland is located for designation of a wetland preservation area in a high priority wetland
 91.22 area ~~identified in a comprehensive local water plan, as defined in section 103B.3363,~~
 91.23 ~~subdivision 3, and located within a high priority wetland region~~ designated by the Board
 91.24 of Water and Soil Resources, if the county chooses to accept wetland preservation area
 91.25 applications. The application must be made on forms provided by the board. If a wetland
 91.26 is located in more than one county, the application must be submitted to the county where
 91.27 the majority of the wetland is located.

91.28 (b) The application shall be executed and acknowledged in the manner required
 91.29 by law to execute and acknowledge a deed and must contain at least the following
 91.30 information and other information the Board of Water and Soil Resources requires:

91.31 (1) legal description of the area to be approved, which must include an upland strip
 91.32 at least 16-1/2 feet in width around the perimeter of wetlands within the area and may
 91.33 include total upland area of up to four acres for each acre of wetland;

91.34 (2) parcel identification numbers where designated by the county auditor;

91.35 (3) name and address of the owner;

92.1 (4) a statement by the owner covenanting that the land will be preserved as a wetland
92.2 and will only be used in accordance with conditions prescribed by the Board of Water and
92.3 Soil Resources and providing that the restrictive covenant will be binding on the owner
92.4 and the owner's successors or assigns, and will run with the land.

92.5 (c) The upland strip required in paragraph (b), clause (1), must be planted with
92.6 permanent vegetation other than a noxious weed.

92.7 Sec. 33. Minnesota Statutes 2014, section 103G.005, is amended by adding a
92.8 subdivision to read:

92.9 Subd. 10g. **In-lieu fee program.** "In-lieu fee program" means a program in which
92.10 wetland replacement requirements of section 103G.222 are satisfied through payment of
92.11 money to the board or a board-approved sponsor to develop replacement credits according
92.12 to section 103G.2242, subdivision 12.

92.13 Sec. 34. Minnesota Statutes 2014, section 103G.222, subdivision 1, is amended to read:

92.14 Subdivision 1. **Requirements.** (a) Wetlands must not be drained or filled, wholly or
92.15 partially, unless replaced by ~~restoring or creating wetland areas of~~ actions that provide
92.16 at least equal public value under a replacement plan approved as provided in section
92.17 103G.2242, a replacement plan under a local governmental unit's comprehensive wetland
92.18 protection and management plan approved by the board under section 103G.2243, or, if a
92.19 permit to mine is required under section 93.481, under a mining reclamation plan approved
92.20 by the commissioner under the permit to mine. For project-specific wetland replacement
92.21 completed prior to wetland impacts authorized or conducted under a permit to mine within
92.22 the Great Lakes and Rainy River watershed basins, those basins shall be considered a single
92.23 watershed for purposes of determining wetland replacement ratios. Mining reclamation
92.24 plans shall apply the same principles and standards for replacing wetlands ~~by restoration~~
92.25 ~~or creation of wetland areas~~ that are applicable to mitigation plans approved as provided
92.26 in section 103G.2242. Public value must be determined in accordance with section
92.27 103B.3355 or a comprehensive wetland protection and management plan established
92.28 under section 103G.2243. Sections 103G.221 to 103G.2372 also apply to excavation in
92.29 permanently and semipermanently flooded areas of types 3, 4, and 5 wetlands.

92.30 (b) Replacement must be guided by the following principles in descending order
92.31 of priority:

92.32 (1) avoiding the direct or indirect impact of the activity that may destroy or diminish
92.33 the wetland;

93.1 (2) minimizing the impact by limiting the degree or magnitude of the wetland
93.2 activity and its implementation;

93.3 (3) rectifying the impact by repairing, rehabilitating, or restoring the affected
93.4 wetland environment;

93.5 (4) reducing or eliminating the impact over time by preservation and maintenance
93.6 operations during the life of the activity;

93.7 (5) compensating for the impact by restoring a wetland; and

93.8 (6) compensating for the impact by replacing or providing substitute wetland
93.9 resources or environments.

93.10 For a project involving the draining or filling of wetlands in an amount not exceeding
93.11 10,000 square feet more than the applicable amount in section 103G.2241, subdivision 9,
93.12 paragraph (a), the local government unit may make an on-site sequencing determination
93.13 without a written alternatives analysis from the applicant.

93.14 (c) If a wetland is located in a cultivated field, then replacement must be accomplished
93.15 through restoration only without regard to the priority order in paragraph (b), provided
93.16 that the altered wetland is not converted to a nonagricultural use for at least ten years.

93.17 (d) If a wetland is replaced under paragraph (c), or drained under section 103G.2241,
93.18 subdivision 2, paragraph (b) or (e), the local government unit may require a deed
93.19 restriction that prohibits nonagricultural use for at least ten years. The local government
93.20 unit may require the deed restriction if it determines the wetland area drained is at risk of
93.21 conversion to a nonagricultural use within ten years based on the zoning classification,
93.22 proximity to a municipality or full service road, or other criteria as determined by the
93.23 local government unit.

93.24 (e) Restoration and replacement of wetlands must be accomplished in accordance
93.25 with the ecology of the landscape area affected and ponds that are created primarily to
93.26 fulfill storm water management, and water quality treatment requirements may not be
93.27 used to satisfy replacement requirements under this chapter unless the design includes
93.28 pretreatment of runoff and the pond is functioning as a wetland.

93.29 (f) Except as provided in paragraph (g), for a wetland or public waters wetland
93.30 located on nonagricultural land, replacement must be in the ratio of two acres of replaced
93.31 wetland for each acre of drained or filled wetland.

93.32 (g) For a wetland or public waters wetland located on agricultural land or in a greater
93.33 than 80 percent area, replacement must be in the ratio of one acre of replaced wetland
93.34 for each acre of drained or filled wetland.

93.35 (h) Wetlands that are restored or created as a result of an approved replacement plan
93.36 are subject to the provisions of this section for any subsequent drainage or filling.

94.1 (i) Except in a greater than 80 percent area, only wetlands that have been
94.2 restored from previously drained or filled wetlands, wetlands created by excavation in
94.3 nonwetlands, wetlands created by dikes or dams along public or private drainage ditches,
94.4 or wetlands created by dikes or dams associated with the restoration of previously
94.5 drained or filled wetlands may be used ~~in a statewide banking program established in for~~
94.6 wetland replacement according to rules adopted under section 103G.2242, subdivision 1.
94.7 Modification or conversion of nondegraded naturally occurring wetlands from one type to
94.8 another are not eligible for ~~enrollment in a statewide wetlands bank~~ wetland replacement.

94.9 (j) The Technical Evaluation Panel established under section 103G.2242, subdivision
94.10 2, shall ensure that sufficient time has occurred for the wetland to develop wetland
94.11 characteristics of soils, vegetation, and hydrology before recommending that the wetland
94.12 be deposited in the statewide wetland bank. If the Technical Evaluation Panel has reason
94.13 to believe that the wetland characteristics may change substantially, the panel shall
94.14 postpone its recommendation until the wetland has stabilized.

94.15 (k) This section and sections 103G.223 to 103G.2242, 103G.2364, and 103G.2365
94.16 apply to the state and its departments and agencies.

94.17 (l) For projects involving draining or filling of wetlands associated with a new public
94.18 transportation project, and for projects expanded solely for additional traffic capacity,
94.19 public transportation authorities may purchase credits from the board at the cost to the
94.20 board to establish credits. Proceeds from the sale of credits provided under this paragraph
94.21 are appropriated to the board for the purposes of this paragraph. For the purposes of this
94.22 paragraph, "transportation project" does not include an airport project.

94.23 (m) A replacement plan for wetlands is not required for individual projects that
94.24 result in the filling or draining of wetlands for the repair, rehabilitation, reconstruction,
94.25 or replacement of a currently serviceable existing state, city, county, or town public road
94.26 necessary, as determined by the public transportation authority, to meet state or federal
94.27 design or safety standards or requirements, excluding new roads or roads expanded solely
94.28 for additional traffic capacity lanes. This paragraph only applies to authorities for public
94.29 transportation projects that:

94.30 (1) minimize the amount of wetland filling or draining associated with the project
94.31 and consider mitigating important site-specific wetland functions on site;

94.32 (2) except as provided in clause (3), submit project-specific reports to the board, the
94.33 Technical Evaluation Panel, the commissioner of natural resources, and members of the
94.34 public requesting a copy at least 30 days prior to construction that indicate the location,
94.35 amount, and type of wetlands to be filled or drained by the project or, alternatively,

95.1 convene an annual meeting of the parties required to receive notice to review projects to
95.2 be commenced during the upcoming year; and

95.3 (3) for minor and emergency maintenance work impacting less than 10,000 square
95.4 feet, submit project-specific reports, within 30 days of commencing the activity, to the board
95.5 that indicate the location, amount, and type of wetlands that have been filled or drained.

95.6 Those required to receive notice of public transportation projects may appeal
95.7 minimization, delineation, and on-site mitigation decisions made by the public
95.8 transportation authority to the board according to the provisions of section 103G.2242,
95.9 subdivision 9. The Technical Evaluation Panel shall review minimization and delineation
95.10 decisions made by the public transportation authority and provide recommendations
95.11 regarding on-site mitigation if requested to do so by the local government unit, a
95.12 contiguous landowner, or a member of the Technical Evaluation Panel.

95.13 Except for state public transportation projects, for which the state Department of
95.14 Transportation is responsible, the board must replace the wetlands, and wetland areas of
95.15 public waters if authorized by the commissioner or a delegated authority, drained or filled
95.16 by public transportation projects on existing roads.

95.17 Public transportation authorities at their discretion may deviate from federal and
95.18 state design standards on existing road projects when practical and reasonable to avoid
95.19 wetland filling or draining, provided that public safety is not unreasonably compromised.
95.20 The local road authority and its officers and employees are exempt from liability for
95.21 any tort claim for injury to persons or property arising from travel on the highway and
95.22 related to the deviation from the design standards for construction or reconstruction under
95.23 this paragraph. This paragraph does not preclude an action for damages arising from
95.24 negligence in construction or maintenance on a highway.

95.25 (n) If a landowner seeks approval of a replacement plan after the proposed project
95.26 has already affected the wetland, the local government unit may require the landowner to
95.27 replace the affected wetland at a ratio not to exceed twice the replacement ratio otherwise
95.28 required.

95.29 (o) A local government unit may request the board to reclassify a county or
95.30 watershed on the basis of its percentage of presettlement wetlands remaining. After
95.31 receipt of satisfactory documentation from the local government, the board shall change
95.32 the classification of a county or watershed. If requested by the local government unit,
95.33 the board must assist in developing the documentation. Within 30 days of its action to
95.34 approve a change of wetland classifications, the board shall publish a notice of the change
95.35 in the Environmental Quality Board Monitor.

96.1 (p) One hundred citizens who reside within the jurisdiction of the local government
 96.2 unit may request the local government unit to reclassify a county or watershed on the basis
 96.3 of its percentage of presettlement wetlands remaining. In support of their petition, the
 96.4 citizens shall provide satisfactory documentation to the local government unit. The local
 96.5 government unit shall consider the petition and forward the request to the board under
 96.6 paragraph (o) or provide a reason why the petition is denied.

96.7 Sec. 35. Minnesota Statutes 2014, section 103G.222, subdivision 3, is amended to read:

96.8 Subd. 3. **Wetland replacement siting.** (a) Impacted wetlands in a 50 to 80 percent
 96.9 area must be replaced in a 50 to 80 percent area or in a less than 50 percent area. Impacted
 96.10 wetlands in a less than 50 percent area must be replaced in a less than 50 percent area.

96.11 All wetland replacement must follow this priority order:

96.12 (1) on site or in the same minor watershed as the impacted wetland;

96.13 (2) in the same watershed as the impacted wetland;

96.14 (3) in the same county or wetland bank service area as the impacted wetland; and

96.15 (4) in another wetland bank service area; and

96.16 ~~(5) statewide for public transportation projects, except that wetlands impacted in~~
 96.17 ~~less than 50 percent areas must be replaced in less than 50 percent areas, and wetlands~~
 96.18 ~~impacted in the seven-county metropolitan area must be replaced at a ratio of two to one in:~~
 96.19 ~~(i) the affected county or, (ii) in another of the seven metropolitan counties, or (iii) in one~~
 96.20 ~~of the major watersheds that are wholly or partially within the seven-county metropolitan~~
 96.21 ~~area, but at least one to one must be replaced within the seven-county metropolitan area.~~

96.22 ~~(b) The exception in paragraph (a), clause (5), does not apply to replacement~~
 96.23 ~~completed using wetland banking credits established by a person who submitted a~~
 96.24 ~~complete wetland banking application to a local government unit by April 1, 1996.~~

96.25 (b) Notwithstanding paragraph (a), wetland banking credits approved according to
 96.26 a complete wetland banking application submitted to a local government unit by April
 96.27 1, 1996, may be used to replace wetland impacts resulting from public transportation
 96.28 projects statewide.

96.29 (c) Notwithstanding paragraph (a), clauses (1) and (2), the priority order for
 96.30 replacement by wetland banking begins at paragraph (a), clause (3), according to rules
 96.31 adopted under section 103G.2242, subdivision 1.

96.32 ~~(e)~~ (d) When reasonable, practicable, and environmentally beneficial replacement
 96.33 opportunities are not available in siting priorities listed in paragraph (a), the applicant
 96.34 may seek opportunities at the next level.

97.1 ~~(d)~~ (e) For the purposes of this section, "reasonable, practicable, and environmentally
97.2 beneficial replacement opportunities" are defined as opportunities that:

97.3 (1) take advantage of naturally occurring hydrogeomorphological conditions and
97.4 require minimal landscape alteration;

97.5 (2) have a high likelihood of becoming a functional wetland that will continue
97.6 in perpetuity;

97.7 (3) do not adversely affect other habitat types or ecological communities that are
97.8 important in maintaining the overall biological diversity of the area; and

97.9 (4) are available and capable of being done after taking into consideration cost,
97.10 existing technology, and logistics consistent with overall project purposes.

97.11 ~~(e) Applicants and local government units shall rely on board-approved
97.12 comprehensive inventories of replacement opportunities and watershed conditions,
97.13 including the Northeast Minnesota Wetland Mitigation Inventory and Assessment (January
97.14 2010), in determining whether reasonable, practicable, and environmentally beneficial
97.15 replacement opportunities are available.~~

97.16 (f) Regulatory agencies, local government units, and other entities involved in
97.17 wetland restoration shall collaborate to identify potential replacement opportunities within
97.18 their jurisdictional areas.

97.19 (g) The board must establish wetland replacement ratios and wetland bank service
97.20 area priorities to implement the siting and targeting of wetland replacement and encourage
97.21 the use of high priority areas for wetland replacement.

97.22 Sec. 36. Minnesota Statutes 2014, section 103G.2242, subdivision 1, is amended to
97.23 read:

97.24 Subdivision 1. **Rules.** (a) The board, in consultation with the commissioner, shall
97.25 adopt rules governing the approval of wetland value replacement plans under this section
97.26 and public waters work permits affecting public waters wetlands under section 103G.245.
97.27 These rules must address the criteria, procedure, timing, and location of acceptable
97.28 replacement of wetland values; and may address the state establishment and administration
97.29 of a wetland banking program for public and private projects, ~~which may include~~ including
97.30 provisions allowing monetary payment to the wetland banking program for alteration of
97.31 wetlands on agricultural land for an in-lieu fee program; the administrative, monitoring, and
97.32 enforcement procedures to be used; and a procedure for the review and appeal of decisions
97.33 under this section. In the case of peatlands, the replacement plan rules must consider the
97.34 impact on carbon balance ~~described in the report required by Laws 1990, chapter 587, and~~

98.1 ~~include the planting of trees or shrubs.~~ Any in-lieu fee program established by the board
98.2 must conform with Code of Federal Regulations, title 33, section 332.8, as amended.

98.3 (b) After the adoption of the rules, a replacement plan must be approved by a
98.4 resolution of the governing body of the local government unit, consistent with the
98.5 provisions of the rules or a comprehensive wetland protection and management plan
98.6 approved under section 103G.2243.

98.7 (c) If the local government unit fails to apply the rules, or fails to implement a
98.8 local comprehensive wetland protection and management plan established under section
98.9 103G.2243, the government unit is subject to penalty as determined by the board.

98.10 Sec. 37. Minnesota Statutes 2014, section 103G.2242, subdivision 2, is amended to
98.11 read:

98.12 Subd. 2. **Evaluation.** (a) Questions concerning the public value, location, size,
98.13 or type of a wetland shall be submitted to and determined by a Technical Evaluation
98.14 Panel after an on-site inspection. The Technical Evaluation Panel shall be composed of
98.15 a technical professional employee of the board, a technical professional employee of
98.16 the local soil and water conservation district or districts, a technical professional with
98.17 expertise in water resources management appointed by the local government unit, and
98.18 a technical professional employee of the Department of Natural Resources for projects
98.19 affecting public waters or wetlands adjacent to public waters. The panel shall use the
98.20 "United States Army Corps of Engineers Wetland Delineation Manual" (January 1987),
98.21 including updates, supplementary guidance, and replacements, if any, "Wetlands of
98.22 the United States" (United States Fish and Wildlife Service Circular 39, 1971 edition),
98.23 and "Classification of Wetlands and Deepwater Habitats of the United States" (1979
98.24 edition). The panel shall provide the wetland determination and recommendations on
98.25 other technical matters to the local government unit that must approve a replacement plan,
98.26 ~~wetland banking plan~~ sequencing, exemption determination, no-loss determination, or
98.27 wetland boundary or type determination and may recommend approval or denial of the
98.28 plan. The authority must consider and include the decision of the Technical Evaluation
98.29 Panel in their approval or denial of a plan or determination.

98.30 (b) Persons conducting wetland or public waters boundary delineations or type
98.31 determinations are exempt from the requirements of chapter 326. The board may develop
98.32 a professional wetland delineator certification program.

98.33 (c) The board must establish an interagency team to assist in identifying and
98.34 evaluating potential wetland replacement sites. The team must consist of members
98.35 of the Technical Evaluation Panel and representatives from the Department of Natural

99.1 Resources; the Pollution Control Agency; the United States Army Corps of Engineers, St.
 99.2 Paul district; and other organizations as determined by the board.

99.3 Sec. 38. Minnesota Statutes 2014, section 103G.2242, subdivision 3, is amended to
 99.4 read:

99.5 Subd. 3. **Replacement completion.** (a) Replacement of wetland values must be
 99.6 completed prior to or concurrent with the actual draining or filling of a wetland, unless:

99.7 (1) an irrevocable bank letter of credit or other security financial assurance
 99.8 acceptable to the local government unit or the board is given to the local government unit
 99.9 or the board to guarantee the successful completion of the replacement; or

99.10 (2) the replacement is approved under an in-lieu fee program according to rules
 99.11 adopted under subdivision 1. In the case of an in-lieu fee program established by a
 99.12 board-approved sponsor, the board may require that a financial assurance in an amount
 99.13 and method acceptable to the board be given to the board to ensure the approved sponsor
 99.14 fulfills the sponsor's obligation to complete the required wetland replacement.

99.15 ~~The board may establish, sponsor, or administer a wetland banking program, which~~
 99.16 ~~may include provisions allowing monetary payment to the wetland bank for impacts to~~
 99.17 ~~wetlands on agricultural land, for impacts that occur in greater than 80 percent areas, and~~
 99.18 ~~for public road projects.~~ (b) The board may acquire land in fee title, purchase or accept
 99.19 easements, enter into agreements, and purchase existing wetland replacement credits to
 99.20 facilitate the wetland banking program. The board may establish in-lieu fee payment
 99.21 amounts and hold money in an account in the special revenue fund, which is appropriated
 99.22 to the board to be used solely for establishing replacement wetlands and administering the
 99.23 wetland banking program.

99.24 (c) The board shall coordinate the establishment and operation of a wetland bank
 99.25 with the United States Army Corps of Engineers, the Natural Resources Conservation
 99.26 Service of the United States Department of Agriculture, and the commissioners of natural
 99.27 resources, agriculture, and the Pollution Control Agency.

99.28 Sec. 39. Minnesota Statutes 2014, section 103G.2242, subdivision 4, is amended to
 99.29 read:

99.30 Subd. 4. **Decision.** Upon receiving and considering all required data, the local
 99.31 government unit reviewing replacement plan applications, ~~banking plan sequencing~~
 99.32 applications, and exemption or no-loss determination requests must act on all replacement
 99.33 plan applications, ~~banking plan sequencing~~ applications, and exemption or no-loss
 99.34 determination requests in compliance with section 15.99.

100.1 Sec. 40. Minnesota Statutes 2014, section 103G.2242, subdivision 12, is amended to
100.2 read:

100.3 Subd. 12. **Replacement credits.** (a) No public or private wetland restoration,
100.4 enhancement, or construction may be allowed for replacement unless specifically
100.5 designated for replacement and paid for by the individual or organization performing the
100.6 wetland restoration, enhancement, or construction, ~~and is completed prior to any draining~~
100.7 ~~or filling of the wetland.~~

100.8 (b) Paragraph (a) does not apply to a wetland whose owner has paid back with
100.9 interest the individual or organization restoring, enhancing, or constructing the wetland.

100.10 (c) Notwithstanding section 103G.222, subdivision 1, paragraph (i), the following
100.11 actions, and others established in rule, that are consistent with criteria in rules adopted by
100.12 the board in conjunction with the commissioners of natural resources and agriculture, are
100.13 eligible for replacement credit as determined by the local government unit or the board,
100.14 including enrollment in a statewide wetlands bank:

100.15 (1) reestablishment of permanent native, noninvasive vegetative cover on a wetland
100.16 on agricultural land that was planted with annually seeded crops, was in a crop rotation
100.17 seeding of pasture grasses or legumes, or was in a land retirement program during the
100.18 past ten years;

100.19 (2) buffer areas of permanent native, noninvasive vegetative cover established or
100.20 preserved on upland adjacent to replacement wetlands;

100.21 (3) wetlands restored for conservation purposes under terminated easements or
100.22 contracts; ~~and~~

100.23 (4) water quality treatment ponds constructed to pretreat storm water runoff prior
100.24 to discharge to wetlands, public waters, or other water bodies, provided that the water
100.25 quality treatment ponds must be associated with an ongoing or proposed project that
100.26 will impact a wetland and replacement credit for the treatment ponds is based on the
100.27 replacement of wetland functions and on an approved storm water management plan for
100.28 the local government; and

100.29 (5) in a greater than 80 percent area, restoration and protection of streams and
100.30 riparian buffers that are important to the functions and sustainability of aquatic resources.

100.31 (d) Notwithstanding section 103G.222, subdivision 1, paragraphs (f) and (g), the
100.32 board may establish by rule different replacement ratios for restoration projects with
100.33 exceptional natural resource value.

100.34 Sec. 41. Minnesota Statutes 2014, section 103G.2242, subdivision 14, is amended to
100.35 read:

101.1 Subd. 14. **Fees established.** (a) Fees must be assessed for managing wetland bank
101.2 accounts and transactions as follows:

101.3 (1) account maintenance annual fee: one percent of the value of credits not to
101.4 exceed \$500;

101.5 (2) account establishment, deposit, or transfer: 6.5 percent of the value of credits not
101.6 to exceed \$1,000 per establishment, deposit, or transfer; and

101.7 (3) withdrawal fee: 6.5 percent of the value of credits withdrawn.

101.8 (b) The board may establish fees at or below the amounts in paragraph (a) for
101.9 single-user or other dedicated wetland banking accounts.

101.10 (c) Fees for single-user or other dedicated wetland banking accounts established
101.11 pursuant to section 103G.005, subdivision 10e, clause (4), are limited to establishment
101.12 of a wetland banking account and are assessed at the rate of 6.5 percent of the value of
101.13 the credits not to exceed \$1,000.

101.14 (d) The board may assess a fee to pay the costs associated with establishing
101.15 conservation easements, or other long-term protection mechanisms prescribed in the rules
101.16 adopted under subdivision 1, on property used for wetland replacement.

101.17 Sec. 42. Minnesota Statutes 2014, section 103G.2242, subdivision 15, is amended to
101.18 read:

101.19 Subd. 15. **Fees paid to board.** All fees established in subdivisions 9 and 14 must
101.20 be paid to the Board of Water and Soil Resources and are annually appropriated to the
101.21 board for the purpose of administration of the wetland bank and to process appeals
101.22 under ~~section 103G.2242~~, subdivision 9. One-half of the fees collected for wetland bank
101.23 credit withdrawals under subdivision 14, paragraph (a), clause (3), or alternative fees
101.24 for wetland bank credit withdrawal under subdivision 14, paragraph (b), must be paid
101.25 to the county where the property for wetland credit is located. The amount paid to the
101.26 county must be distributed as follows: one-third to the school district; one-third to the
101.27 city or organized township; and one-third to the county. If the property is located in an
101.28 unorganized township, the county retains the township share.

101.29 Sec. 43. Minnesota Statutes 2014, section 103G.2251, is amended to read:

101.30 **103G.2251 STATE CONSERVATION EASEMENTS; WETLAND BANK**
101.31 **CREDIT.**

101.32 In greater than 80 percent areas, preservation of wetlands, riparian buffers, and
101.33 watershed areas essential to maintaining important functions and sustainability of aquatic
101.34 resources in the watershed that are protected by a permanent conservation easement

102.1 as defined under section 84C.01 and held by the board may be eligible for wetland
102.2 replacement or mitigation credits, according to rules adopted by the board. To be eligible
102.3 for credit under this section, a conservation easement must be established after May 24,
102.4 2008, and approved by the board. Wetland areas on private lands preserved under this
102.5 section are not eligible for replacement or mitigation credit if the area has been protected
102.6 using public conservation funds.

102.7 Sec. 44. Minnesota Statutes 2014, section 115A.1415, subdivision 16, is amended to
102.8 read:

102.9 Subd. 16. **Administrative fee.** (a) The stewardship organization or individual
102.10 producer submitting a stewardship plan shall pay an annual administrative fee to the
102.11 commissioner. The agency may establish a variable fee based on relevant factors,
102.12 including, but not limited to, the portion of architectural paint sold in the state by members
102.13 of the organization compared to the total amount of architectural paint sold in the state by
102.14 all organizations submitting a stewardship plan.

102.15 (b) Prior to July 1, 2014, and before July 1 annually thereafter, the agency shall
102.16 identify the costs it incurs under this section. The agency shall set the fee at an amount
102.17 that, when paid by every stewardship organization or individual producer that submits a
102.18 stewardship plan, is adequate to reimburse the agency's full costs of administering this
102.19 section. The total amount of annual fees collected under this subdivision must not exceed
102.20 the amount necessary to reimburse costs incurred by the agency to administer this section.

102.21 (c) A stewardship organization or individual producer subject to this subdivision
102.22 must pay the agency's administrative fee under paragraph (a) on or before July 1, 2014,
102.23 and annually thereafter. Each year after the initial payment, the annual administrative fee
102.24 may not exceed five percent of the aggregate stewardship assessment added to the cost of
102.25 all architectural paint sold by producers in the state for the preceding calendar year.

102.26 (d) All fees received under this section shall be deposited in the state treasury and
102.27 credited to a product stewardship account in the special revenue fund. For fiscal years
102.28 2014 ~~and~~ 2015, 2016, and 2017, the amount collected under this section is annually
102.29 appropriated to the agency to implement and enforce this section.

102.30 Sec. 45. Minnesota Statutes 2014, section 115A.557, subdivision 2, is amended to read:

102.31 Subd. 2. **Purposes for which money may be spent.** (a) A county receiving money
102.32 distributed by the commissioner under this section may use the money only for the
102.33 development and implementation of programs to:

102.34 (1) reduce the amount of solid waste generated;

- 103.1 (2) recycle the maximum amount of solid waste technically feasible;
- 103.2 (3) create and support markets for recycled products;
- 103.3 (4) remove problem materials from the solid waste stream and develop proper
- 103.4 disposal options for them;
- 103.5 (5) inform and educate all sectors of the public about proper solid waste management
- 103.6 procedures;
- 103.7 (6) provide technical assistance to public and private entities to ensure proper solid
- 103.8 waste management;
- 103.9 (7) provide educational, technical, and financial assistance for litter prevention;
- 103.10 (8) process mixed municipal solid waste generated in the county at a resource
- 103.11 recovery facility located in Minnesota; ~~and~~
- 103.12 (9) compost source-separated compostable materials, including the provision of
- 103.13 receptacles for residential composting;
- 103.14 (10) prevent food waste or collect and transport food donated to humans or to be
- 103.15 fed to animals; and
- 103.16 (11) process source-separated compostable materials that are to be used to produce
- 103.17 Class I or Class II compost, as defined in Minnesota Rules, part 7035.2836, after being
- 103.18 processed in an anaerobic digester, but not to construct buildings or acquire equipment.
- 103.19 (b) Beginning in fiscal year 2015 and continuing thereafter, of any money distributed
- 103.20 by the commissioner under this section to a metropolitan county, as defined in section
- 103.21 473.121, subdivision 4, that exceeds the amount the county was eligible to receive under
- 103.22 this section in fiscal year 2014: (1) at least 50 percent must be expended on activities in
- 103.23 paragraph (a), ~~clause~~ clauses (9) to (11); and (2) the remainder must be expended on
- 103.24 activities in paragraph (a), clauses (1) to (7) and (9) to (11) that advance the county toward
- 103.25 achieving its recycling goal under section 115A.551.

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

103.27 Sec. 46. Minnesota Statutes 2014, section 116.07, subdivision 4d, is amended to read:

103.28 Subd. 4d. **Permit fees.** (a) The agency may collect permit fees in amounts not greater

103.29 than those necessary to cover the reasonable costs of developing, reviewing, and acting

103.30 upon applications for agency permits and implementing and enforcing the conditions of

103.31 the permits pursuant to agency rules. Permit fees shall not include the costs of litigation.

103.32 The fee schedule must reflect reasonable and routine direct and indirect costs associated

103.33 with permitting, implementation, and enforcement. The agency may impose an additional

103.34 enforcement fee to be collected for a period of up to two years to cover the reasonable costs

104.1 of implementing and enforcing the conditions of a permit under the rules of the agency.

104.2 Any money collected under this paragraph shall be deposited in the environmental fund.

104.3 (b) Notwithstanding paragraph (a), the agency shall collect an annual fee from

104.4 the owner or operator of all stationary sources, emission facilities, emissions units, air

104.5 contaminant treatment facilities, treatment facilities, potential air contaminant storage

104.6 facilities, or storage facilities subject to ~~the requirement to obtain a permit~~ a notification,

104.7 permit, or license requirement under ~~subchapter~~ this chapter, subchapters I and V of

104.8 the federal Clean Air Act, United States Code, title 42, section 7401 et seq., ~~or section~~

104.9 ~~116.081~~ or rules adopted thereunder. The annual fee shall be used to pay for all direct

104.10 and indirect reasonable costs, including ~~attorney general~~ legal costs, required to develop

104.11 and administer the notification, permit, or license program requirements of ~~subchapter~~

104.12 this chapter, subchapters I and V of the federal Clean Air Act, United States Code, title

104.13 42, section 7401 et seq., ~~and sections of this chapter and the~~ or rules adopted ~~under~~

104.14 ~~this chapter related to air contamination and noise~~ thereunder. Those costs include the

104.15 reasonable costs of reviewing and acting upon an application for a permit; implementing

104.16 and enforcing statutes, rules, and the terms and conditions of a permit; emissions, ambient,

104.17 and deposition monitoring; preparing generally applicable regulations; responding to

104.18 federal guidance; modeling, analyses, and demonstrations; preparing inventories and

104.19 tracking emissions; and providing information to the public about these activities.

104.20 (c) The agency shall set fees that:

104.21 (1) will result in the collection, in the aggregate, from the sources listed in paragraph

104.22 (b), of an amount not less than \$25 per ton of each volatile organic compound; pollutant

104.23 regulated under United States Code, title 42, section 7411 or 7412 (section 111 or 112

104.24 of the federal Clean Air Act); and each pollutant, except carbon monoxide, for which a

104.25 national primary ambient air quality standard has been promulgated;

104.26 (2) may result in the collection, in the aggregate, from the sources listed in paragraph

104.27 (b), of an amount not less than \$25 per ton of each pollutant not listed in clause (1) that is

104.28 regulated under this chapter or air quality rules adopted under this chapter; and

104.29 (3) shall collect, in the aggregate, from the sources listed in paragraph (b), the

104.30 amount needed to match grant funds received by the state under United States Code, title

104.31 42, section 7405 (section 105 of the federal Clean Air Act).

104.32 The agency must not include in the calculation of the aggregate amount to be collected

104.33 under clauses (1) and (2) any amount in excess of 4,000 tons per year of each air pollutant

104.34 from a source. The increase in air permit fees to match federal grant funds shall be a

104.35 surcharge on existing fees. The commissioner may not collect the surcharge after the grant

105.1 funds become unavailable. In addition, the commissioner shall use nonfee funds to the
105.2 extent practical to match the grant funds so that the fee surcharge is minimized.

105.3 (d) To cover the reasonable costs described in paragraph (b), the agency shall
105.4 provide in the rules promulgated ~~under paragraph (c)~~ to implement paragraphs (b) and
105.5 (c) for an increase in the fee collected in each year by the percentage, if any, by which
105.6 the Consumer Price Index for the most recent calendar year ending before the beginning
105.7 of the year the fee is collected exceeds the Consumer Price Index for the calendar year
105.8 1989. For purposes of this paragraph the Consumer Price Index for any calendar year is
105.9 the average of the Consumer Price Index for all-urban consumers published by the United
105.10 States Department of Labor, as of the close of the 12-month period ending on August 31
105.11 of each calendar year. The revision of the Consumer Price Index that is most consistent
105.12 with the Consumer Price Index for calendar year 1989 shall be used.

105.13 (e) Any money collected under ~~paragraphs (b) to (d)~~ this subdivision must be
105.14 deposited in the environmental fund and must be used solely for the activities listed in
105.15 paragraph (b).

105.16 (f) Permit applicants who wish to construct, reconstruct, or modify a facility may
105.17 offer to reimburse the agency for the costs of staff time or consultant services needed to
105.18 expedite the permit development process, including the analysis of environmental review
105.19 documents. The reimbursement shall be in addition to permit application fees imposed by
105.20 law. When the agency determines that it needs additional resources to develop the permit
105.21 application in an expedited manner, and that expediting the development is consistent with
105.22 permitting program priorities, the agency may accept the reimbursement. Reimbursements
105.23 accepted by the agency are appropriated to the agency for the purpose of developing
105.24 the permit or analyzing environmental review documents. Reimbursement by a permit
105.25 applicant shall precede and not be contingent upon issuance of a permit; shall not affect
105.26 the agency's decision on whether to issue or deny a permit, what conditions are included
105.27 in a permit, or the application of state and federal statutes and rules governing permit
105.28 determinations; and shall not affect final decisions regarding environmental review.

105.29 (g) The fees under this subdivision are exempt from section 16A.1285.

105.30 Sec. 47. Minnesota Statutes 2014, section 116.9401, is amended to read:

105.31 **116.9401 DEFINITIONS.**

105.32 (a) For the purposes of sections 116.9401 to ~~116.9407~~ 116.9411, the following terms
105.33 have the meanings given them.

105.34 (b) "Agency" means the Pollution Control Agency.

106.1 (c) "Alternative" means a substitute process, product, material, chemical, strategy,
106.2 or combination of these that is technically feasible and serves a functionally equivalent
106.3 purpose to a chemical in a children's product.

106.4 (d) "Chemical" means a substance with a distinct molecular composition or a group
106.5 of structurally related substances and includes the breakdown products of the substance or
106.6 substances that form through decomposition, degradation, or metabolism.

106.7 (e) "Chemical of high concern" means a chemical identified on the basis of credible
106.8 scientific evidence by a state, federal, or international agency as being known or suspected
106.9 with a high degree of probability to:

106.10 (1) harm the normal development of a fetus or child or cause other developmental
106.11 toxicity;

106.12 (2) cause cancer, genetic damage, or reproductive harm;

106.13 (3) disrupt the endocrine or hormone system;

106.14 (4) damage the nervous system, immune system, or organs, or cause other systemic
106.15 toxicity;

106.16 (5) be persistent, bioaccumulative, and toxic; or

106.17 (6) be very persistent and very bioaccumulative.

106.18 (f) "Child" means a person under 12 years of age.

106.19 (g) "Children's product" means a consumer product intended for use by children,
106.20 such as baby products, toys, car seats, personal care products, and clothing.

106.21 (h) "Commissioner" means the commissioner of the Pollution Control Agency.

106.22 (i) "Contaminant" means a trace amount of a chemical that is incidental to
106.23 manufacturing and serves no intended function in the product component. Contaminant
106.24 includes, but is not limited to, unintended by-products of chemical reactions that
106.25 occur during the manufacture of the product component, trace impurities in feedstock,
106.26 incompletely reacted chemical mixtures, and degradation products.

106.27 (j) "Department" means the Department of Health.

106.28 (k) "Distributor" means a person who sells consumer products to retail
106.29 establishments on a wholesale basis.

106.30 (l) "Green chemistry" means an approach to designing and manufacturing
106.31 products that minimizes the use and generation of toxic substances.

106.32 (m) "Manufacturer" means any person who manufactures a final consumer
106.33 product sold at retail or whose brand name is affixed to the consumer product. In the
106.34 case of a consumer product imported into the United States, manufacturer includes the
106.35 importer or domestic distributor of the consumer product if the person who manufactured

107.1 or assembled the consumer product or whose brand name is affixed to the consumer
107.2 product does not have a presence in the United States.

107.3 (n) "Practical quantification limit" means the lowest concentration of a chemical that
107.4 can be reliably measured within specified limits of precision, accuracy, representativeness,
107.5 completeness, and comparability under routine laboratory operating conditions, the value
107.6 of which:

107.7 (1) is based on scientifically defensible, standard analytical methods;

107.8 (2) may vary depending on the matrix and analytical method used; and

107.9 (3) will be determined jointly by the agency and the department, taking into

107.10 consideration practical quantification limits established by federal or state agencies.

107.11 ~~(m)~~ (o) "Priority chemical" means a chemical identified by the Department of Health
107.12 as a chemical of high concern that meets the criteria in section 116.9403.

107.13 ~~(n)~~ (p) "Product category" means the brick level of the GS1 Global Product
107.14 Classification (GPC) standard, which identifies products that serve a common purpose, are
107.15 of a similar form and material, and share the same set of category attributes.

107.16 (q) "Safer alternative" means an alternative whose potential to harm human health is
107.17 less than that of the use of a priority chemical that it could replace.

107.18 **EFFECTIVE DATE.** This section is effective July 1, 2016.

107.19 Sec. 48. Minnesota Statutes 2014, section 116.9402, is amended to read:

107.20 **116.9402 IDENTIFICATION OF CHEMICALS OF HIGH CONCERN.**

107.21 (a) By July 1, 2010, the department shall, after consultation with the agency,
107.22 generate a list of chemicals of high concern.

107.23 (b) The department must periodically review and revise the list of chemicals of
107.24 high concern at least every three years. The department may add chemicals to the list if
107.25 the chemical meets one or more of the criteria in section 116.9401, paragraph (e). Any
107.26 changes to the list of chemicals of high concern must be published on the department's
107.27 Web site and in the State Register when a change is made.

107.28 (c) The department shall consider chemicals listed as a suspected carcinogen,
107.29 reproductive or developmental toxicant, or as being persistent, bioaccumulative, and
107.30 toxic, or very persistent and very bioaccumulative by a state, federal, or international
107.31 agency. These agencies may include, but are not limited to, the California Environmental
107.32 Protection Agency, the Washington Department of Ecology, the United States Department
107.33 of Health, the United States Environmental Protection Agency, the United Nation's World

108.1 Health Organization, and European Parliament Annex XIV concerning the Registration,
108.2 Evaluation, Authorisation, and Restriction of Chemicals.

108.3 (d) The department may consider chemicals listed by another state as harmful to
108.4 human health or the environment for possible inclusion in the list of chemicals of high
108.5 concern.

108.6 **EFFECTIVE DATE.** This section is effective July 1, 2016.

108.7 Sec. 49. Minnesota Statutes 2014, section 116.9403, is amended to read:

108.8 **116.9403 IDENTIFICATION OF PRIORITY CHEMICALS.**

108.9 (a) The department, after consultation with the agency, may designate a chemical of
108.10 high concern as a priority chemical if the department finds that the chemical:

108.11 (1) has been identified as a high-production volume chemical by the United States
108.12 Environmental Protection Agency; and

108.13 (2) meets any of the following criteria:

108.14 (i) the chemical has been found through biomonitoring to be present in human blood,
108.15 including umbilical cord blood, breast milk, urine, or other bodily tissues or fluids;

108.16 (ii) the chemical has been found through sampling and analysis to be present in
108.17 household dust, indoor air, drinking water, or elsewhere in the home environment; or

108.18 (iii) the chemical has been found through monitoring to be present in fish, wildlife,
108.19 or the natural environment.

108.20 (b) By February 1, 2011, the department shall publish a list of priority chemicals in
108.21 the State Register and on the department's Internet Web site and shall update the published
108.22 list whenever a new priority chemical is designated. Any proposed changes to the list of
108.23 priority chemicals must be published on the department's Web site and in the State Register
108.24 and is subject to a minimum 60-day public comment period. After the department's
108.25 review and consideration of public comments, a final list of changes to the list of priority
108.26 chemicals must be published on the department's Web site and in the State Register.

108.27 **EFFECTIVE DATE.** This section is effective July 1, 2016.

108.28 Sec. 50. Minnesota Statutes 2014, section 116.9405, is amended to read:

108.29 **116.9405 APPLICABILITY.**

108.30 The requirements of sections 116.9401 to ~~116.9407~~ 116.9411 do not apply to:

108.31 (1) chemicals in used children's products;

108.32 (2) priority chemicals used in the manufacturing process, but that are not present
108.33 in the final product;

- 109.1 (3) priority chemicals used in agricultural production;
- 109.2 (4) motor vehicles as defined in chapter 168 or watercraft as defined in chapter
109.3 86B or their component parts, except that the use of priority chemicals in detachable
109.4 car seats is not exempt;
- 109.5 (5) priority chemicals generated solely as combustion by-products or that are present
109.6 in combustible fuels;
- 109.7 (6) retailers, except if a retailer is also the producer, manufacturer, importer, or
109.8 domestic distributor of a children's product containing a priority chemical or the retailer's
109.9 brand name is affixed to a children's product containing a priority chemical;
- 109.10 (7) pharmaceutical products or biologics;
- 109.11 (8) a medical device as defined in the federal Food, Drug, and Cosmetic Act, United
109.12 States Code, title 21, section 321(h);
- 109.13 (9) food and food or beverage packaging, except a container containing baby food
109.14 or infant formula;
- 109.15 (10) consumer electronics products and electronic components, including but not
109.16 limited to personal computers; audio and video equipment; calculators; digital displays;
109.17 wireless phones; cameras; game consoles; printers; and handheld electronic and electrical
109.18 devices used to access interactive software or their associated peripherals; or products that
109.19 comply with the provisions of directive 2002/95/EC of the European Union, adopted by
109.20 the European Parliament and Council of the European Union now or hereafter in effect; ~~or~~
- 109.21 (11) outdoor sport equipment, including snowmobiles as defined in section 84.81,
109.22 subdivision 3; all-terrain vehicles as defined in section 84.92, subdivision 8; personal
109.23 watercraft as defined in section 86B.005, subdivision 14a; watercraft as defined in section
109.24 86B.005, subdivision 18; and off-highway motorcycles, as defined in section 84.787,
109.25 subdivision 7, and all attachments and repair parts for all of this equipment;
- 109.26 (12) a manufacturer or distributor of a children's product whose annual aggregate
109.27 gross sales, both within and outside this state, as reported in the manufacturer's or
109.28 distributor's most recently filed federal tax return, is below \$100,000; or
- 109.29 (13) a children's product if the annual production of the children's product is less
109.30 than 3,000 units.

109.31 **EFFECTIVE DATE.** This section is effective July 1, 2016.

109.32 Sec. 51. Minnesota Statutes 2014, section 116.9406, is amended to read:

109.33 **116.9406 DONATIONS TO THE STATE.**

110.1 The commissioner may accept donations, grants, and other funds to carry out the
110.2 purposes of sections 116.9401 to ~~116.9407~~ 116.9411. All donations, grants, and other
110.3 funds must be accepted without preconditions regarding the outcomes of the regulatory
110.4 oversight processes set forth in sections 116.9401 to ~~116.9407~~ 116.9411.

110.5 **EFFECTIVE DATE.** This section is effective July 1, 2016.

110.6 Sec. 52. **[116.9408] CHILDREN'S PRODUCTS; REPORTING INFORMATION**
110.7 **ON PRIORITY CHEMICALS.**

110.8 **Subdivision 1. Reporting; content.** A manufacturer or distributor of a children's
110.9 product offered for sale in this state that contains one or more priority chemicals
110.10 designated under section 116.9403 must, unless the children's product is exempt under
110.11 section 116.9405, provide the following information to the agency, on a form developed by
110.12 the agency, for each priority chemical that is intentionally added to the children's product
110.13 and present at or above the practical quantification limit or that is a contaminant present in
110.14 a component of the children's product at a concentration above 100 parts per million:

110.15 (1) the name of the priority chemical;

110.16 (2) the Chemical Abstracts Service Registry number of the priority chemical;

110.17 (3) the concentration of each priority chemical contained in a children's product, a
110.18 description of how the concentration was determined, and an evaluation of the accuracy
110.19 of the determination. Concentrations at or above the practical quantification limit must
110.20 be reported, but may be reported in the following ranges:

110.21 (i) greater than or equal to the practical quantification limit but less than 100 parts
110.22 per million (ppm);

110.23 (ii) greater than or equal to 100 ppm but less than 500 ppm;

110.24 (iii) greater than or equal to 500 ppm but less than 1,000 ppm;

110.25 (iv) greater than or equal to 1,000 ppm but less than 5,000 ppm;

110.26 (v) greater than or equal to 5,000 ppm but less than 10,000 ppm; and

110.27 (vi) greater than or equal to 10,000 ppm;

110.28 (4) the product category of the children's product;

110.29 (5) the number of units of the children's product sold in Minnesota or nationally in
110.30 the most recently completed calendar year;

110.31 (6) information that the agency determines is necessary to determine the extent to
110.32 which a child is likely to be exposed to the priority chemical through normal use of the
110.33 product;

111.1 (7) any assessment conducted by the manufacturer or distributor of the children's
111.2 product or others regarding the use of safer alternatives to the priority chemical contained
111.3 in the children's product; and

111.4 (8) any additional information requested by the agency.

111.5 Subd. 2. **Report timing.** (a) A manufacturer or distributor subject to this section
111.6 must report the information required under this section to the agency no later than one
111.7 year after a priority chemical has been designated under section 116.9403 or, for a priority
111.8 chemical designated under section 116.9403 before July 1, 2011, on the following
111.9 schedule based on the manufacturer's or distributor's annual aggregate gross sales, both
111.10 within and outside the state, as reported in the manufacturer's or distributor's most recently
111.11 filed federal tax return:

111.12 (1) for a manufacturer or distributor with gross sales exceeding \$1,000,000,000, by
111.13 July 1, 2018;

111.14 (2) for a manufacturer or distributor with gross sales exceeding \$250,000,000 but
111.15 less than or equal to \$1,000,000,000, by January 1, 2019;

111.16 (3) for a manufacturer or distributor with gross sales exceeding \$100,000,000 but
111.17 less than or equal to \$250,000,000, by July 1, 2019;

111.18 (4) for a manufacturer or distributor with gross sales exceeding \$5,000,000 but less
111.19 than or equal to \$100,000,000, by July 1, 2020; and

111.20 (5) for a manufacturer or distributor with gross sales exceeding \$100,000 but less
111.21 than or equal to \$5,000,000, by July 1, 2021.

111.22 (b) Two years after submitting an initial report to the agency under this section,
111.23 a manufacturer or distributor of a children's product offered for sale in this state that
111.24 continues to contain one or more priority chemicals must submit an updated report
111.25 containing the information required under subdivision 1 and the 12-digit Universal
111.26 Product Code for the children's product. If the children's product continues to be offered
111.27 for sale in this state and to contain the priority chemical, the information required under
111.28 this paragraph must be submitted to the agency every two years.

111.29 Subd. 3. **Public data.** Notwithstanding section 13.37, subdivision 2, the presence
111.30 and concentration of a priority chemical in a specific children's product reported to the
111.31 agency under this section are classified as public data.

111.32 Subd. 4. **Not misappropriation of trade secret.** Notwithstanding section 325C.01,
111.33 subdivision 3, publication by the agency of the presence and concentration of a priority
111.34 chemical in a specific children's product reported to the agency under this section is not
111.35 misappropriation of a trade secret.

112.1 Subd. 5. **Removal of priority chemical; reporting.** A manufacturer or distributor
112.2 who removes a priority chemical from a children's product reported under this section
112.3 must notify the agency of the removal at the earliest possible date. If the priority
112.4 chemical removed is replaced by a safer alternative, the manufacturer or distributor
112.5 must provide, on a form developed by the agency, the name of the safer alternative
112.6 and its Chemical Abstracts Service Registry number or, if not replaced by a chemical
112.7 alternative, a description of the techniques or design changes implemented. The safer
112.8 alternative or nonchemical techniques or design changes may be designated as trade
112.9 secrets. Upon verification that all priority chemicals in the product have been replaced by
112.10 safer alternatives, the commissioner must promptly remove from state agency Web sites
112.11 any reference to the relevant children's product of the manufacturer, and the manufacturer
112.12 will no longer report or pay fees on that children's product.

112.13 Subd. 6. **Failure to report.** If the information required in this section is not
112.14 submitted in a timely fashion or is incomplete or otherwise unacceptable as determined
112.15 by the agency, the agency may contract with an independent third party of the agency's
112.16 choice to provide the information and may assess a fee on the manufacturer or distributor
112.17 to pay the costs specified under section 116.9409.

112.18 **EFFECTIVE DATE.** This section is effective July 1, 2016.

112.19 Sec. 53. **[116.9409] FEES.**

112.20 (a) The agency shall collect a fee of \$1,000 for each priority chemical initially
112.21 reported under section 116.9408. The fee increases by \$1,000 for each report subsequently
112.22 filed with the agency under section 116.9408 for the same chemical contained in the same
112.23 children's product category, up to a maximum of \$3,000.

112.24 (b) The agency shall collect a fee equal to the costs billed by the independent
112.25 contractor plus the agency's actual incurred costs to bid and administer the contract for
112.26 each contract issued under section 116.9408, subdivision 6.

112.27 (c) The commissioner shall deposit all fees received under this section in an account
112.28 in the special revenue fund.

112.29 (d) Fees collected under this section are exempt from section 16A.1285.

112.30 **EFFECTIVE DATE.** This section is effective July 1, 2016.

112.31 Sec. 54. **[116.9410] ENFORCEMENT.**

113.1 The agency shall enforce sections 116.9401 to 116.9409 in the manner provided by
113.2 section 115.071, subdivisions 1, 3, 4, 5, and 6. Section 115.071, subdivision 2, does not
113.3 apply to violations of sections 116.9401 to 116.9409.

113.4 **EFFECTIVE DATE.** This section is effective July 1, 2016.

113.5 Sec. 55. **[116.9411] STATE AGENCY DUTIES.**

113.6 Subdivision 1. **Safer alternative grants.** If there is fee revenue collected under
113.7 section 116.9409, paragraph (a), in excess of program implementation costs, the
113.8 commissioner, in consultation with the commissioners of commerce and health, may
113.9 use that fee revenue to offer grants awarded competitively to manufacturers or other
113.10 researchers to develop safer alternatives to priority chemicals in children's products,
113.11 to establish alternatives as safer alternatives, or to accelerate the commercialization of
113.12 safer alternatives.

113.13 Subd. 2. **Education and outreach.** The commissioners of health and commerce
113.14 shall develop and implement an education and outreach effort regarding priority chemicals
113.15 in children's products.

113.16 Subd. 3. **Report.** By January 15, 2019, and every three years thereafter, the
113.17 commissioners of the Pollution Control Agency, health, and commerce shall report to
113.18 the legislative committees with jurisdiction over environment and natural resources,
113.19 commerce, and public health on the implementation of sections 116.9401 to 116.9411.

113.20 **EFFECTIVE DATE.** This section is effective July 1, 2016.

113.21 Sec. 56. **TRANSFERS.**

113.22 (a) On June 30, 2015, the commissioner of management and budget shall transfer
113.23 to the natural resources conservation easement stewardship account, established in
113.24 Minnesota Statutes, section 84.69, the remaining balance:

113.25 (1) in the forests for the future conservation easement account under section 84.68;
113.26 and

113.27 (2) of all appropriations to the Department of Natural Resources from the outdoor
113.28 heritage fund for the establishment of conservation easement monitoring and enforcement
113.29 accounts.

113.30 (b) On June 30, 2015, the commissioner of management and budget shall transfer to
113.31 the water and soil conservation easement stewardship account, established in Minnesota
113.32 Statutes, section 103B.103, the remaining balance of all appropriations to the board from

114.1 the outdoor heritage fund for the establishment of conservation easement monitoring
114.2 and enforcement accounts.

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

114.4 Sec. 57. **WETLAND CONSERVATION ACT REPORT.**

114.5 By March 15, 2016, the Board of Water and Soil Resources, in cooperation with the
114.6 Department of Natural Resources, shall report to the committees with jurisdiction over
114.7 environment and natural resources on the proposals to implement high priority areas for
114.8 wetland replacement and in-lieu fees for replacement and modify wetland replacement
114.9 siting and actions eligible for credit. In developing the report, the board and department
114.10 shall consult with stakeholders and agencies.

114.11 Sec. 58. **REFUNDS; YOUTH BEAR LICENSES.**

114.12 The commissioner of natural resources may issue refunds for youth bear licenses
114.13 that were purchased between August 1, 2013, and June 30, 2014, to individuals who were
114.14 10, 11, or 12 years old at the time of purchase.

114.15 Sec. 59. **WILD RICE WATER QUALITY STANDARDS.**

114.16 (a) Until the commissioner of the Pollution Control Agency adopts rules refining
114.17 the wild rice water quality standard in Minnesota Rules, part 7050.0224, subpart 2,
114.18 to incorporate new science and to include criteria for identifying waters and a list of
114.19 waters subject to the standard, implementation of the wild rice water quality standard
114.20 in Minnesota Rules, part 7050.0224, subpart 2, is limited to the following, unless the
114.21 permittee requests additional conditions:

114.22 (1) the agency shall ensure that no existing discharge further causes or contributes to
114.23 sulfate impacts to wild rice and, to accomplish this, is limited by the following conditions:

114.24 (i) the agency shall not require permittees to expend money for design or
114.25 implementation of sulfate treatment technologies or other forms of sulfate mitigation; and

114.26 (ii) the agency may require sulfate minimization plans in permits;

114.27 (2) the agency shall consider wild rice protection when evaluating proposals for new
114.28 or expanded discharges that include sulfate; and

114.29 (3) the agency shall not list waters containing natural beds of wild rice as impaired
114.30 for sulfate under section 303(d) of the federal Clean Water Act, United States Code, title
114.31 33, section 1313, until the rulemaking described in this paragraph takes effect.

115.1 (b) Upon the rule described in paragraph (a) taking effect, the agency may reopen
 115.2 permits issued or reissued after the effective date of this section as needed to include
 115.3 numeric permit limits based on the wild rice water quality standard.

115.4 (c) The commissioner shall complete the rulemaking described in paragraph (a) by
 115.5 January 15, 2018.

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

115.7 Sec. 60. **WORKING LANDS WATERSHED RESTORATION**

115.8 **IMPLEMENTATION PLAN.**

115.9 (a) The Board of Water and Soil Resources shall develop a detailed plan to
 115.10 implement Minnesota Statutes, section 103F.519, that includes the following:

115.11 (1) selection of pilot watersheds that are expected to best demonstrate water quality
 115.12 improvements and exhibit readiness to participate in the program;

115.13 (2) an assessment of the quantity of agricultural lands that are expected to be eligible
 115.14 for the program in each watershed;

115.15 (3) an assessment of landowner interest in participating in the program;

115.16 (4) an assessment of the contract terms and any recommendations for changes to
 115.17 the terms;

115.18 (5) an assessment of the opportunity to leverage federal funds through the program
 115.19 and recommendations on how to maximize the use of federal funds in the future;

115.20 (6) an estimate of water quality improvements resulting from implementation;

115.21 (7) an assessment of potential groundwater quantity use of the proposed advanced
 115.22 biofuel production facilities;

115.23 (8) an assessment of how to best integrate implementation with existing conservation
 115.24 requirements and practices;

115.25 (9) a timeline for implementation, coordinated to the extent possible with the
 115.26 proposed advanced biofuel production facilities; and

115.27 (10) a projection of funding sources needed to complete implementation.

115.28 (b) The board shall coordinate development of the plan with the commissioners of
 115.29 natural resources, agriculture, and the Pollution Control Agency. The implementation plan
 115.30 must be submitted by October 1, 2016, to the chairs and ranking minority members of the
 115.31 legislative committees and divisions with jurisdiction over agriculture, natural resources,
 115.32 and environment policy and finance and to the Clean Water Council.

115.33 Sec. 61. **INDEPENDENT PEER REVIEW OF WATER QUALITY STANDARDS.**

116.1 (a) The commissioner of the Pollution Control Agency must ensure that an
116.2 independent peer review is conducted on any proposed change to a water quality standard
116.3 under Minnesota Statutes, chapter 115 or 116, when the estimated financial impact
116.4 to affected permittees is \$50,000,000 or more, in total, within the first five years of
116.5 implementation. The commissioner must provide notice and take public comment on the
116.6 charge questions for independent peer review and must allow written and oral public
116.7 comment as part of the independent peer review process and the peer review report.
116.8 Documentation of compliance with the notice and comment requirements and the peer
116.9 review report must be included as part of the statement of need and reasonableness for
116.10 the proposed rule.

116.11 (b) The commissioner of the Pollution Control Agency must ensure that an
116.12 independent peer review according to paragraph (a) is conducted on the water quality
116.13 standards adopted by rule on August 4, 2014, and those rules are suspended until the
116.14 independent peer review and a new rulemaking is completed on those rules. The rules in
116.15 effect prior to adoption of the August 4, 2014, rules remain in effect until new rules are
116.16 adopted.

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

116.18 Sec. 62. **MINIMUM WATER QUALITY STANDARDS.**

116.19 Until the Red River of the North water quality strategic plan is completed and
116.20 submitted to the legislature according to article 3, section 2, subdivision 2, the Minnesota
116.21 Pollution Control Agency must not require a current permittee that discharges to the Red
116.22 River of the North to meet standards above the minimum standards for water quality that
116.23 are set by the United States Environmental Protection Agency and that are applicable in
116.24 North Dakota.

116.25 Sec. 63. **COST ANALYSIS OF WATER QUALITY STANDARDS;**
116.26 **APPROPRIATION.**

116.27 (a) The commissioner of the Pollution Control Agency, after consultation with
116.28 the commissioner of management and budget, shall issue a request for proposal not to
116.29 exceed \$250,000 to contract with a nonstate entity for an engineering cost analysis of
116.30 current and recently adopted, proposed, or anticipated changes to water quality standards
116.31 and rules, including:

116.32 (1) recently adopted or proposed changes to total suspended solid, nutrient, chloride,
116.33 nitrate, and sulfate standards;

116.34 (2) proposed nondegradation rulemaking provisions; and

117.1 (3) proposed changes to water quality standards to incorporate a tiered aquatic
117.2 life use framework.

117.3 (b) The contractor may employ engineering subcontractors serving local
117.4 governments to complete the analysis. The analysis must include a cost analysis for
117.5 a representative sample of at least 15 communities. The sample must include a diverse
117.6 set of communities based on geography, watersheds, community size, wastewater facility
117.7 types and operators, storm water system types, and other factors to ensure the analysis is
117.8 representative of the state as a whole. The analysis must include:

117.9 (1) an estimate of the overall capital and operating costs to maintain and upgrade
117.10 wastewater and storm water systems for existing water quality standards;

117.11 (2) an estimate of the overall capital and operating costs likely to be incurred
117.12 to upgrade wastewater and storm water systems for recently adopted, proposed, or
117.13 anticipated changes to water quality standards; and

117.14 (3) an estimate of the incremental effect to overall water quality in the receiving
117.15 waters as a direct result of the recently adopted, proposed, or anticipated changes to
117.16 water quality standards.

117.17 (c) The commissioner shall submit the analysis to the chairs and ranking minority
117.18 members of the committees and divisions of the house of representatives and senate with
117.19 jurisdiction over water quality standards no later than January 1, 2017.

117.20 (d) Until 45 legislative days after the report is submitted under paragraph (c), the
117.21 commissioner of the Pollution Control Agency must not require additional wastewater
117.22 treatment at wastewater treatment facilities that are necessary due to the changes in the
117.23 agency's water quality rules adopted on August 4, 2014.

117.24 **EFFECTIVE DATE.** Paragraph (d) of this section is effective the day following
117.25 final enactment.

117.26 **Sec. 64. SURPLUS STATE LAND SALES.**

117.27 The school trust lands director shall identify at least \$5,000,000 in state-owned
117.28 lands suitable for sale and notify the commissioner of natural resources of the identified
117.29 lands. The lands identified shall not be within a unit of the outdoor recreation system
117.30 under Minnesota Statutes, section 86A.05, an administrative site, or trust land. The
117.31 commissioner shall sell at least \$3,000,000 worth of lands identified by the school trust
117.32 lands director by June 30, 2017. Notwithstanding Minnesota Statutes, section 94.16,
117.33 subdivision 3, or any other law to the contrary, the amount of the proceeds from the sale of
117.34 lands that exceeds the actual expenses of selling the lands must be deposited in the school
117.35 trust lands account and used to extinguish the school trust interest as provided under

118.1 Minnesota Statutes, section 92.83, on school trust lands that have public water access
118.2 sites or old growth forests located on them.

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

118.4 The revisor of statutes shall renumber the subdivisions of Minnesota Statutes,
118.5 section 103G.005, to retain alphabetical order and shall correct cross-references to the
118.6 renumbered subdivisions.

118.7 Sec. 66. **REPEALER.**

118.8 (a) Minnesota Statutes 2014, section 84.68, is repealed.

118.9 (b) Minnesota Statutes 2014, section 86B.13, subdivisions 2 and 4, are repealed.

118.10 (c) Laws 2010, chapter 215, article 3, section 3, subdivision 6, as amended by Laws
118.11 2010, First Special Session chapter 1, article 6, section 6, Laws 2013, chapter 114, article
118.12 3, section 9, is repealed.

118.13 **EFFECTIVE DATE.** Paragraph (b) of this section is effective the day following
118.14 final enactment.

APPENDIX
Article locations in S1764-1

| | | |
|-----------|---|---------------|
| ARTICLE 1 | AGRICULTURE APPROPRIATIONS | Page.Ln 2.7 |
| ARTICLE 2 | AGRICULTURE STATUTORY CHANGES | Page.Ln 14.4 |
| | ENVIRONMENT AND NATURAL RESOURCES | |
| ARTICLE 3 | AGRICULTURE APPROPRIATIONS | Page.Ln 48.25 |
| | ENVIRONMENT AND NATURAL RESOURCES STATUTORY | |
| ARTICLE 4 | CHANGES | Page.Ln 75.5 |

17.115 SHARED SAVINGS LOAN PROGRAM.

Subdivision 1. **Establishment.** The commissioner shall establish a shared savings loan program to provide loans that enable farmers to adopt best management practices that emphasize sufficiency and self-sufficiency in agricultural inputs, including energy efficiency, reduction or improved management of inputs, increasing energy production by agricultural producers, and environmental improvements.

Subd. 2. **Loan criteria.** (a) The shared savings loan program must provide loans for purchase of new or used machinery and installation of equipment for projects that make environmental improvements and enhance farm profitability. Eligible loan uses do not include seed, fertilizer, or fuel.

(b) Loans may not exceed \$40,000 per individual applying for a loan and may not exceed \$160,000 for loans to four or more individuals on joint projects. The loan repayment period may be up to seven years as determined by project cost and energy savings. The interest rate on the loans must not exceed six percent.

(c) Loans may only be made to residents of this state engaged in farming.

Subd. 3. **Awarding of loans.** (a) Applications for loans must be made to the commissioner on forms prescribed by the commissioner.

(b) The applications must be reviewed, ranked, and recommended by a loan review panel appointed by the commissioner. The loan review panel shall consist of two lenders with agricultural experience, two resident farmers of the state using sustainable agriculture methods, two resident farmers of the state using organic agriculture methods, a farm management specialist, a representative from a postsecondary education institution, and a chair from the department.

(c) The loan review panel shall rank applications according to the following criteria:

- (1) realize savings to the cost of agricultural production;
- (2) reduce or make more efficient use of energy or inputs;
- (3) increase overall farm profitability; and
- (4) result in environmental benefits.

(d) A loan application must show that the loan can be repaid by the applicant.

(e) The commissioner must consider the recommendations of the loan review panel and may make loans for eligible projects.

Subd. 4. **Administration; information dissemination.** The amount in the revolving loan account is appropriated to the commissioner to make loans under this section and administer the loan program. The interest on the money in the revolving loan account and the interest on loans repaid to the state may be spent by the commissioner for administrative expenses. The commissioner shall collect and disseminate information relating to projects for which loans are given under this section.

Subd. 5. **Farm manure digester technology.** Appropriations in Laws 1998, chapter 401, section 6, must be used for revolving loans for demonstration projects of farm manure digester technology. Notwithstanding the limitations of subdivision 2, paragraphs (b) and (c), loans under this subdivision are no-interest loans in principal amounts not to exceed \$200,000 and may be made to any resident of this state. Loans for one or more projects must be made only after the commissioner seeks applications. Loans under this program may be used as a match for federal loans or grants. Money repaid from loans must be returned to the revolving fund for future projects.

28A.15 EXCLUSIONS.

Subd. 9. **Community event or farmers' market.** An individual who prepares and sells food that is not potentially hazardous food, as defined in rules adopted under section 31.11, at a community event or farmers' market with gross receipts of \$5,000 or less in a calendar year from the prepared food items. If the food is not prepared in a kitchen that is licensed or inspected, the seller must post a visible sign or placard stating that: "These products are homemade and not subject to state inspection." Prepared foods sold under this subdivision must be labeled to accurately reflect the name and address of the person preparing and selling the foods.

Subd. 10. **Certain home-processed and home-canned foods.** (a) A person who receives less than \$5,000 in gross receipts in a calendar year from the sale of home-processed and home-canned food products and meets the requirements in clauses (1) to (5):

- (1) the products are pickles, vegetables, or fruits having an equilibrium pH value of 4.6 or lower;
- (2) the products are home-processed and home-canned in Minnesota;

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(3) the products are sold or offered for sale at a community or social event or a farmers' market in Minnesota;

(4) the seller displays at the point of sale a clearly legible sign or placard stating: "These canned goods are homemade and not subject to state inspection" unless the products were processed and canned in a kitchen that is licensed or inspected; and

(5) each container of the product sold or offered for sale under this exemption is accurately labeled to provide the name and address of the person who processed and canned the goods and the date on which the goods were processed and canned.

(b) A person who qualifies for an exemption under paragraph (a) is also exempt from the provisions of sections 31.31 and 31.392.

(c) A person claiming an exemption under this subdivision is urged to:

(1) attend and successfully complete a better process school recognized by the commissioner; and

(2) have the recipe and manufacturing process reviewed by a person knowledgeable in the food canning industry and recognized by the commissioner as a process authority.

(d) The commissioner, in close cooperation with the commissioner of health and the Minnesota Extension Service, shall attempt to maximize the availability of information and technical services and support for persons who wish to home process and home can low acid and acidified food products.

41A.12 AGRICULTURAL GROWTH, RESEARCH, AND INNOVATION PROGRAM.

Subd. 4. **Sunset.** This section expires on June 30, 2015.

84.68 FORESTS FOR THE FUTURE CONSERVATION EASEMENT ACCOUNT.

Subdivision 1. **Account established; sources.** The forests for the future conservation easement account is created in the natural resources fund in the state treasury. The following revenue shall be deposited in the account:

(1) contributions to the account or specified for any purposes of the account;

(2) financial contributions required under section 84.66, subdivision 11, or other applicable law; and

(3) money appropriated or transferred for the purposes described in subdivision 2.

Interest earned on money in the account accrues to the account.

Subd. 2. **Appropriation; purposes of account.** Four percent of the balance on July 1 in the forests for the future conservation easement account is annually appropriated to the commissioner of natural resources and may be spent only to cover the costs of managing forests for the future conservation easements held by the Department of Natural Resources, including costs incurred from monitoring, landowner contracts, record keeping, processing landowner notices, requests for approval or amendments, and enforcement.

86B.13 AQUATIC INVASIVE SPECIES PREVENTION PROGRAM.

Subd. 2. **Aquatic invasive species trailer decal.** The commissioner shall issue an aquatic invasive species trailer decal for each trailer owned by a person that satisfactorily completes the required course of instruction.

Subd. 4. **Aquatic invasive species trailer decal display required.** (a) A person may not transport watercraft or water-related equipment, as defined under section 84D.01, subdivision 18a, with a trailer unless the person has an aquatic invasive species trailer decal issued under this section. Temporary authorizations valid for seven days can be requested by persons that have not completed the required course of instruction.

(b) Aquatic invasive species trailer decals are valid for three years.

(c) The aquatic invasive species trailer decal must be adhered to the side of the trailer frame tongue near the hitch in a manner that it is readily visible and does not interfere with the display of any registration requirements under section 169.79.

(d) Aquatic invasive species trailer decals are not transferable.

(e) Violation of this section shall not result in a penalty, but is punishable only by a warning.

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Laws 2010, chapter 215, article 3, section 3, subdivision 6, as amended by Laws 2013, chapter 114, article 3, section 9;

Sec. 3. POLLUTION CONTROL AGENCY

Subd. 6. **Transfers In**

(a) The amounts appropriated from the agency indirect costs account in the special revenue fund are reduced by \$328,000 in fiscal year 2010 and \$462,000 in fiscal year 2011, and those amounts must be transferred to the general fund by June 30, 2011. The appropriation reductions are onetime.

(b) The commissioner of management and budget shall transfer \$48,000,000 in fiscal year 2011 from the closed landfill investment fund in Minnesota Statutes, section 115B.421, to the general fund. The commissioner shall transfer \$9,900,000 on July 1, 2014, \$12,550,000 in each of the years 2015 and 2016, and \$13,000,000 in 2017 from the general fund to the closed landfill investment fund. For each transfer to the closed landfill investment fund, the commissioner shall determine the total amount of interest and other earnings that would have accrued to the fund if the transfers to the general fund under this paragraph had not been made and add this amount to the transfer. The amounts necessary for these transfers are appropriated from the general fund in the fiscal years specified for the transfers.