STATE OF MINNESOTA

Journal of the Senate

EIGHTY-SECOND LEGISLATURE

FIFTY-NINTH DAY

St. Paul, Minnesota, Monday, May 21, 2001

The Senate met at 9:00 a.m. and was called to order by the President.

CALL OF THE SENATE

Senator Betzold imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Dr. Paul Dovre.

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

The roll was called, and the following Senators answered to their names:

Anderson	Higgins	Langseth	Ourada	Scheevel
Bachmann	Hottinger	Larson	Pappas	Scheid
Belanger	Johnson, Dave	Lesewski	Pariseau	Schwab
Berg	Johnson, Dean	Lessard	Pogemiller	Stevens
Berglin	Johnson, Debbie	Limmer	Price	Stumpf
Betzold	Johnson, Doug	Lourey	Ranum	Terwilliger
Chaudhary	Kelley, S.P.	Marty	Reiter	Tomassoni
Cohen	Kelly, R.C.	Metzen	Rest	Vickerman
Day	Kierlin	Moe, R.D.	Ring	Wiener
Dille	Kinkel	Murphy	Robertson	Wiger
Fischbach	Kiscaden	Neuville	Robling	
Foley	Kleis	Oliver	Sabo	
Fowler	Knutson	Olson	Sams	
Frederickson	Krentz	Orfield	Samuelson	

The President declared a quorum present.

The reading of the Journal was dispensed with and the Journal, as printed and corrected, was approved.

MEMBERS EXCUSED

Senator Solon was excused from the Session of today.

REPORTS FILED WITH THE SECRETARY OF THE SENATE

The following reports were received and filed with the Secretary of the Senate: Department of Public Safety and Center for Crime Victim Services, Minnesota Crime Victims Reparations Board, Annual Report, 2000; Pollution Control Agency, Air and Water Emissions Report, 2001; Pollution Control Agency, Minnesota's Listed Metals in Specified Products Program, 2000 Annual Summary Report, 2001; Board on Judicial Standards, Annual Report, 2000; Minnesota State Lottery, Annual Report, 2000; Minnesota State Colleges and Universities and University of

Minnesota, Getting Prepared; Report on Recent High School Graduates Who Took Developmental/Remedial Courses, 2001; Trade and Economic Development, Business Assistance Report and Appendix, 2000.

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communication was received.

May 21, 2001

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Don Samuelson
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2001 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 2001	Date Filed 2001
359		121	12:19 p.m. May 18	May 18
2046		123	12:20 p.m. May 18	May 18
1264		124	12:16 p.m. May 18	May 18
1222		125	12:21 p.m. May 18	May 18
	783	127	12:22 p.m. May 18	May 18
1659		128	12:18 p.m. May 18	May 18

Sincerely,
Mary Kiffmeyer
Secretary of State

May 21, 2001

The Honorable Don Samuelson
President of the Senate

Dear President Samuelson:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State, S.F. Nos. 970, 694, 1610, 974, 1033, 2022, 1043, 1583, 414, 1430, 2142, 1301, 2033, 1964, 564, 1485, 960, 494, 1666, 1369, 1472, 1721 and 1552.

Sincerely,
Jesse Ventura, Governor

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 1028.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 19, 2001

FIRST READING OF HOUSE BILLS

The following bill was read the first time and referred to the committee indicated.

H.F. No. 1028: A bill for an act relating to education; enacting the American Heritage Education in Minnesota Public Schools Act; proposing coding for new law in Minnesota Statutes, chapter 120B.

Referred to the Committee on Education.

MOTIONS AND RESOLUTIONS

Senator Krentz introduced--

Senate Resolution No. 135: A Senate resolution honoring Jim Graupner on the occasion of his retirement.

Referred to the Committee on Rules and Administration.

Senators Moe, R.D. and Day introduced--

Senate Resolution No. 136: A Senate resolution relating to conduct of Senate business during the interim between Sessions.

BE IT RESOLVED, by the Senate of the State of Minnesota:

The powers, duties and procedures set forth in this resolution apply during the interim between the adjournment of the 82nd Legislature, 2001 session and the convening of the 82nd Legislature, 2002 session.

The Subcommittee on Committees of the Committee on Rules and Administration shall appoint persons as necessary to fill any vacancies that may occur in commissions and other bodies whose members are to be appointed by the Senate authorized by rule, statute, resolution, or otherwise.

The Committee on Rules and Administration shall establish positions, set compensation and benefits, appoint employees and authorize expense reimbursement as it deems proper to carry out the work of the Senate.

The Secretary of the Senate shall classify as eligible for benefits under Minnesota Statutes, sections 3.095 and 43A.24, those Senate employees heretofore or hereafter certified as eligible for benefits by the Committee on Rules and Administration.

The Secretary of the Senate may employ after the close of the session the employees necessary to finish the business of the Senate at the salaries paid under the rules of the Senate for the 2001 regular session. The Secretary of the Senate may employ the necessary employees to prepare for the 2002 session at the salaries in effect at that time.

The Secretary of the Senate, as authorized and directed by the Committee on Rules and Administration, shall furnish each member of the Senate with postage and supplies, and may reimburse each member for long distance telephone calls and answering service upon proper verification of the expenses incurred, and for such other expenses authorized from time to time by the Committee on Rules and Administration.

The Secretary of the Senate shall correct and approve the Journal of the Senate for those days that have not been corrected and approved by the Senate, and shall correct printing errors found in the Journal of the Senate for the 2001 session. The Secretary of the Senate may include in the

Senate Journal proceedings of the last day, appointments by the Subcommittee on Committees to interim commissions created by legislative action, permanent commissions or committees established by statute, standing committees, official communications and other matters of record received on or after May 21, 2001.

The Secretary of the Senate may pay election and litigation costs as authorized by the Committee on Rules and Administration.

The Secretary of the Senate, with the approval of the Committee on Rules and Administration, shall secure bids and enter into contracts for remodeling and improvement of Senate office space, and shall purchase all supplies, equipment, and other goods and services necessary to carry out the work of the Senate. Contracts in excess of $10,000 must be signed by the Chair of the Committee on Rules and Administration and another member designated by the Chair.

The Secretary of the Senate shall draw warrants from the legislative expense fund in payment of the accounts referred to in this resolution.

All Senate records, including committee books, are subject to the direction of the Committee on Rules and Administration.

The Senate Chamber, retiring room, committee rooms, all conference rooms, storage rooms, Secretary of the Senate's office, Rules and Administration office, and any and all other space assigned to the Senate, are reserved for use by the Senate and its standing committees only and must not be released or used for any other purpose except upon the authorization of the Secretary of the Senate with the approval of the Committee on Rules and Administration or its Chair.

The Custodian of the Capitol shall continue to provide parking space for members and staff of the Legislature under Senate Concurrent Resolution No. 2.

Senator Moe, R.D. moved the adoption of the foregoing resolution.

The question was taken on the adoption of the resolution.

The roll was called, and there were yeas 51 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Langseth	Pogemiller	Schwab
Belanger	Higgins	Larson	Price	Stevens
Berglin	Hottinger	Lesewski	Ranum	Stumpf
Betzold	Johnson, Dean	Marty	Reiter	Tomassoni
Chaudhary	Johnson, Debbie	Metzen	Ring	Vickerman
Cohen	Kelley, S.P.	Moe, R.D.	Robertson	Wiener
Day	Kelly, R.C.	Neuville	Robling	Wiger
Dille	Kierlin	Olson	Sabo	
Fischbach	Kinkel	Orfield	Sams	
Foley	Kleis	Ourada	Samuelson	
Fowler	Knutson	Pariseau	Scheid	

The motion prevailed. So the resolution was adopted.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Langseth moved that S.F. No. 2365 be withdrawn from the Committee on Capital Investment and re-referred to the Committee on Finance. The motion prevailed.

Senator Langseth then moved that S.F. No. 2362 be withdrawn from the Committee on Capital Investment and re-referred to the Committee on Finance. The motion prevailed.

Senator Langseth then moved that S.F. No. 2367 be withdrawn from the Committee on Capital Investment and re-referred to the Committee on Finance. The motion prevailed.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate proceeded to the Order of Business of Introduction and First Reading of Senate Bills.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time and referred to the committees indicated.

Senators Hottinger and Tomassoni introduced--

S.F. No. 2402: A bill for an act relating to international trade agreements; monitoring potential conflicts with certain international standards; amending Minnesota Statutes 2000, section 116.07, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 176.

Referred to the Committee on Commerce.

Senator Higgins introduced--

S.F. No. 2403: A bill for an act relating to finance; authorizing the Minneapolis park and recreation board to lease certain property for the repayment of certain state bond expenditures.

Referred to the Committee on State and Local Government Operations.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Johnson, Dean moved that S.F. No. 1857, No. 33 on General Orders, be stricken and laid on the table. The motion prevailed.

Pursuant to Rule 26, Senator Moe, R.D., Chair of the Committee on Rules and Administration, designated S.F. No. 1644 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 1644: A resolution memorializing the President and Congress to promptly provide aid to the victims of the January 26 earthquake in India.

Was read the third time and placed on its final passage.

The question was taken on the passage of the resolution.

The roll was called, and there were yeas 57 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Larson	Pappas	Scheevel
Belanger	Johnson, Dean	Lesewski	Pariseau	Scheid
Berglin	Johnson, Debbie	Lessard	Pogemiller	Schwab
Betzold	Kelley, S.P.	Limmer	Price	Stevens
Chaudhary	Kelly, R.C.	Lourey	Ranum	Stumpf
Cohen	Kierlin	Marty	Reiter	Tomassoni
Day	Kinkel	Metzen	Rest	Vickerman
Dille	Kiscaden	Murphy	Robertson	Wiener
Fischbach	Kleis	Neuville	Robling	Wiger
Foley	Knutson	Oliver	Sabo	
Fowler	Krentz	Olson	Sams	
Frederickson	Langseth	Orfield	Samuelson	

So the resolution passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1752 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1752

A bill for an act relating to liquor; authorizing on-sale intoxicating liquor licenses in Minneapolis, St. Paul, Blaine, Elk River, Moorhead, and St. Louis Park; clarifying regulations with respect to premix machines; removing certain intoxicating liquor license restrictions relating to Metropolitan State University; authorizing Minneapolis to issue an intoxicating liquor license; removing certain temporary license restrictions; amending Minnesota Statutes 2000, sections 340A.404, subdivisions 2, 2b; 340A.410, subdivision 10; 340A.508, by adding a subdivision.

May 18, 2001

The Honorable Don Samuelson
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1752, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1752 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 340A.404, subdivision 2, is amended to read:

Subd. 2. [SPECIAL PROVISION; CITY OF MINNEAPOLIS.] (a) The city of Minneapolis may issue an on-sale intoxicating liquor license to the Guthrie Theater, the Cricket Theatre, the Orpheum Theatre, and the State Theatre, notwithstanding the limitations of law, or local ordinance, or charter provision relating to zoning or school or church distances. The licenses authorize sales on all days of the week to holders of tickets for performances presented by the theaters and to members of the nonprofit corporations holding the licenses and to their guests.

(b) The city of Minneapolis may issue an intoxicating liquor license to 510 Groveland Associates, a Minnesota cooperative, for use by a restaurant on the premises owned by 510 Groveland Associates, notwithstanding limitations of law, or local ordinance, or charter provision.

(c) The city of Minneapolis may issue an on-sale intoxicating liquor license to Zuhrah Shrine Temple for use on the premises owned by Zuhrah Shrine Temple at 2540 Park Avenue South in Minneapolis, notwithstanding limitations of law, or local ordinances, or charter provision relating to zoning or school or church distances.

(d) The city of Minneapolis may issue an on-sale intoxicating liquor license to the American Association of University Women, Minneapolis branch, for use on the premises owned by the American Association of University Women, Minneapolis branch, at 2115 Stevens Avenue South in Minneapolis, notwithstanding limitations of law, or local ordinances, or charter provisions relating to zoning or school or church distances.

(e) The city of Minneapolis may issue an on-sale wine license and an on-sale 3.2 percent malt liquor license to a restaurant located at 5000 Penn Avenue South, and an on-sale wine license and an on-sale malt liquor license to a restaurant located at 1931 Nicollet Avenue South, notwithstanding any law or local ordinance or charter provision.

(f) The city of Minneapolis may issue an on-sale wine license and an on-sale malt liquor license to the Brave New Workshop Theatre located at 3001 Hennepin Avenue South, the Theatre de la Jeune Lune, the Illusion Theatre located at 528 Hennepin Avenue South, ~~and~~ the Hollywood Theatre located at 2815 Johnson Street Northeast, the Loring Playhouse located at 1633 Hennepin Avenue South, and the Brave New Institute located at 2605 Hennepin Avenue South, notwithstanding any law or local ordinance or charter provision. The license authorizes sales on all days of the week.

(g) The city of Minneapolis may issue an on-sale intoxicating liquor license to University Gateway Corporation, a Minnesota nonprofit corporation, for use by a restaurant or catering operator at the building owned and operated by the University Gateway Corporation on the University of Minnesota campus, notwithstanding limitations of law, or local ordinance or charter provision. The license authorizes sales on all days of the week.

Sec. 2. Minnesota Statutes 2000, section 340A.404, subdivision 2b, is amended to read:

Subd. 2b. [SPECIAL PROVISION; CITY OF ST. PAUL.] The city of St. Paul may issue an on-sale intoxicating liquor license to the Fitzgerald Theatre, the Great American History Theater at 30 East 10th Street, and the Brave New Workshop at the Palace Theater at 17 West Seventh Place, notwithstanding the limitations of law, or local ordinance, or charter provision relating to zoning or school or church distances. The license authorizes sales on all days of the week to holders of tickets for performances presented by the theatre and to members of the nonprofit corporation holding the license and to their guests.

Sec. 3. Minnesota Statutes 2000, section 340A.412, subdivision 4, is amended to read:

Subd. 4. [LICENSES PROHIBITED IN CERTAIN AREAS.] (a) No license to sell intoxicating liquor may be issued within the following areas:

(1) where restricted against commercial use through zoning ordinances and other proceedings or legal processes regularly had for that purpose, except licenses may be issued to restaurants in areas which were restricted against commercial uses after the establishment of the restaurant;

(2) within the capitol or on the capitol grounds, except as provided under Laws 1983, chapter 259, section 9, or section 13, paragraph (b), of this act;

(3) on the state fairgrounds or at any place in a city of the first class within one-half mile of the fairgrounds, except as otherwise provided by charter;

(4) on the campus of the college of agriculture of the University of Minnesota or at any place in a city of the first class within one-half mile of the campus, provided that a city may issue one on-sale wine license in this area that is not included in the area described in clause (3), except as provided by charter;

(5) within 1,000 feet of a state hospital, training school, reformatory, prison, or other institution under the supervision or control, in whole or in part, of the commissioner of human services or the commissioner of corrections;

(6) in a town or municipality in which a majority of votes at the last election at which the question of license was voted upon were not in favor of license under section 340A.416, or within one-half mile of any such town or municipality, except that intoxicating liquor manufactured within this radius may be sold to be consumed outside it;

(7) at any place on the east side of the Mississippi River within one-tenth of a mile of the main building of the University of Minnesota unless (i) the licensed establishment is on property owned or operated by a nonprofit corporation organized prior to January 1, 1940, for and by former students of the University of Minnesota, or (ii) the licensed premises is Northrop Auditorium;

(8) within 1,500 feet of a state university, except that:

(i) the minimum distance in the case of Winona and Southwest State University is 1,200 feet;

(ii) within 1,500 feet of St. Cloud State University one on-sale wine and two off-sale intoxicating liquor licenses may be issued, measured by a direct line from the nearest corner of the administration building to the main entrance of the licensed establishment;

(iii) at Mankato State University the distance is measured from the front door of the student union of the Highland campus; ~~and~~

(iv) a temporary license under section 340A.404, subdivision 10, may be issued to a location on the grounds of a state university for an event sponsored or approved by the state university; and

(v) this restriction does not apply to the area surrounding the premises leased by Metropolitan State University at 730 Hennepin Avenue South in Minneapolis; and

(9) within 1,500 feet of any public school that is not within a city.

(b) The restrictions of this subdivision do not apply to a manufacturer or wholesaler of intoxicating liquor or to a drugstore or to a person who had a license originally issued lawfully prior to July 1, 1967.

Sec. 4. Minnesota Statutes 2000, section 340A.508, is amended by adding a subdivision to read:

Subd. 4. [PREMIX AND DISPENSING MACHINES.] Nothing in this section prohibits use by an on-sale intoxicating liquor licensee of a machine to premix and dispense frozen or iced cocktails, provided that the machine is emptied on a daily basis. A machine described in this subdivision need not be visible to the consuming public.

Sec. 5. [CITY OF BLAINE; LIQUOR LICENSES.]

The city of Blaine may issue six on-sale intoxicating liquor licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the licenses authorized by this section.

Sec. 6. [CITY OF ELK RIVER; LIQUOR LICENSES.]

The city of Elk River may issue six on-sale liquor licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the licenses authorized by this section.

Sec. 7. [CITY OF MOORHEAD; LIQUOR LICENSES.]

The city of Moorhead may issue six on-sale intoxicating liquor licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the licenses authorized under this section.

Sec. 8. [CITY OF ST. LOUIS PARK; LIQUOR LICENSES.]

The city of St. Louis Park may issue 12 on-sale intoxicating liquor licenses in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section apply to the licenses authorized by this section.

Sec. 9. [CITY OF MINNEAPOLIS; LIQUOR LICENSE.]

Notwithstanding any law, ordinance, or charter provision to the contrary, the city of Minneapolis may issue an intoxicating liquor license to an establishment located at 4415 Nicollet Avenue South, which currently holds an intoxicating malt liquor and wine license.

Sec. 10. [CAPITOL CAFETERIA; WINE AND BEER LICENSE.]

Notwithstanding Minnesota Statutes, section 340A.412, subdivision 4, paragraph (a), clause (2), the city of St. Paul may issue an on-sale wine and malt liquor license for the premises known as the capitol cafeteria, for special events held at the capitol cafeteria.

Sec. 11. [LEGISLATIVE STUDY COMMITTEE; SMALL BREWER/WHOLESALER RELATIONS.]

Subdivision 1. [APPOINTMENT.] The chairs of the senate committee on commerce and the house of representatives committee on commerce, jobs and economic development shall establish a study committee to study aspects of the relationship between beer wholesalers and small brewers. The committee shall consist of:

(1) two members of the senate appointed by the chair of the committee on commerce;

(2) two members of the house of representatives appointed by the chair of the committee on commerce, jobs and economic development;

(3) five nonlegislative members appointed jointly by the two chairs, representing small brewers, large brewers, labor, alcoholic beverage retailers, and beer wholesalers; and

(4) the director of the division of alcohol and gambling enforcement of the department of public safety or the director's designee. Nonlegislative members of the study committee shall serve without compensation.

Subd. 2. [STUDY.] The legislative study committee shall study and report on the following issues:

(1) contractual relationships between brewers and beer wholesalers, including terms under which such contracts may be terminated;

(2) the feasibility and desirability of allowing small brewers to sell their own products at wholesale; and

(3) compliance with laws and rules establishing the three-tier system.

Subd. 3. [REPORT.] The study committee shall report to the legislature on the results of its study by February 15, 2002.

Sec. 12. [EFFECTIVE DATE.]

Section 4 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to liquor; authorizing issuance of on-sale wine and beer licenses to the Brave New Institute and Loring Playhouse in Minneapolis and to the Great American History Theater and the Palace Theatre in St. Paul; providing an exception to a licensing restriction; permitting use of premix and dispensing machines to dispense frozen and iced cocktails; authorizing additional on-sale intoxicating liquor licenses in Blaine, Elk River, Moorhead, and St. Louis Park; authorizing Minneapolis to issue an on-sale intoxicating liquor license; authorizing St. Paul to issue an on-sale wine and malt liquor license to the capitol cafeteria; creating a legislative study committee to study small brewer and wholesaler relations; requiring a report; amending Minnesota Statutes 2000, sections 340A.404, subdivisions 2, 2b; 340A.412, subdivision 4; 340A.508, by adding a subdivision."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Sam G. Solon, James P. Metzen, Bob Lessard

House Conferees: (Signed) Doug Stang, Gregory M. Davids, Matt Entenza

Senator Metzen, for Senator Solon, moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1752 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1752 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 49 and nays 8, as follows:

Those who voted in the affirmative were:

Anderson	Belanger	Betzold	Day	Frederickson
Bachmann	Berglin	Cohen	Fischbach	Higgins

Johnson, Dean	Krentz	Neuville	Robertson	Stevens
Johnson, Debbie	Langseth	Oliver	Robling	Stumpf
Kelley, S.P.	Lesewski	Orfield	Sabo	Terwilliger
Kelly, R.C.	Lessard	Ourada	Sams	Tomassoni
Kierlin	Lourey	Pappas	Samuelson	Vickerman
Kiscaden	Marty	Pariseau	Scheevel	Wiener
Kleis	Metzen	Price	Scheid	Wiger
Knutson	Murphy	Reiter	Schwab	

Those who voted in the negative were:

Chaudhary	Foley	Kinkel	Rest	Ring
Dille	Fowler	Ranum		

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 491 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 491

A bill for an act relating to health; providing patient protections; amending Minnesota Statutes 2000, sections 45.027, subdivision 6; 62D.17, subdivision 1; 62J.38; 62M.02, subdivision 21; 62Q.56; and 62Q.58; proposing coding for new law in Minnesota Statutes, chapter 62D.

May 19, 2001

The Honorable Don Samuelson
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 491, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 491 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 45.027, subdivision 6, is amended to read:

Subd. 6. [VIOLATIONS AND PENALTIES.] The commissioner may impose a civil penalty not to exceed $10,000 per violation upon a person who violates any law, rule, or order related to the duties and responsibilities entrusted to the commissioner unless a different penalty is specified. If a civil penalty is imposed on a health carrier as defined in section 62A.011, the commissioner must divide 50 percent of the amount among any policy holders or certificate holders affected by the violation, unless the commissioner certifies in writing that the division and distribution to enrollees would be too administratively complex or that the number of enrollees affected by the penalty would result in a distribution of less than $50 per enrollee.

Sec. 2. [62D.107] [COPAYMENTS FOR PRESCRIPTION DRUGS.]

(a) Notwithstanding Minnesota Rules, part 4685.0801, a health maintenance organization may establish flat fee copayments for prescription drugs provided that a copayment for a brand name prescription drug where there is a generic equivalent shall not exceed $18.

(b) This section shall not apply where the brand name prescription drug has been prescribed in accordance with section 151.21.

[EFFECTIVE DATE.] This section is effective January 1, 2002, and applies to health plans issued or renewed on or after that date.

Sec. 3. [62D.109] [SERVICES ASSOCIATED WITH CLINICAL TRIALS.]

(a) A health maintenance contract shall cover a drug, device, treatment, or procedure associated with a clinical trial if the clinical trial is not deemed experimental, investigative, or unproven in accordance with Minnesota Rules, part 4685.0700, subpart 4, item F, and the drug, device, treatment, or procedure would otherwise be covered under the contract.

(b) A health maintenance organization must inform an enrollee who is a participant in a clinical trial upon inquiry by the enrollee that coverage shall be provided as required under paragraph (a).

Sec. 4. Minnesota Statutes 2000, section 62D.17, subdivision 1, is amended to read:

Subdivision 1. [ADMINISTRATIVE PENALTY.] The commissioner of health may, for any violation of statute or rule applicable to a health maintenance organization, or in lieu of suspension or revocation of a certificate of authority under section 62D.15, levy an administrative penalty in an amount up to $25,000 for each violation. In the case of contracts or agreements made pursuant to section 62D.05, subdivisions 2 to 4, each contract or agreement entered into or implemented in a manner which violates sections 62D.01 to 62D.30 shall be considered a separate violation. In determining the level of an administrative penalty, the commissioner shall consider the following factors:

(1) the number of enrollees affected by the violation;

(2) the effect of the violation on enrollees' health and access to health services;

(3) if only one enrollee is affected, the effect of the violation on that enrollee's health;

(4) whether the violation is an isolated incident or part of a pattern of violations; and

(5) the economic benefits derived by the health maintenance organization or a participating provider by virtue of the violation.

Reasonable notice in writing to the health maintenance organization shall be given of the intent to levy the penalty and the reasons therefor, and the health maintenance organization may have 15 days within which to file a written request for an administrative hearing and review of the commissioner of health's determination. Such administrative hearing shall be subject to judicial review pursuant to chapter 14. If an administrative penalty is levied, the commissioner must divide 50 percent of the amount among any enrollees affected by the violation, unless the commissioner certifies in writing that the division and distribution to enrollees would be too administratively complex or that the number of enrollees affected by the penalty would result in a distribution of less than $50 per enrollee.

Sec. 5. Minnesota Statutes 2000, section 62J.38, is amended to read:

62J.38 [COST CONTAINMENT DATA FROM GROUP PURCHASERS.]

(a) The commissioner shall require group purchasers to submit detailed data on total health care spending for each calendar year. Group purchasers shall submit data for the 1993 calendar year by April 1, 1994, and each April 1 thereafter shall submit data for the preceding calendar year.

(b) The commissioner shall require each group purchaser to submit data on revenue, expenses, and member months, as applicable. Revenue data must distinguish between premium revenue and revenue from other sources and must also include information on the amount of revenue in reserves and changes in reserves. Expenditure data~~, including raw data from claims, may~~ must distinguish between costs incurred for patient care and administrative costs. Patient care and administrative costs must include only expenses incurred on behalf of health plan members, and must not include the cost of providing health care services for nonmembers at facilities owned by the group purchaser or affiliate. Expenditure data must be provided separately for the following

categories ~~or~~ and for other categories required by the commissioner: physician services, dental services, other professional services, inpatient hospital services, outpatient hospital services, emergency, pharmacy services and other nondurable medical goods, mental health, and chemical dependency services, other expenditures, subscriber liability, and administrative costs. Administrative costs must include costs for marketing; advertising; overhead; salaries and benefits of central office staff who do not provide direct patient care; underwriting; lobbying; claims processing; provider contracting and credentialing; detection and prevention of payment for fraudulent or unjustified requests for reimbursement or services; clinical quality assurance and other types of medical care quality improvement efforts; concurrent or prospective utilization review as defined in section 62M.02; costs incurred to acquire a hospital, clinic, or health care facility, or the assets thereof; capital costs incurred on behalf of a hospital or clinic; lease payments; or any other costs incurred pursuant to a partnership, joint venture, integration, or affiliation agreement with a hospital, clinic, or other health care provider. Capital costs and costs incurred must be recorded according to standard accounting principles. The reports of this data must also separately identify expenses for local, state, and federal taxes, fees, and assessments. The commissioner may require each group purchaser to submit any other data, including data in unaggregated form, for the purposes of developing spending estimates, setting spending limits, and monitoring actual spending and costs. In addition to reporting administrative costs incurred to acquire a hospital, clinic, or health care facility, or the assets thereof; or any other costs incurred pursuant to a partnership, joint venture, integration, or affiliation agreement with a hospital, clinic, or other health care provider; reports submitted under this section also must include the payments made during the calendar year for these purposes. The commissioner shall make public by group purchaser data collected under this paragraph in accordance with section 62J.321, subdivision 5. Workers' compensation insurance plans and automobile insurance plans are exempt from complying with this paragraph as it relates to the submission of administrative costs.

(c) The commissioner may collect information on:

(1) premiums, benefit levels, managed care procedures, and other features of health plan companies;

(2) prices, provider experience, and other information for services less commonly covered by insurance or for which patients commonly face significant out-of-pocket expenses; and

(3) information on health care services not provided through health plan companies, including information on prices, costs, expenditures, and utilization.

(d) All group purchasers shall provide the required data using a uniform format and uniform definitions, as prescribed by the commissioner.

Sec. 6. Minnesota Statutes 2000, section 62M.02, subdivision 21, is amended to read:

Subd. 21. [UTILIZATION REVIEW ORGANIZATION.] "Utilization review organization" means an entity including but not limited to an insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a community integrated service network licensed under chapter 62N; an accountable provider network operating under chapter 62T; a fraternal benefit society operating under chapter 64B; a joint self-insurance employee health plan operating under chapter 62H; a multiple employer welfare arrangement, as defined in section 3 of the Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, section 1103, as amended; a third party administrator licensed under section 60A.23, subdivision 8, which conducts utilization review and determines certification of an admission, extension of stay, or other health care services for a Minnesota resident; or any entity performing utilization review that is affiliated with, under contract with, or conducting utilization review on behalf of, a business entity in this state. Utilization review organization does not include a clinic or health care system acting pursuant to a written delegation agreement with an otherwise regulated utilization review organization that contracts with the clinic or health care system. The regulated utilization review organization is accountable for the delegated utilization review activities of the clinic or health care system.

Sec. 7. [62Q.121] [LICENSURE OF MEDICAL DIRECTORS.]

(a) No health plan company may employ a person as a medical director unless the person is licensed as a physician in this state. This section does not apply to a health plan company that is assessed less than three percent of the total amount assessed by the Minnesota comprehensive health association.

(b) For purposes of this section, "medical director" means a physician employed by a health plan company who has direct decision-making authority, based upon medical training and knowledge, regarding the health plan company's medical protocols, medical policies, or coverage of treatment of a particular enrollee, regardless of the physician's title.

(c) This section applies only to medical directors who make recommendations or decisions that involve or affect enrollees who live in this state.

(d) Each health plan company that is subject to this section shall provide the commissioner with the names and licensure information of its medical directors and shall provide updates no later than 30 days after any changes.

Sec. 8. Minnesota Statutes 2000, section 62Q.56, is amended to read:

62Q.56 [CONTINUITY OF CARE.]

Subdivision 1. [CHANGE IN HEALTH CARE PROVIDER; GENERAL NOTIFICATION.] (a) If enrollees are required to access services through selected primary care providers for coverage, the health plan company shall prepare a written plan that provides for continuity of care in the event of contract termination between the health plan company and any of the contracted primary care providers, specialists, or general hospital providers. The written plan must explain:

(1) how the health plan company will inform affected enrollees~~, insureds, or beneficiaries~~ about termination at least 30 days before the termination is effective, if the health plan company or health care network cooperative has received at least 120 days' prior notice;

(2) how the health plan company will inform the affected enrollees about what other participating providers are available to assume care and how it will facilitate an orderly transfer of its enrollees from the terminating provider to the new provider to maintain continuity of care;

(3) the procedures by which enrollees will be transferred to other participating providers, when special medical needs, special risks, or other special circumstances, such as cultural or language barriers, require them to have a longer transition period or be transferred to nonparticipating providers;

(4) who will identify enrollees with special medical needs or at special risk and what criteria will be used for this determination; and

(5) how continuity of care will be provided for enrollees identified as having special needs or at special risk, and whether the health plan company has assigned this responsibility to its contracted primary care providers.

(b) ~~If the contract termination was not for cause, enrollees can request a referral to the terminating provider for up to 120 days if they have special medical needs or have other special circumstances, such as cultural or language barriers. The health plan company can require medical records and other supporting documentation in support of the requested referral. Each request for referral to a terminating provider shall be considered by the health plan company on a case-by-case basis.~~ For purposes of this section, contract termination includes nonrenewal.

~~(c) If the contract termination was for cause, enrollees must be notified of the change and transferred to participating providers in a timely manner so that health care services remain available and accessible to the affected enrollees. The health plan company is not required to refer an enrollee back to the terminating provider if the termination was for cause.~~

Subd. 1a. [CHANGE IN HEALTH CARE PROVIDER; TERMINATION NOT FOR CAUSE.] (a) If the contract termination was not for cause and the contract was terminated by the health plan company, the health plan company must provide the terminated provider and all enrollees being treated by that provider with notification of the enrollees' rights to continuity of care with the terminated provider.

(b) The health plan company must provide, upon request, authorization to receive services that are otherwise covered under the terms of the health plan through the enrollee's current provider:

(1) for up to 120 days if the enrollee is engaged in a current course of treatment for one or more of the following conditions:

(i) an acute condition;

(ii) a life-threatening mental or physical illness;

(iii) pregnancy beyond the first trimester of pregnancy;

(iv) a physical or mental disability defined as an inability to engage in one or more major life activities, provided that the disability has lasted or can be expected to last for at least a year, or can be expected to result in death; or

(v) a disabling or chronic condition that is in an acute phase; or

(2) for the rest of the enrollee's life if a physician certifies that the enrollee has an expected lifetime of 180 days or less.

For all requests for authorization to receive services under this paragraph, the health plan company must grant the request unless the enrollee does not meet the criteria provided in this paragraph.

(c) The health plan company shall prepare a written plan that provides a process for coverage determinations regarding continuity of care of up to 120 days for enrollees who request continuity of care with their former provider, if the enrollee:

(1) is receiving culturally appropriate services and the health plan company does not have a provider in its preferred provider network with special expertise in the delivery of those culturally appropriate services within the time and distance requirements of section 62D.124, subdivision 1; or

(2) does not speak English and the health plan company does not have a provider in its preferred provider network who can communicate with the enrollee, either directly or through an interpreter, within the time and distance requirements of section 62D.124, subdivision 1.

The written plan must explain the criteria that will be used to determine whether a need for continuity of care exists and how it will be provided.

Subd. 1b. [CHANGE IN HEALTH CARE PROVIDER; TERMINATION FOR CAUSE.] If the contract termination was for cause, enrollees must be notified of the change and transferred to participating providers in a timely manner so that health care services remain available and accessible to the affected enrollees. The health plan company is not required to refer an enrollee back to the terminating provider if the termination was for cause.

Subd. 2. [CHANGE IN HEALTH PLANS.] (a) ~~The health plan company shall prepare a written plan that provides a process for coverage determinations for continuity of care for new enrollees with special needs, special risks, or other special circumstances, such as cultural or language barriers, who request continuity of care with their former provider for up to 120 days. The written plan must explain the criteria that will be used for determining special needs cases, and how continuity of care will be provided.~~ If an enrollee is subject to a change in health plans, the enrollee's new health plan company must provide, upon request, authorization to receive services that are otherwise covered under the terms of the new health plan through the enrollee's current provider:

(1) for up to 120 days if the enrollee is engaged in a current course of treatment for one or more of the following conditions:

(i) an acute condition;

(ii) a life-threatening mental or physical illness;

(iii) pregnancy beyond the first trimester of pregnancy;

(iv) a physical or mental disability defined as an inability to engage in one or more major life activities, provided that the disability has lasted or can be expected to last for at least a year, or can be expected to result in death; or

(v) a disabling or chronic condition that is in an acute phase; or

(2) for the rest of the enrollee's life if a physician certifies that the enrollee has an expected lifetime of 180 days or less.

For all requests for authorization under this paragraph, the health plan company must grant the request for authorization unless the enrollee does not meet the criteria provided in this paragraph.

(b) The health plan company shall prepare a written plan that provides a process for coverage determinations regarding continuity of care of up to 120 days for new enrollees who request continuity of care with their former provider, if the new enrollee:

(1) is receiving culturally appropriate services and the health plan company does not have a provider in its preferred provider network with special expertise in the delivery of those culturally appropriate services within the time and distance requirements of section 62D.124, subdivision 1; or

(2) does not speak English and the health plan company does not have a provider in its preferred provider network who can communicate with the enrollee, either directly or through an interpreter, within the time and distance requirements of section 62D.124, subdivision 1.

The written plan must explain the criteria that will be used to determine whether a need for continuity of care exists and how it will be provided.

~~(b)~~ (c) This subdivision applies only to group coverage and continuation and conversion coverage, and applies only to changes in health plans made by the employer.

Subd. 2a. [LIMITATIONS.] (a) Subdivisions 1, 1a, 1b, and 2 apply only if the enrollee's health care provider agrees to:

(1) accept as payment in full the lesser of the health plan company's reimbursement rate for in-network providers for the same or similar service or the enrollee's health care provider's regular fee for that service;

(2) adhere to the health plan company's preauthorization requirements; and

(3) provide the health plan company with all necessary medical information related to the care provided to the enrollee.

(b) Nothing in this section requires a health plan company to provide coverage for a health care service or treatment that is not covered under the enrollee's health plan.

Subd. 2b. [REQUEST FOR AUTHORIZATION.] The health plan company may require medical records and other supporting documentation to be submitted with the requests for authorization made under subdivision 1, 1a, 1b, or 2. If the authorization is denied, the health plan company must explain the criteria it used to make its decision on the request for authorization. If the authorization is granted, the health plan company must explain how continuity of care will be provided.

Subd. 3. [~~DISCLOSURES~~ DISCLOSURE.] ~~The written plans required under this section must~~

~~be made available upon request to enrollees or prospective enrollees~~ Information regarding an enrollee's rights under this section must be included in member contracts or certificates of coverage and must be provided by a health plan company upon request of an enrollee or prospective enrollee.

Sec. 9. Minnesota Statutes 2000, section 62Q.58, is amended to read:

62Q.58 [ACCESS TO SPECIALTY CARE.]

Subdivision 1. [STANDING REFERRAL.] A health plan company shall establish a procedure by which an enrollee may apply for and, if appropriate, receive a standing referral to a health care provider who is a specialist if a referral to a specialist is required for coverage. This procedure for a standing referral must specify the necessary ~~criteria and conditions, which must be met in order for an enrollee to obtain a standing referral~~ managed care review and approval an enrollee must obtain before such a standing referral is permitted.

Subd. 1a. [MANDATORY STANDING REFERRAL.] (a) An enrollee who requests a standing referral to a specialist qualified to treat the specific condition described in clauses (1) to (5) must be given a standing referral for visits to such a specialist if benefits for such treatment are provided under the health plan and the enrollee has any of the following conditions:

(1) a chronic health condition;

(2) a life-threatening mental or physical illness;

(3) pregnancy beyond the first trimester of pregnancy;

(4) a degenerative disease or disability; or

(5) any other condition or disease of sufficient seriousness and complexity to require treatment by a specialist.

(b) Nothing in this section limits the application of section 62Q.52 specifying direct access to obstetricians and gynecologists.

Subd. 2. [COORDINATION OF SERVICES.] ~~A primary care provider or primary care group shall remain responsible for coordinating the care of an enrollee who has received a standing referral to a specialist. The specialist shall not make any secondary referrals related to primary care services without prior approval by the primary care provider or primary care group. However,~~ An enrollee with a standing referral to a specialist may request primary care services from that specialist. The specialist, in agreement with the enrollee and primary care provider or primary care group, may elect to provide primary care services to ~~that~~ the enrollee, authorize tests and services, and make secondary referrals according to procedures established by the health plan company. The health plan company may limit the primary care services, tests and services, and secondary referrals authorized under this subdivision to those that are related to the specific condition or conditions for which the standing referral was made.

Subd. 3. [DISCLOSURE.] Information regarding referral procedures must be included in member contracts or certificates of coverage and must be provided to an enrollee or prospective enrollee by a health plan company upon request.

Subd. 4. [REFERRAL.] (a) If a standing referral is authorized under subdivision 1 or is mandatory under subdivision 1a, the health plan company must provide a referral to an appropriate participating specialist who is reasonably available and accessible to provide the treatment or to a nonparticipating specialist if the health plan company does not have an appropriate participating specialist who is reasonably available and accessible to treat the enrollee's condition or disease.

(b) If an enrollee receives services from a nonparticipating specialist because a participating specialist is not available, services must be provided at no additional cost to the enrollee beyond what the enrollee would otherwise pay for services received from a participating specialist.

Sec. 10. [COVERAGE OF CLINICAL TRIALS.]

The commissioners of health and commerce shall, in consultation with the commissioner of employee relations, convene a work group to study health plan coverage of clinical trials. The work group shall be made up of representatives of consumers, patient advocates, health plan companies, purchasers, providers, and other health care professionals involved in the care and treatment of patients. The work group shall consider definitions of routine patient costs, protocol-induced costs, and high-quality clinical trials. The work group shall also consider guidelines for voluntary agreements for health plan coverage of routine patient costs incurred by patients participating in high-quality clinical trials. The commissioner shall submit the findings and the recommendations of the work group to the chairs of the health policy and finance committees in the senate and the house by January 15, 2002.

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

Sec. 11. [QUALITY OF PATIENT CARE.]

The commissioner of health shall evaluate the feasibility of collecting data on the quality of patient care provided in hospitals, outpatient surgical centers, and other health care facilities. In the evaluation, the commissioner shall examine the appropriate roles of the public and private sectors and the need for risk-adjusting data. The evaluation must consider mechanisms to identify the quality of nursing care provided to consumers by examining variables such as skin breakdown and patient injuries. Any plan developed to collect data must also address issues related to the release of the data in a useful form to the public. The commissioner shall prepare and distribute a written report of the evaluation by January 15, 2002.

Sec. 12. [EFFECTIVE DATE.]

Sections 1 and 4 are effective for violations committed on or after August 1, 2001. Section 5 is effective beginning with the report for the 2001 calendar year. Sections 3, 6, and 11 are effective the day following final enactment. Sections 8 and 9 are effective January 1, 2002, and apply to health plans issued or renewed on or after that date."

Delete the title and insert:

"A bill for an act relating to health; providing patient protections; amending Minnesota Statutes 2000, sections 45.027, subdivision 6; 62D.17, subdivision 1; 62J.38; 62M.02, subdivision 21; 62Q.56; 62Q.58; proposing coding for new law in Minnesota Statutes, chapters 62D; 62Q."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Linda Berglin, Dallas C. Sams, Sheila M. Kiscaden

House Conferees: (Signed) Kevin Goodno, Fran Bradley, Mindy Greiling

Senator Berglin moved that the foregoing recommendations and Conference Committee Report on S.F. No. 491 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 491 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Berglin	Day	Fowler	Johnson, Debbie
Bachmann	Betzold	Dille	Frederickson	Johnson, Doug
Belanger	Chaudhary	Fischbach	Higgins	Kelley, S.P.
Berg	Cohen	Foley	Johnson, Dean	Kelly, R.C.

Kierlin	Lessard	Orfield	Ring	Stumpf
Kinkel	Limmer	Ourada	Robertson	Terwilliger
Kiscaden	Lourey	Pappas	Robling	Tomassoni
Kleis	Marty	Pariseau	Sabo	Vickerman
Knutson	Metzen	Pogemiller	Sams	Wiener
Krentz	Murphy	Price	Samuelson	Wiger
Langseth	Neuville	Ranum	Scheevel	
Larson	Oliver	Reiter	Schwab	
Lesewski	Olson	Rest	Stevens	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1495 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1495

A bill for an act relating to agriculture; modifying provisions of the value-added agricultural product processing and marketing grant program; eliminating the late fee for the license to use the Minnesota grown label; clarifying the term "private contributions" for the Minnesota grown matching account; modifying provisions of the shared savings loan program and the sustainable agriculture demonstration grant program; modifying provisions of the agriculture best management practices loan program; regulating pesticide application in certain schools; modifying financing limitations for the administration of the state meat inspection program; authorizing the state agricultural society to establish a nonprofit corporation for charitable purposes; modifying provisions relating to the rural finance authority; extending the sunset date and providing for designation of replacement members of the Minnesota agriculture education leadership council; modifying the definition of "agricultural land" for the purpose of recreational trespass; extending the sunset of the dairy producers board, and conditionally voiding its repeal; providing for pesticide application on golf courses; changing certain membership provisions on the state agricultural society; defining biodiesel fuel and requiring it in diesel fuel oil; requiring reports on it; allowing natural gasoline as a petroleum component in E85 fuel; extending the sunset date for the farmer-lender mediation program; providing a temporary waiver of board of animal health rules for use of biological products on poultry; adding cultivated wild rice to the agricultural commodities promotion act provision; repealing obsolete agricultural statutes; amending Minnesota Statutes 2000, sections 17.101, subdivision 5; 17.102, subdivision 3; 17.109, subdivision 3; 17.115; 17.116; 17.117; 17.53, subdivisions 2, 8, 13; 17.63; 17.76, subdivision 2; 18B.01, by adding a subdivision; 31A.21, subdivision 2; 37.03, subdivision 1; 41B.025, subdivision 1; 41B.03, subdivision 2; 41B.043, subdivisions 1b, 2; 41B.046, subdivision 2; 41D.01, subdivisions 1, 3, 4; 97B.001, subdivision 1; 116O.09, subdivision 1a; 296A.01, subdivision 19; Laws 1986, chapter 398, article 1, section 18, as amended; proposing coding for new law in Minnesota Statutes, chapters 18B; 37; 239; repealing Minnesota Statutes 2000, sections 17.987; 24.001; 24.002; 24.12; 24.131; 24.135; 24.141; 24.145; 24.151; 24.155; 24.161; 24.171; 24.175; 24.18; 24.181; 33.09; 33.111.

May 19, 2001

The Honorable Don Samuelson
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1495, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1495 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 15.059, subdivision 5a, is amended to read:

Subd. 5a. [LATER EXPIRATION.] Notwithstanding subdivision 5, the advisory councils and committees listed in this subdivision do not expire June 30, 1997. These groups expire June 30, 2001, unless the law creating the group or this subdivision specifies an earlier expiration date.

Investment advisory council, created in section 11A.08;

Intergovernmental information systems advisory council, created in section 16B.42, expires June 30, 1999;

~~Feedlot and manure management advisory committee, created in section 17.136;~~

Aquaculture advisory committee, created in section 17.49;

Dairy producers board, created in section 17.76;

~~Pesticide applicator education and examination review board, created in section 18B.305;~~

~~Advisory seed potato certification task force, created in section 21.112;~~

~~Food safety advisory committee, created in section 28A.20;~~

~~Minnesota organic advisory task force, created in section 31.95;~~

Public programs risk adjustment work group, created in section 62Q.03;

Workers' compensation self-insurers' advisory committee, created in section 79A.02;

Youth corps advisory committee, created in section 84.0887;

Iron range off-highway vehicle advisory committee, created in section 85.013;

Mineral coordinating committee, created in section 93.002;

Game and fish fund citizen advisory committees, created in section 97A.055;

Wetland heritage advisory committee, created in section 103G.2242;

Wastewater treatment technical advisory committee, created in section 115.54;

Solid waste management advisory council, created in section 115A.12;

Nuclear waste council, created in section 116C.711;

Genetically engineered organism advisory committee, created in section 116C.93;

Environment and natural resources trust fund advisory committee, created in section 116P.06;

Child abuse prevention advisory council, created in section 119A.13;

Chemical abuse and violence prevention council, created in section 119A.293;

Youth neighborhood centers advisory board, created in section 119A.295;

Interagency coordinating council, created in section 125A.28, expires June 30, 1999;

Desegregation/integration advisory board, created in section 124D.892;

Nonpublic education council, created in section 123B.445;

Permanent school fund advisory committee, created in section 127A.30;

Indian scholarship committee, created in section 124D.84, subdivision 2;

American Indian education committees, created in section 124D.80;

Summer scholarship advisory committee, created in section 124D.95;

Multicultural education advisory committee, created in section 124D.894;

Male responsibility and fathering grants review committee, created in section 124D.33;

Library for the blind and physically handicapped advisory committee, created in section 134.31;

Higher education advisory council, created in section 136A.031;

Student advisory council, created in section 136A.031;

Cancer surveillance advisory committee, created in section 144.672;

Maternal and child health task force, created in section 145.881;

State community health advisory committee, created in section 145A.10;

Mississippi River Parkway commission, created in section 161.1419;

School bus safety advisory committee, created in section 169.435;

Advisory council on workers' compensation, created in section 175.007;

Code enforcement advisory council, created in section 175.008;

Medical services review board, created in section 176.103;

Apprenticeship advisory council, created in section 178.02;

OSHA advisory council, created in section 182.656;

Health professionals services program advisory committee, created in section 214.32;

Rehabilitation advisory council for the blind, created in section 248.10;

American Indian advisory council, created in section 254A.035;

Alcohol and other drug abuse advisory council, created in section 254A.04;

Medical assistance drug formulary committee, created in section 256B.0625;

Home care advisory committee, created in section 256B.071;

Preadmission screening, alternative care, and home and community-based services advisory committee, created in section 256B.0911;

Traumatic brain injury advisory committee, created in section 256B.093;

Minnesota commission serving deaf and hard-of-hearing people, created in section 256C.28;

American Indian child welfare advisory council, created in section 260.835;

Juvenile justice advisory committee, created in section 268.29;

Northeast Minnesota economic development fund technical advisory committees, created in section 298.2213;

Iron range higher education committee, created in section 298.2214;

Northeast Minnesota economic protection trust fund technical advisory committee, created in section 298.297;

Advisory council on battered women and domestic abuse, created in section 611A.34.

Sec. 2. Minnesota Statutes 2000, section 17.039, is amended to read:

17.039 [ETHICAL GUIDELINES FOR FARM ADVOCATES.]

~~The commissioner of agriculture shall establish not later than August 1, 1986, ethical guidelines for farm advocates who perform the duties of an advocate. The~~ Ethical guidelines developed by the commissioner must be part of the contract with each farm advocate.

Sec. 3. Minnesota Statutes 2000, section 17.101, subdivision 5, is amended to read:

Subd. 5. [VALUE-ADDED AGRICULTURAL PRODUCT PROCESSING AND MARKETING GRANT PROGRAM.] (a) For purposes of this section:

(1) "agricultural commodity" means a material produced for use in or as food, feed, seed, or fiber and includes crops for fiber, food, oilseeds, seeds, livestock, livestock products, dairy, dairy products, poultry, poultry products, and other products or by-products of the farm produced for the same or similar use, except ethanol; and

(2) "agricultural product processing facility" means land, buildings, structures, fixtures, and improvements located or to be located in Minnesota and used or operated primarily for the processing or production of marketable products from agricultural commodities produced in Minnesota.

(b) The commissioner shall establish and implement a value-added agricultural product processing and marketing grant program to help farmers finance new cooperatives that organize for the purposes of operating agricultural product processing facilities, forming marketing cooperatives, and ~~for~~ marketing activities related to the sale and distribution of processed agricultural products.

(c) To be eligible for this program a grantee must:

(1) be a cooperative organized under chapter 308A;

(2) certify that all of the control and equity in the cooperative is from farmers, family farm partnerships, family farm limited liability companies, or family farm corporations as defined in section 500.24, subdivision 2, who are actively engaged in agricultural commodity production;

(3) be operated primarily for the processing of agricultural commodities produced in Minnesota;

(4) receive agricultural commodities produced primarily by shareholders or members of the cooperative; and

(5) have no direct or indirect involvement in the production of agricultural commodities.

(d) The commissioner may receive applications from and make grants up to $50,000 for feasibility, marketing analysis, assistance with organizational development, financing and managing new cooperatives, product development, development of business and marketing plans, and predesign of facilities including site analysis, development of bid specifications, preliminary blueprints and schematics, and completion of purchase agreements and other necessary legal documents to eligible cooperatives. The commissioner shall give priority to applicants who use the grants for planning costs related to an application for financial assistance from the United States Department of Agriculture, Rural Business - Cooperative Service.

Sec. 4. Minnesota Statutes 2000, section 17.109, subdivision 3, is amended to read:

Subd. 3. [APPROPRIATIONS MUST BE MATCHED BY PRIVATE FUNDS.]

Appropriations to the Minnesota grown matching account may be expended only to the extent that they are matched with contributions to the account from private sources on a basis of $4 of the appropriation to each $1 of private contributions. Matching funds are not available after the appropriation is encumbered. For the purposes of this subdivision, "private contributions" includes, but is not limited to, advertising revenue, listing fees, and revenues from the development and sale of promotional materials.

Sec. 5. Minnesota Statutes 2000, section 17.115, is amended to read:

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 ~~petroleum and chemical~~ inputs, ~~and~~ increasing ~~the~~ energy ~~self-sufficiency of~~ 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~~, and~~ for projects that ~~reduce or make more efficient farm energy use~~ make environmental improvements or enhance farm profitability. Eligible loan uses do not include seed, fertilizer, or fuel.

(b) Loans may not exceed ~~$15,000~~ $25,000 per individual applying for a loan and may not exceed ~~$75,000~~ $100,000 for loans to ~~five~~ 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 on the loans is 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 post-secondary 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 ~~and project savings to repay the cost of the loan~~;

(2) reduce or make more efficient use of energy or inputs; ~~and~~

(3) ~~reduce production costs~~ 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. ~~Priority must be given based on the amount of savings realized by adopting the practice implemented by the loan.~~

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.

Sec. 6. Minnesota Statutes 2000, section 17.116, is amended to read:

17.116 [SUSTAINABLE AGRICULTURE DEMONSTRATION GRANTS.]

Subdivision 1. [ESTABLISHMENT.] The commissioner ~~of agriculture~~ shall establish a grant program for sustainable agriculture methods that demonstrates best management practices, including farm input reduction or management, enterprise diversification including new crops and livestock, farm energy efficiency~~,~~ or ~~usable on-farm energy~~ production, or the transfer of technologies that enhance the environment and farm profitability. The commissioner shall use the program to demonstrate and publicize the energy efficiency, environmental benefit, and profitability of sustainable agriculture techniques or systems from production through marketing. The grants must fund research or demonstrations on farms ~~of external input reduction techniques or farm scale energy production methods~~ consistent with the program objectives.

Subd. 2. [ELIGIBILITY.] (a) Grants may only be made to farmers, educational institutions, individuals at educational institutions, or nonprofit organizations residing or located in the state for research or demonstrations on farms in the state.

(b) Grants may only be made for projects that show:

(1) the ability to maximize direct or indirect energy savings or production;

(2) a positive effect or reduced adverse effect on the environment; and

(3) increased profitability for the individual farm by reducing costs or improving marketing opportunities.

Subd. 3. [AWARDING OF GRANTS.] (a) Applications for grants must be made to the commissioner on forms prescribed by the commissioner.

(b) The applications must be reviewed, ranked, and recommended by a technical review panel appointed by the commissioner. The technical review panel shall consist of a soil scientist, an agronomist, a representative from a post-secondary educational institution, an agricultural marketing specialist, two resident farmers of the state using sustainable agriculture methods, two resident farmers of the state using organic agriculture methods, and a chair from the department.

(c) The technical review panel shall rank applications according to the following criteria:

(1) direct or indirect energy savings or production;

(2) environmental benefit;

(3) farm profitability;

(4) the number of farms able to apply the techniques or the technology proposed;

(5) the effectiveness of the project as a demonstration;

(6) the immediate transferability of the project to farms; and

(7) the ability of the project to accomplish its goals.

(d) The commissioner shall consider the recommendations of the technical review panel and

may award grants for eligible projects. Priority must be given to applicants who are farmers or groups of farmers.

(e) Grants for eligible projects may not exceed $25,000 unless the portion above $25,000 is matched on an equal basis by the applicant's cash or in-kind land use contribution. Grant funding of projects may not exceed $50,000 under this section, but applicants may utilize other funding sources. A portion of each grant must be targeted for public information activities of the project.

(f) A project may continue for up to three years. Multiyear projects must be reevaluated by the technical review panel and the commissioner before second or third year funding is approved. A project is limited to one grant for its funding.

Sec. 7. Minnesota Statutes 2000, section 17.136, is amended to read:

17.136 [ANIMAL FEEDLOTS; POLLUTION CONTROL; FEEDLOT AND MANURE MANAGEMENT ADVISORY COMMITTEE.]

(a) The commissioner of agriculture and the commissioner of the pollution control agency shall establish a feedlot and manure management advisory committee to identify needs, goals, and suggest policies for research, monitoring, and regulatory activities regarding feedlot and manure management. In establishing the committee, the commissioner shall give first consideration to members of the existing feedlot advisory group.

(b) The committee must include representation from beef, dairy, pork, chicken, and turkey producer organizations. The committee shall not exceed 21 members, but~~, after June 30, 1999,~~ must include representatives from at least four environmental organizations, eight livestock producers, four experts in soil and water science, nutrient management, and animal husbandry, one commercial solid manure applicator who is not a producer, one commercial liquid manure applicator who is not a producer, and one member from an organization representing local units of government, and chairs of the senate and the house of representatives committees that deal with agricultural policy or the designees of the chairs. In addition, the departments of agriculture, health, and natural resources, the pollution control agency, board of water and soil resources, soil and water conservation districts, the federal Natural Resource Conservation Service, the association of Minnesota counties, and the Farm Service Agency shall serve on the committee as ex officio nonvoting members.

(c) The advisory committee shall elect a chair and a vice-chair from its members. The department and the agency shall provide staff support to the committee.

(d) The commissioner of agriculture and the commissioner of the pollution control agency shall consult with the advisory committee during the development of any policies, rules, or funding proposals or recommendations relating to feedlots or feedlot-related manure management.

(e) The commissioner of agriculture shall consult with the advisory committee on establishing a list of manure management research needs and priorities.

(f) The advisory committee shall advise the commissioners on other appropriate matters.

(g) Nongovernment members of the advisory committee shall receive expenses, in accordance with section 15.059, subdivision 6. The advisory committee expires on June 30, ~~2001~~ 2003.

Sec. 8. Minnesota Statutes 2000, section 17.53, subdivision 2, is amended to read:

Subd. 2. [AGRICULTURAL COMMODITY.] (a) Except as provided in paragraph (b), "agricultural commodity" means any agricultural product, including, without limitation, animals and animal products, grown, raised, produced, or fed within Minnesota for use as food, feed, seed, or any industrial or chemurgic purpose.

(b) For wheat ~~and~~, barley, and cultivated wild rice, "agricultural commodity" means wheat ~~and~~, barley, and cultivated wild rice including, without limitation, wheat ~~and~~, barley, and cultivated wild rice grown or produced within or outside Minnesota, for use as food, feed, seed, or any industrial or chemurgic purpose.

Sec. 9. Minnesota Statutes 2000, section 17.53, subdivision 8, is amended to read:

Subd. 8. [FIRST PURCHASER.] (a) Except as provided in paragraph (b), "first purchaser" means any person that buys agricultural commodities for movement into commercial channels from the producer; or any lienholder, secured party or pledgee, public or private, or assignee of said lienholder, secured party or pledgee, who gains title to the agricultural commodity from the producer as the result of exercising any legal rights by the lienholder, secured party, pledgee, or assignee thereof, regardless of when the lien, security interest or pledge was created and regardless of whether the first purchaser is domiciled within the state or without. "First purchaser" does not mean the commodity credit corporation when a commodity is used as collateral for a federal nonrecourse loan unless the commissioner determines otherwise.

(b) For wheat ~~and~~, barley, and cultivated wild rice, "first purchaser" means a person who buys, receives delivery of, or provides storage for the agricultural commodity from a producer for movement into commercial channels; or a lienholder, secured party, or pledgee, who gains title to the agricultural commodity from the producers as the result of exercising any legal rights by the lienholder, secured party, pledgee, or assignee, regardless of when the lien, security interest, or pledge was created and regardless of whether or not the first purchaser is domiciled in the state. "First purchaser" does not mean the commodity credit corporation when the wheat ~~or~~, barley, or cultivated wild rice is used as collateral for a federal nonrecourse loan unless the commissioner determines otherwise.

Sec. 10. Minnesota Statutes 2000, section 17.53, subdivision 13, is amended to read:

Subd. 13. [PRODUCER.] (a) Except as provided in paragraph (b), "producer" means any person who owns or operates an agricultural producing or growing facility for an agricultural commodity and shares in the profits and risk of loss from such operation, and who grows, raises, feeds or produces the agricultural commodity in Minnesota during the current or preceding marketing year.

(b) For wheat ~~and~~, barley, and cultivated wild rice, "producer" means in addition to the meaning in paragraph (a) and for the purpose of the payment or the refund of the checkoff fee paid pursuant to sections 17.51 to 17.69 only, a person who delivers into, stores within, or makes the first sale of the agricultural commodity in Minnesota.

Sec. 11. Minnesota Statutes 2000, section 17.63, is amended to read:

17.63 [REFUND OF FEES.]

(a) Any producer, except a producer of potatoes in area number one, as listed in section 17.54, subdivision 9, a producer of wheat or barley, or a producer of ~~paddy~~ cultivated wild rice, may, by the use of forms to be provided by the commissioner and upon presentation of such proof as the commissioner requires, have the checkoff fee paid pursuant to sections 17.51 to 17.69 fully or partially refunded, provided the checkoff fee was remitted on a timely basis. The request for refund must be received in the office of the commissioner within the time specified in the promotion order following the payment of the checkoff fee. In no event shall these requests for refund be accepted more often than 12 times per year. Refund shall be made by the commissioner and council within 30 days of the request for refund provided that the checkoff fee sought to be refunded has been received. Rules governing the refund of checkoff fees for all commodities shall be formulated by the commissioner, shall be fully outlined in the promotion order, and shall be available for the information of all producers concerned with the referendum.

(b) The commissioner must allow partial refund requests from corn producers who have checked off and must allow for assignment of payment to the Minnesota corn growers association if the Minnesota corn research and promotion council requests such action by the commissioner.

(c) The Minnesota corn research and promotion council shall not elect to impose membership on any individual producer not requesting a partial refund or assignment of payment to the association.

(d) For any wheat ~~or~~, barley, or cultivated wild rice for which the checkoff fee must be paid

pursuant to sections 17.51 to 17.69 and for which a checkoff fee or fee that serves a comparable purpose in a jurisdiction outside Minnesota had been previously paid for the same wheat ~~or~~, barley, or cultivated wild rice, the producer of the wheat ~~or~~, barley, or cultivated wild rice is exempt from payment of the checkoff fee. The commissioner, in consultation with the wheat research and promotion council ~~and~~, barley research and promotion council, and cultivated wild rice research and promotion council, shall determine jurisdictions outside of Minnesota which collect a checkoff fee or fee that serves a comparable purpose. In order to qualify for the exemption, the producer must demonstrate to the first purchaser that a checkoff fee or fee has been paid to such a jurisdiction.

Sec. 12. Minnesota Statutes 2000, section 18B.01, is amended by adding a subdivision to read:

Subd. 26a. [SCHOOL PEST MANAGEMENT COORDINATOR.] "School pest management coordinator" means a person employed by a Minnesota kindergarten through 12th grade public, private, or parochial school who is responsible for the school's pest management plans and implementation of pest management at the school, including the application of pesticides to the inside or outdoor property of the school.

Sec. 13. [18B.095] [PESTICIDE APPLICATION IN SCHOOLS.]

Subdivision 1. [AUTHORIZED APPLICATORS.] To the extent authorized under this chapter, application of a pesticide to the inside or outdoor property of a Minnesota kindergarten through 12th grade public, private, or parochial school must be performed by:

(1) a structural pest control applicator;

(2) a commercial or noncommercial pesticide applicator with appropriate use category certification; or

(3) a school pest management coordinator or a school employee with school pest management knowledge.

Subd. 2. [EXEMPTION.] Pesticides determined by the commissioner to be sanitizers or disinfectants are exempt from subdivision 1.

Subd. 3. [REGISTRY AND INFORMATION.] The commissioner, in consultation with the departments of health; administration; and children, families, and learning; the University of Minnesota Extension Service; the Minnesota School Boards Association; and other persons as necessary and appropriate, must:

(1) establish and maintain a registry of school pest management coordinators; and

(2) provide information on a regular and periodic basis to school pest management coordinators on pest management techniques and programs, including model school policies; proper pesticide use, storage, handling, and disposal; and other relevant pesticide and pest management information.

Sec. 14. Minnesota Statutes 2000, section 18B.305, subdivision 3, is amended to read:

Subd. 3. [PESTICIDE APPLICATOR EDUCATION AND EXAMINATION REVIEW BOARD.] (a) The commissioner shall establish and chair a pesticide applicator education and examination review board. This board, consisting of 15 members, must meet at least once a year before the initiation of pesticide educational planning programs. The purpose of the board is to discuss topics of current concern that can be incorporated into pesticide applicator training sessions and appropriate examinations. This board shall review and evaluate the various educational programs recently conducted and recommend options to increase overall effectiveness.

(b) Membership on this board must include applicators representing various licensing categories, such as agriculture, turf and ornamental, aerial, aquatic, and structural pest control and private pesticide applicators, and other governmental agencies, including the University of

Minnesota, the pollution control agency, department of health, department of natural resources, and department of transportation.

(c) Membership on the board must include representatives from environmental protection organizations.

(d) This board shall review licensing and certification requirements for private, commercial, and noncommercial applicators ~~and provide a report to the commissioner with recommendations by January 15, 1998~~. This board shall review category requirements and provide recommendations to the commissioner. This board expires on June 30, ~~2001~~ 2003.

Sec. 15. [18B.345] [PESTICIDE APPLICATION ON GOLF COURSES.]

(a) Application of a pesticide to the property of a golf course must be performed by:

(1) a structural pest control applicator;

(2) a commercial or noncommercial pesticide applicator with appropriate use certification; or

(3) an aquatic pest control applicator.

(b) Pesticides determined by the commissioner to be sanitizers and disinfectants are exempt from the requirements in paragraph (a).

Sec. 16. Minnesota Statutes 2000, section 28A.075, is amended to read:

28A.075 [DELEGATION TO LOCAL BOARD OF HEALTH.]

(a) At the request of a local board of health that licensed and inspected grocery and convenience stores on January 1, 1999, the commissioner must enter into agreements before January 1, 2001, with local boards of health to delegate to the appropriate local board of health the licensing and inspection duties of the commissioner pertaining to retail food handlers that are grocery or convenience stores. At the request of a local board of health that licensed and inspected part of any grocery or convenience store on January 1, 1999, the commissioner must enter into agreements before July 1, 2001, with local boards of health to delegate to the appropriate local board of health the licensing and inspection duties of the commissioner pertaining to retail food handlers that are grocery or convenience stores. At any time thereafter, the commissioner may enter into an agreement with a local board of health that licensed and inspected all or part of any grocery or convenience store on January 1, 1999, to delegate to the appropriate local board of health the licensing and inspection duties of the commissioner pertaining to retail food handlers that are grocery or convenience stores. Retail grocery or convenience stores inspected under the state meat inspection program of chapter 31A are exempt from delegation.

(b) A local board of health must adopt an ordinance consistent with the Minnesota Food Code, Minnesota Rules, chapter 4626, for all of its jurisdiction to regulate grocery and convenience stores and the ordinance (Food Code) must not be in conflict with standards set in law or rule.

(c) A fee to recover the estimated costs of enforcement of this chapter shall not exceed the combination of state fees specified in section 28A.08 and fees paid for inspections conducted by the local board of health similar to those specified in section 28A.08 that were paid by each licensee immediately prior to the local board of health entering into the delegation agreement. The fee must be established by ordinance and must be fair, reasonable, and proportionate to the actual cost of the licensing and inspection services. The fee must only be maintained and used for the estimated costs of enforcing this chapter. The local board of health shall take reasonable steps to send notice by mail at least 60 days prior to any public meeting regarding proposed fee changes to the last known address of each licensee or person required to hold a license and to a statewide trade association representing grocery and convenience stores. Notice to individual license holders shall state the current fee paid by the license holder and the proposed fee for the individual license holder and the current fee structure and the proposed fee structure. The notice shall state the time, place, and date of the meeting.

Sec. 17. Minnesota Statutes 2000, section 28A.20, is amended to read:

28A.20 [FOOD SAFETY ~~ADVISORY COMMITTEE~~ TASK FORCE.]

Subdivision 1. [ESTABLISHMENT.] A food safety ~~advisory committee~~ task force is established to advise the commissioner and the legislature on food issues and food safety.

Subd. 2. [MEMBERSHIP.] (a) The food safety ~~advisory committee~~ task force consists of:

(1) the commissioner of agriculture;

(2) the commissioner of health;

(3) a representative of the United States Food and Drug Administration;

(4) a representative of the United States Department of Agriculture;

(5) a representative of the agricultural utilization research institute;

(6) one person from the University of Minnesota knowledgeable in food and food safety issues; and

(7) nine members appointed by the governor who are interested in food and food safety, of whom:

(i) two persons are health or food professionals;

(ii) one person represents a statewide general farm organization;

(iii) one person represents a local food inspection agency; and

(iv) one person represents a food-oriented consumer group.

(b) Members shall serve without compensation. Members appointed by the governor shall serve four-year terms.

Subd. 3. [ORGANIZATION.] (a) The ~~committee~~ task force shall meet monthly or as determined by the chair.

(b) The members of the ~~committee~~ task force shall annually elect a chair and other officers as they determine necessary.

Subd. 4. [STAFF.] The commissioner of agriculture shall provide support staff, office space, and administrative services for the ~~committee~~ task force.

Subd. 5. [DUTIES.] The ~~committee~~ task force shall:

(1) coordinate educational efforts about various aspects of food safety;

(2) provide advice and coordination to state agencies as requested by the agencies;

(3) serve as a source of information and referral for the public, news media, and others concerned with food safety; and

(4) make recommendations to Congress, the legislature, and others about appropriate action to improve food safety in the state.

Subd. 6. [EXPIRATION.] This section expires on June 30, ~~2001~~ 2003.

Sec. 18. Minnesota Statutes 2000, section 29.23, subdivision 2, is amended to read:

Subd. 2. [EQUIPMENT.] The commissioner shall also by rule provide for minimum plant and equipment requirements for candling, grading, handling and storing eggs, and shall define candling. Equipment in use before July 1, 1991, that does not meet the design and fabrication

requirements of this chapter may remain in use if it is in good repair, capable of being maintained in a sanitary condition, and capable of maintaining a temperature of ~~50~~ 45 degrees Fahrenheit (~~10~~ 7 degrees Celsius) or less.

Sec. 19. Minnesota Statutes 2000, section 29.23, subdivision 3, is amended to read:

Subd. 3. [EGG TEMPERATURE.] Eggs must be held at a temperature not to exceed ~~50~~ 45 degrees Fahrenheit (~~10~~ 7 degrees Celsius) after being received by the egg handler except for cleaning, sanitizing, grading, and further processing when they must immediately be placed under refrigeration that is maintained at 45 degrees Fahrenheit (7 degrees Celsius) or below. Eggs offered for retail sale must be held at a temperature not to exceed 45 degrees Fahrenheit (7 degrees Celsius). ~~After August 1, 1992, eggs offered for retail sale must be held at a temperature not to exceed 45 degrees Fahrenheit (7 degrees Celsius).~~ Equipment in use prior to August 1, 1991, is not subject to this requirement.

Sec. 20. Minnesota Statutes 2000, section 29.23, subdivision 4, is amended to read:

Subd. 4. [VEHICLE TEMPERATURE.] A vehicle used for the transportation of shell eggs from a warehouse, retail store, candling and grading facility, or egg holding facility must have an ambient air temperature of ~~50~~ 45 degrees Fahrenheit (~~10~~ 7 degrees Celsius) or below.

Sec. 21. Minnesota Statutes 2000, section 29.237, is amended to read:

29.237 [UNIFORMITY WITH FEDERAL LAW.]

Subdivision 1. [SHELL EGGS.] Federal regulations governing the grading of shell eggs and United States standards, grades, and weight classes for shell eggs, in effect on July 1, ~~1990~~ 2000, as provided by Code of Federal Regulations, title 7, part 56, are the grading and candling rules in this state, subject to amendment by the commissioner under chapter 14, the Administrative Procedure Act.

Subd. 2. [INSPECTION.] Federal regulations governing the inspection of eggs and egg products, in effect on May 1, ~~1990~~ 2000, as provided by Code of Federal Regulations, title 7, part 59, are the inspection of egg and egg products rules in this state, subject to amendment by the commissioner under chapter 14, the Administrative Procedure Act.

Sec. 22. Minnesota Statutes 2000, section 31.101, is amended by adding a subdivision to read:

Subd. 12. [DAIRY GRADE RULES; MANUFACTURING PLANT STANDARDS.] Federal grading and inspection standards for manufacturing dairy plants and products and amendments thereto in effect on January 1, 2001, as provided by Code of Federal Regulations, title 7, part 58, subparts B-W, are adopted as the dairy grade rules and manufacturing plant standards in this state.

Sec. 23. Minnesota Statutes 2000, section 31A.21, subdivision 2, is amended to read:

Subd. 2. [FEDERAL ASSISTANCE.] In its cooperative efforts, the Minnesota department of agriculture may accept from the United States Secretary of Agriculture (1) advisory assistance in planning and otherwise developing the state program, (2) technical and laboratory assistance and training, including necessary curricular and instructional materials and equipment, and (3) financial and other aid for the administration of the program. ~~The Minnesota department of agriculture may spend a sum for administration of this chapter equal to 50 percent of the estimated total cost of the cooperative program.~~

Sec. 24. Minnesota Statutes 2000, section 32.21, subdivision 4, is amended to read:

Subd. 4. [PENALTIES.] (a) A person, other than a milk producer, who violates this section is guilty of a misdemeanor or subject to a civil penalty up to $1,000.

(b) A milk producer may not change milk plants within 30 days, without permission of the commissioner, after receiving notification from the commissioner under paragraph (c) or (d) that the milk producer has violated this section.

(c) A milk producer who violates subdivision 3, clause (1), (2), (3), (4), or (5), is subject to clauses (1) to (3) of this paragraph.

(1) Upon notification of the first violation in a 12-month period, the producer must meet with the dairy plant field service representative to initiate corrective action within 30 days.

(2) Upon the second violation within a 12-month period, the producer is subject to a civil penalty of $300. The commissioner shall notify the producer by certified mail stating the penalty is payable in 30 days, the consequences of failure to pay the penalty, and the consequences of future violations.

(3) Upon the third violation within a 12-month period, the producer is subject to an additional civil penalty of $300 and possible revocation of the producer's permit or certification. The commissioner shall notify the producer by certified mail that all civil penalties owed must be paid within 30 days and that the commissioner is initiating administrative procedures to revoke the producer's permit or certification to sell milk for at least 30 days.

(d) The producer's shipment of milk must be immediately suspended if the producer is identified as an individual source of milk containing residues causing a bulk load of milk to test positive in violation of subdivision 3, clause (6) or (7). The Grade A or manufacturing grade permit must be converted to temporary status for not more than 30 days and shipment may resume only after subsequent milk has been sampled by the commissioner or the commissioner's agent and found to contain no residues above established tolerances or safe levels.

The Grade A or manufacturing grade permit may be restored if the producer completes the "Milk and Dairy Beef Residue Prevention Protocol" with a licensed veterinarian, displays the signed certificate in the milkhouse, and sends verification to the commissioner within the 30-day temporary permit status period. If the producer does not comply within the temporary permit status period, the Grade A or manufacturing grade permit must be suspended. A milk producer whose milk supply is in violation of subdivision 3, clause (6) or (7), and has caused a bulk load to test positive is subject to clauses (1) to (3) of this paragraph.

(1) For the first violation in a 12-month period, the penalty is the value of all milk on the contaminated load plus any costs associated with the disposition of the contaminated load. Future pick-ups are prohibited until subsequent testing reveals the milk is free of drug residue. A farm inspection must be completed by the plant representative and the producer to determine the cause of the residue and actions required to prevent future violations.

(2) For the second violation in a 12-month period, the penalty is the value of all milk on the contaminated load plus any costs associated with the disposition of the contaminated load. Future pick-ups are prohibited until subsequent testing reveals the milk is free of drug residue. A farm inspection must be completed by the regulatory agency or its agent to determine the cause of the residue and actions required to prevent future violations.

(3) For the third violation in a 12-month period, the penalty is the value of all milk on the contaminated load plus any costs associated with the disposition of the contaminated load. Future pick-ups are prohibited until subsequent testing reveals the milk is free of drug residue. The commissioner or the commissioner's agent shall also notify the producer by certified mail that the commissioner is initiating administrative procedures to revoke the producer's right to sell milk for a minimum of 30 days.

(4) If a bulk load of milk tests negative for residues and there is a positive producer sample on the load, no civil penalties may be assessed to the producer. The plant must report the positive result within 24 hours and reject further milk shipments from that producer until the producer's milk tests negative. A farm inspection must be completed by the plant representative and the producer to determine the cause of the residue and actions required to prevent future violations. The department shall suspend the producer's permit and count the violation on the producer's record. The Grade A or manufacturing grade permit must be converted to temporary status for not more than 30 days during which time the producer must review the "Milk and Dairy Beef Residue Prevention Protocol" with a licensed veterinarian, display the signed certificate in the milkhouse,

and send verification to the commissioner. If these conditions are met, the Grade A or manufacturing grade permit must be reinstated. If the producer does not comply within the temporary permit status period, the Grade A or manufacturing grade permit must be suspended.

(e) A milk producer that has been certified as completing the "Milk and Dairy Beef Residue Prevention Protocol" within 12 months of the first violation of subdivision 3, clause (7), need only review the cause of the violation with a field service representative within three days to maintain Grade A or manufacturing grade permit and shipping status if all other requirements of this section are met.

(f) Civil penalties collected under this section must be deposited in the milk inspection services account established in this chapter.

Sec. 25. Minnesota Statutes 2000, section 32.394, subdivision 4, is amended to read:

Subd. 4. [RULES.] The commissioner shall by rule promulgate identity, production and processing standards for milk, milk products and goat milk which are intended to bear the Grade A label.

In the exercise of the authority to establish requirements for Grade A milk, milk products and goat milk, the commissioner ~~may adopt~~ adopts definitions, standards of identity, and requirements for production and processing contained in the "1999 Grade A Pasteurized Milk Ordinance" and the "1995 Grade A Condensed and Dry Milk Ordinance" of the United States Department of Health and Human Services, in a manner provided for and not in conflict with law.

Sec. 26. Minnesota Statutes 2000, section 32.415, is amended to read:

32.415 [MILK FOR MANUFACTURING; QUALITY STANDARDS.]

(a) The commissioner may adopt rules to provide uniform quality standards, and producers of milk used for manufacturing purposes shall conform to the standards contained in Subparts B, C, D, E, and F of the United States Department of Agriculture Consumer and Marketing Service Recommended Requirements for Milk for Manufacturing Purposes and its Production and Processing, ~~Vol. 37 Federal Register, No. 68, Part II, April 7, 1972,~~ as revised through ~~March 1, 1997~~ November 12, 1996, except that the commissioner shall develop methods by which producers can comply with the standards without violation of religious beliefs.

(b) The commissioner shall perform or contract for the performance of the inspections necessary to implement this section or shall certify dairy industry personnel to perform the inspections.

(c) The commissioner and other employees of the department shall make every reasonable effort to assist producers in achieving the milk quality standards at minimum cost and to use the experience and expertise of the University of Minnesota and the agricultural extension service to assist producers in achieving the milk quality standards in the most cost-effective manner.

(d) The commissioner shall consult with producers, processors, and others involved in the dairy industry in order to prepare for the implementation of this section including development of informational and educational materials, meetings, and other methods of informing producers about the implementation of standards under this section.

Sec. 27. Minnesota Statutes 2000, section 32.475, subdivision 2, is amended to read:

Subd. 2. [MINNESOTA GRADES.] It is unlawful to sell, offer or expose for sale, or have in possession with intent to sell any butter at retail unless it has been graded and labeled with such grades as follows:

(a) Grade, Minnesota, AA -- ~~93 score~~ U.S. Grade AA

(b) Grade, Minnesota, A -- ~~92 score~~ U.S. Grade A

(c) Grade, Minnesota, B -- ~~90 score~~ U.S. Grade B

(d) Grade, Minnesota, undergrade -- all butter below Minnesota B.

For the purposes of this section "sale at retail" shall include all sales to a restaurant or eating establishment that serves butter to its patrons or that uses butter in the preparation of any food which is served to its patrons.

Sec. 28. Minnesota Statutes 2000, section 32.70, subdivision 7, is amended to read:

Subd. 7. [SELECTED CLASS I DAIRY PRODUCTS.] "Selected class I dairy products" means milk for human consumption in fluid form and all other class I dairy products as defined by the Upper Midwest Milk Marketing Order, Code of Federal Regulations, title 7, part ~~1068.40~~ 1030.40, or successor orders.

Sec. 29. Minnesota Statutes 2000, section 32.70, subdivision 8, is amended to read:

Subd. 8. [SELECTED CLASS II DAIRY PRODUCTS.] "Selected class II dairy products" means milk for human consumption processed into fluid cream, eggnog, yogurt, and all other class II dairy products as defined by the Upper Midwest Milk Marketing Order, Code of Federal Regulations, title 7, part ~~1068.40~~ 1030.40, or successor orders.

Sec. 30. Minnesota Statutes 2000, section 37.03, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS.] Members of the state agricultural society must be citizens of this state. The membership is as follows:

(a) Three delegates chosen annually by each agricultural society or association in the state which maintains an active existence, holds annual fairs, and is entitled to share in the state appropriation under the provisions of section 38.02. If one of those societies or associations fails to choose delegates, then its president, secretary, and treasurer, by virtue of their offices, are its delegates. If two fairs receiving state aid are operating in one county, each delegate from each society or association is entitled to one-half vote at regular or special meetings of the state society.

(b) One delegate appointed by the county board of each county in which no county or district agricultural society exists.

(c) Individuals elected by the society as honorary members for having performed eminent services in agriculture, horticulture, or related arts and sciences or long and faithful service in or benefits to the society. Honorary members must be elected by two-thirds vote at any annual meeting. The number of honorary members may not exceed the society's membership and only one honorary member may be elected annually. Each honorary member is entitled to one vote.

(d) Two elected delegates and the president may represent each of the following societies and associations: Red River Valley Winter Shows, the Minnesota State Horticultural Society, the State Dairyman's Association, the Minnesota Dairy Goat Association, the Minnesota Honey Producers Association, Inc., the Minnesota Livestock Breeders' Association, the Minnesota Crop Improvement Association, the Minnesota Pork Producers Association, the Minnesota Lamb and Wool Producers Association, the Minnesota Horse Breeders' Association, the Minnesota Veterinary Medical Association, the Minnesota Cattle Breeders' Association, the Central Livestock Association, the Minnesota State Poultry Association, the Farm Equipment Association, the North Central Florist Association, the Minnesota Garden Flower Society, the State Fair Exhibitors' Organization, the Minnesota Federation of County Fairs, the State Forestry Association, the Minnesota Horse Council, Minnesota Nurserymen's Association, Minnesota Apple Growers' Association, State Grange of Minnesota, Minnesota Farmers' Union, American Dairy Association of Minnesota, and the Minnesota Farm Bureau Federation.

(e) The following societies and associations are entitled to one delegate each: Central Minnesota Vegetable Growers Association, the Minnesota Fruit and Vegetable Growers' Association, Minnesota Shorthorn Breeders' Association, the Minnesota Milking Shorthorn Association, Minnesota Guernsey Breeders' Association, Minnesota Jersey Cattle Club, Minnesota Holstein Association, Minnesota Hereford Association, Minnesota Aberdeen Angus Breeders', Minnesota Red Polled Breeders', Minnesota Ayreshire Breeders' Association,

Minnesota Brown Swiss Association, Minnesota Poland China Breeders' Association, Minnesota Duroc Breeders', Minnesota Chester White Association, Minnesota Turkey Growers' Association, Minnesota Gladiolus Society, Minnesota Hampshire Association, Minnesota Suffolk Association, North American Dairy Sheep Association, and the Minnesota Berkshire Association.

~~All of these~~ (f) The societies and associations listed in paragraphs (d) and (e) must be active and statewide in their scope and operation, hold annual meetings, and be incorporated under the laws of the state before they are entitled to a delegate. The societies and associations must file with the secretary of state, on or before December 20, a report showing that the society or association has held a regular annual meeting for that year, a summary of its financial transactions for the current year, and an affidavit of the president and secretary that it has a paid-up membership of at least 25. On or before December 31, the secretary of state shall certify to the secretary of the state agricultural society the names of the societies or associations that have complied with these provisions.

(g) If a society or association ceases to exist or otherwise fails to comply with the requirements of paragraph (f), its membership in the state agricultural society and its right to delegates is terminated and it may be replaced by another society or association representing the same or similar interests and chosen by a majority vote of the members of the society at its next annual meeting.

~~(f)~~ (h) The members of the board of managers of the state agricultural society are members of the society and entitled to one vote each.

Sec. 31. [37.27] [FAIR FOUNDATION.]

The state agricultural society may establish a nonprofit corporation to be operated exclusively for charitable purposes as contemplated by sections 170(c)(2) and 501(c)(3) of the United States Internal Revenue Code. Subject to those sections, the corporation must be organized and operated exclusively for the benefit and to carry out the purposes of the state agricultural society for so long as the state agricultural society is and remains an organization as described in section 509(a)(1) or 509(a)(2) of the Internal Revenue Code. The corporation shall solicit, receive, hold, invest, and contribute funds and property for the use and benefit of the state agricultural society in a manner consistent with the public good and primarily for capital expenditures and other needs not funded by other means. The corporation may be known as the Minnesota state fair foundation.

Sec. 32. Minnesota Statutes 2000, section 41B.025, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] There is created a public body corporate and politic to be known as the "Minnesota rural finance authority," which shall perform the governmental functions and exercise the sovereign powers delegated to it in sections 41B.01 to 41B.23 and chapter 41C in furtherance of the public policies and purposes declared in section 41B.01. The board of the authority consists of the commissioners of agriculture, commerce, trade and economic development, and finance, the state auditor, and six public members appointed by the governor with the advice and consent of the senate. The state auditor may designate one staff member to serve in the auditor's place. No public member may reside within the metropolitan area, as defined in section 473.121, subdivision 2. Each member shall hold office until a successor has been appointed and has qualified. A certificate of appointment or reappointment of any member is conclusive evidence of the proper appointment of the member.

Sec. 33. Minnesota Statutes 2000, section 41B.03, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY FOR RESTRUCTURED LOAN.] In addition to the eligibility requirements of subdivision 1, a prospective borrower for a restructured loan must:

(1) have received at least 50 percent of average annual gross income from farming for the past three years or, for homesteaded property, received at least 40 percent of average gross income from farming in the past three years, and farming must be the principal occupation of the borrower;

(2) ~~have a debt-to-asset ratio equal to or greater than 50 percent and in determining this ratio, the assets must be valued at their current market value;~~

~~(3)~~ have projected annual expenses, including operating expenses, family living, and interest expenses after the restructuring, that do not exceed 95 percent of the borrower's projected annual income considering prior production history and projected prices for farm production, except that the authority may reduce the 95 percent requirement if it finds that other significant factors in the loan application support the making of the loan;

~~(4)~~ (3) demonstrate substantial difficulty in meeting projected annual expenses without restructuring the loan; and

~~(5)~~ (4) must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than $400,000 in 1999 and an amount in subsequent years which is adjusted for inflation by multiplying $400,000 by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

Sec. 34. Minnesota Statutes 2000, section 41B.043, subdivision 1b, is amended to read:

Subd. 1b. [LOAN PARTICIPATION.] The authority may participate in an agricultural improvement loan with an eligible lender to a farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in farming. Participation is limited to 45 percent of the principal amount of the loan or ~~$100,000~~ $125,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the lender's retained portion of the loan.

Sec. 35. Minnesota Statutes 2000, section 41B.043, subdivision 2, is amended to read:

Subd. 2. [SPECIFICATIONS.] No direct loan may exceed $35,000 or $125,000 for a loan participation ~~or be made to refinance an existing debt~~. Each direct loan and participation must be secured by a mortgage on real property and such other security as the authority may require.

Sec. 36. Minnesota Statutes 2000, section 41B.046, subdivision 2, is amended to read:

Subd. 2. [ESTABLISHMENT.] The authority shall establish and implement a value-added agricultural product loan program to help farmers finance the purchase of stock in a cooperative that is proposing to build or purchase and operate an agricultural product processing facility or already owns and operates an agricultural product processing facility.

Sec. 37. Minnesota Statutes 2000, section 41D.01, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT; MEMBERSHIP.] (a) The Minnesota agriculture education leadership council is established. The council is composed of 16 members as follows:

(1) the chair of the University of Minnesota agricultural education program;

(2) a representative of the commissioner of children, families, and learning;

(3) a representative of the Minnesota state colleges and universities recommended by the chancellor;

(4) the president and the president-elect of the Minnesota ~~vocational agriculture instructors association~~ Association of Agriculture Educators;

(5) a representative of the Future Farmers of America Foundation;

(6) a representative of the commissioner of agriculture;

(7) the dean of the college of agriculture, food, and environmental sciences at the University of Minnesota;

(8) two members representing agriculture education and agriculture business appointed by the governor;

(9) the chair of the senate committee on agriculture ~~and rural development;~~, general legislation and veterans affairs;

(10) the chair of the house committee on agriculture;

(11) the ranking minority member of the senate committee on agriculture ~~and rural development~~, general legislation and veterans affairs, and a member of the senate ~~committee on children, families and learning~~ education committee designated by the subcommittee on committees of the committee on rules and administration; and

(12) the ranking minority member of the house agriculture committee, and a member of the house education committee designated by the speaker.

(b) An ex officio member of the council under paragraph (a), clause (1), (4), (7), (9), (10), (11), or (12), may designate a permanent or temporary replacement member representing the same constituency.

Sec. 38. Minnesota Statutes 2000, section 41D.01, subdivision 3, is amended to read:

Subd. 3. [COUNCIL OFFICERS; TERMS AND COMPENSATION OF APPOINTEES; STAFF.] (a) The chair of the senate agriculture ~~and rural development~~, general legislation and veterans affairs committee and the chair of the house agriculture committee, or their designees, are the cochairs of the council.

(b) The council's membership terms, compensation, filling of vacancies, and removal of members are as provided in section 15.0575.

(c) The council may employ an executive director and any other staff to carry out its functions.

Sec. 39. Minnesota Statutes 2000, section 41D.01, subdivision 4, is amended to read:

Subd. 4. [EXPIRATION.] This section expires on June 30, ~~2002~~ 2003.

Sec. 40. Minnesota Statutes 2000, section 97B.001, subdivision 1, is amended to read:

Subdivision 1. [AGRICULTURAL LAND DEFINITION.] For purposes of this section, "agricultural land" means land:

(1) that is plowed or tilled;

(2) that has standing crops or crop residues; ~~or~~

(3) within a maintained fence for enclosing domestic livestock;

(4) that is planted native or introduced grassland or hay land; or

(5) that is planted to short rotation woody crops as defined in section 41B.048, subdivision 4.

Sec. 41. Minnesota Statutes 2000, section 116O.09, subdivision 1a, is amended to read:

Subd. 1a. [BOARD OF DIRECTORS.] The board of directors of the agricultural utilization research institute is comprised of:

(1) the chairs of the senate ~~agriculture and rural development committee~~ and the house of representatives committees with jurisdiction over agriculture ~~committee~~ policy;

(2) two representatives of statewide farm organizations;

(3) two representatives of agribusiness, one of whom is a member of the Minnesota Technology, Inc. board representing agribusiness; and

(4) three representatives of the commodity promotion councils.

A member of the board of directors under clauses (1) to (4) may designate a permanent or temporary replacement member representing the same constituency.

Sec. 42. [239.77] [BIODIESEL; USE IN STATE VEHICLES; CONTENT REQUIREMENT.]

Subdivision 1. [BIODIESEL FUEL OIL, DEFINED.] "Biodiesel fuel oil" means a biodegradable, combustible liquid fuel derived from vegetable oils or animal fats that meets ASTM specifications PS 121-99 and is suitable for blending with diesel fuel oil for use in internal combustion diesel engines.

Subd. 2. [STATE VEHICLE MANDATE.] Beginning July 1, 2002, all diesel fuel consumed in internal combustion engines in vehicles owned or operated by the state of Minnesota must contain at least two percent biodiesel fuel by volume if the fuel is available.

Subd. 3. [MONITOR AND REPORT.] The commissioner of transportation, in consultation with the commissioners of the pollution control agency, administration, and agriculture, shall monitor the performance of vehicles under subdivision 2 and report to the legislative committees with jurisdiction over agriculture, agriculture finance, transportation, environment, and state government policy and finance no later than February 1, 2003. The report must assess the operating costs, operational performance, and environmental impact of the mandate under subdivision 2.

Subd. 4. [CONTENT REQUIREMENT.] On and after July 1, 2003, all diesel fuel oil sold or offered for sale in Minnesota for use in internal combustion piston engines must contain at least 2.0 percent biodiesel fuel oil by volume.

Subd. 5. [EXCEPTION.] The minimum content requirements of subdivision 4 do not apply to fuel used in motors located at an electric generating plant in the state regulated by the federal Nuclear Regulatory Commission. This exemption expires 30 days after the Nuclear Regulatory Commission has approved the use of biodiesel fuel in such motors.

Subd. 6. [BIODIESEL SUPPLY AND DISTRIBUTION REPORT.] By February 15 in 2002 and 2003, the commissioner of agriculture, in consultation with the commissioners of transportation and commerce, shall report to the legislative committees with jurisdiction over agriculture and transportation policy on (1) the production and distribution of biodiesel fuel oil in Minnesota, (2) the adequacy of biodiesel fuel oil supplies, and (3) the distribution system to achieve the requirement in Minnesota Statutes, section 239.77.

Sec. 43. Minnesota Statutes 2000, section 296A.01, subdivision 19, is amended to read:

Subd. 19. [E85.] "E85" means a petroleum product that is a blend of agriculturally derived denatured ethanol and gasoline or natural gasoline that typically contains 85 percent ethanol by volume, but at a minimum must contain 60 percent ethanol by volume. For the purposes of this chapter, the energy content of E85 will be considered to be 82,000 BTUs per gallon. E85 produced for use as a motor fuel in alternative fuel vehicles as defined in ~~section 296A.01,~~ subdivision 5, must comply with ASTM specification D 5798-96.

Sec. 44. [325E.165] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purposes of sections 325E.165 to 325E.167, the terms defined in this section have the meanings given them.

Subd. 2. [FARM TRACTOR.] "Farm tractor" means a self-propelled vehicle that is designed primarily for pulling or propelling agricultural machinery and implements and is used principally in the occupation or business of farming, including an implement of husbandry, as defined in section 169.01, subdivision 55, that is self-propelled.

Subd. 3. [PERSON.] "Person" means an individual, firm, partnership, incorporated and unincorporated association, or other legal or commercial entity.

Sec. 45. [325E.166] [CLOCK-HOUR METERS; PROHIBITED ACTS.]

Subdivision 1. [TAMPERING.] No person shall, with intent to defraud, knowingly tamper with, adjust, alter, change, set back, disconnect, or fail to connect the clock-hour meter of a farm

tractor, or cause any of the foregoing to occur to a clock-hour meter of a farm tractor, so as to reflect fewer hours than the farm tractor has actually been in operation.

Subd. 2. [OPERATION WITH DISCONNECTED OR NONFUNCTIONAL METER.] No person shall, with intent to defraud, operate a farm tractor knowing that the clock-hour meter of the farm tractor is disconnected or nonfunctional.

Subd. 3. [TAMPERING DEVICE.] No person shall advertise for sale, sell, use, or install on any part of a farm tractor or on a clock-hour meter in a farm tractor a device that causes the clock-hour meter to register any hours of operation other than the true hours of operation that the clock-hour meter was designed to measure.

Subd. 4. [DISCLOSURE.] No person shall sell or offer for sale a farm tractor with knowledge that the hours registered on the clock-hour meter have been altered so as to reflect fewer hours than the farm tractor has actually been in operation, without disclosing the fact to prospective purchasers.

Subd. 5. [CONSPIRACY.] No person shall conspire with another person to violate this section.

Sec. 46. [325E.167] [PENALTIES; REMEDIES.]

Subdivision 1. [CRIMINAL PENALTY.] A person who is found to have violated sections 325E.165 to 325E.167 is guilty of a gross misdemeanor.

Subd. 2. [CIVIL PENALTY.] In addition to the penalties provided in subdivision 1, any person who is found to have violated sections 325E.165 to 325E.167 is subject to the penalties in section 8.31.

Subd. 3. [PRIVATE RIGHT OF ACTION.] A person injured by a violation of sections 325E.165 to 325E.167 may recover the actual damages sustained together with costs and disbursements, including reasonable attorney fees. The court in its discretion may increase the award of damages to an amount not to exceed three times the actual damages sustained or $1,500, whichever is greater.

Sec. 47. [348.125] [COYOTE CONFLICT MANAGEMENT OPTION.]

A county board may, by resolution, offer a bounty for the destruction of coyotes (Canis latrans). The resolution may be made applicable to the whole or any part of the county. The bounty must apply during the months specified in the resolution and be in an amount determined by the board.

Sec. 48. Laws 1986, chapter 398, article 1, section 18, as amended by Laws 1987, chapter 292, section 37; Laws 1989, chapter 350, article 16, section 8; Laws 1990, chapter 525, section 1; Laws 1991, chapter 208, section 2; Laws 1993, First Special Session chapter 2, article 6, section 2; Laws 1995, chapter 212, article 2, section 11; Laws 1997, chapter 183, article 3, section 29; Laws 1998, chapter 395, section 7; Laws 1998, chapter 402, section 6; and Laws 1999, chapter 214, article 2, section 19, is amended to read:

Sec. 18. [REPEALER.]

Sections 1 to 17 and Minnesota Statutes, section 336.9-501, subsections (6) and (7), and sections 583.284, 583.285, 583.286, and 583.305, are repealed on July 1, ~~2001~~ 2003.

Sec. 49. [GOPHER STATE ETHANOL PLANT ODOR.]

If gopher state ethanol does not install a thermal oxidizer by December 30, 2001, the commissioner of agriculture shall immediately suspend all ethanol producer payments to gopher state ethanol under Minnesota Statutes, section 41A.09, subdivision 3a.

Sec. 50. [TEMPORARY SUSPENSION OF RULE.]

The application of Minnesota Rules, part 1720.0620, is temporarily suspended from January 1, 2001, to June 1, 2002, for products used exclusively for poultry.

Sec. 51. [REPEALER.]

Minnesota Statutes 2000, sections 17.042; 17.06; 17.07; 17.108; 17.139; 17.45; 17.76; 17.987; 17A.091, subdivision 1; 17B.21; 17B.23; 17B.24; 17B.25; 17B.26; 17B.27; 18.205; 24.001; 24.002; 24.12; 24.131; 24.135; 24.141; 24.145; 24.151; 24.155; 24.161; 24.171; 24.175; 24.18; 24.181; 25.47; 27.185; 29.025; 29.049; 30.50; 30.51; 31.185; 31.73; 31B.07; 32.11; 32.12; 32.18; 32.19; 32.20; 32.203; 32.204; 32.206; 32.208; 32.471, subdivision 1; 32.474; 32.481, subdivision 2; 32.529; 32.53; 32.531, subdivisions 1, 5, 6, and 7; 32.5311; 32.5312; 32.532; 32.533; 32.534; 32.55, subdivisions 15, 16, and 17; 33.001; 33.002; 33.01; 33.011; 33.02; 33.03; 33.031; 33.032; 33.06; 33.07; 33.08; 33.09; 33.091; 33.111; 35.04; 35.14; and 35.84, are repealed.

Sec. 52. [EFFECTIVE DATE.]

Sections 1, 3, 14, 17, 32 to 36, 44, 46, and 47 are effective the day following final enactment. Section 13 is effective August 1, 2002. Section 15 is effective January 1, 2002."

Delete the title and insert:

"A bill for an act relating to agriculture; establishing or changing certain agriculture-related provisions; extending certain advisory committees and a board; requiring certain ethical guidelines; modifying provisions of the value-added agricultural product processing and marketing grant program; clarifying the term "private contributions" for the Minnesota grown matching account; modifying provisions of the shared savings loan program and the sustainable agriculture demonstration grant program; regulating pesticide application in certain schools and golf courses; changing certain licensing and inspection duties; changing certain shell egg regulations; adopting certain federal standards; changing rules and standards; modifying financing limitations for the administration of the state meat inspection program; authorizing the state agricultural society to establish a nonprofit corporation for charitable purposes; modifying provisions relating to the rural finance authority; modifying the definition of "agricultural land" for the purpose of recreational trespass; changing certain membership provisions on the state agricultural society; imposing a biodiesel mandate on certain vehicles; requiring reports; limiting ethanol producer payments in certain cases; extending the sunset date for the farmer-lender mediation program; prescribing criminal and civil penalties; providing a coyote conflict management option; providing a temporary waiver of board of animal health rules for use of biological products on poultry; adding cultivated wild rice to the agricultural commodities promotion act; repealing obsolete or unnecessary statutes; amending Minnesota Statutes 2000, sections 15.059, subdivision 5a; 17.039; 17.101, subdivision 5; 17.109, subdivision 3; 17.115; 17.116; 17.136; 17.53, subdivisions 2, 8, 13; 17.63; 18B.01, by adding a subdivision; 18B.305, subdivision 3; 28A.075; 28A.20; 29.23, subdivisions 2, 3, 4; 29.237; 31.101, by adding a subdivision; 31A.21, subdivision 2; 32.21, subdivision 4; 32.394, subdivision 4; 32.415; 32.475, subdivision 2; 32.70, subdivisions 7, 8; 37.03, subdivision 1; 41B.025, subdivision 1; 41B.03, subdivision 2; 41B.043, subdivision 1b, 2; 41B.046, subdivision 2; 41D.01, subdivisions 1, 3, 4; 97B.001, subdivision 1; 296A.01, subdivision 19; 1160.09, subdivision 1a; Laws 1986, chapter 398, article 1, section 18, as amended; proposing coding for new law in Minnesota Statutes, chapters 18B; 37; 239; 325E; 348; repealing Minnesota Statutes 2000, sections 17.042; 17.06; 17.07; 17.108; 17.139; 17.45; 17.4996; 17.76; 17.861; 17A.091, subdivision 1; 17B.21; 17B.23; 17B.24; 17B.25; 17B.26; 17B.27; 18.205; 24.001; 24.002; 24.12; 24.131; 24.135; 24.141; 24.145; 24.151; 24.155; 24.161; 24.171; 24.175; 24.18; 24.181; 25.47; 27.185; 29.025; 29.049; 30.50; 30.51; 31.185; 31.73; 31B.07; 32.11; 32.12; 32.18; 32.19; 32.20; 32.203; 32.204; 32.206; 32.208; 32.471, subdivision 1; 32.474; 32.481, subdivision 2; 32.529; 32.53; 32.531, subdivisions 1, 5, 6, 7; 32.5311; 32.5312; 32.532; 32.533; 32.534; 32.55, subdivisions 15, 16, 17; 33.001; 33.002; 33.01; 33.011; 33.02; 33.03; 33.031; 33.032; 33.06; 33.07; 33.08; 33.09; 33.091; 33.111; 35.04; 35.14; 35.84."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Steve Murphy, Steve Dille, Twyla Ring

House Conferees: (Signed) Howard Swenson, Tim Finseth, Al Juhnke

Senator Murphy moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1495 be now adopted, and that the bill be repassed as amended by the Conference Committee.

Senator Krentz moved that the recommendations and Conference Committee Report on S.F. No. 1495 be rejected and that the bill be re-referred to the Conference Committee as formerly constituted for further consideration.

CALL OF THE SENATE

Senator Krentz imposed a call of the Senate for the balance of the proceedings on S.F. No. 1495. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Krentz motion.

The roll was called, and there were yeas 38 and nays 26, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Limmer	Pariseau	Sabo
Bachmann	Johnson, Debbie	Lourey	Pogemiller	Samuelson
Belanger	Johnson, Doug	Marty	Price	Scheid
Berglin	Kelley, S.P.	Neuville	Ranum	Schwab
Betzold	Kiscaden	Oliver	Reiter	Wiener
Cohen	Kleis	Orfield	Rest	Wiger
Foley	Knutson	Ourada	Ring	
Frederickson	Krentz	Pappas	Robertson	

Those who voted in the negative were:

Berg	Johnson, Dean	Lesewski	Robling	Tomassoni
Chaudhary	Kelly, R.C.	Lessard	Sams	Vickerman
Dille	Kierlin	Metzen	Scheevel	
Fischbach	Kinkel	Moe, R.D.	Stevens	
Fowler	Langseth	Murphy	Stumpf	
Hottinger	Larson	Olson	Terwilliger	

The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1464 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1464

A bill for an act relating to health; modifying provisions for lead poisoning prevention; requiring a real property seller provide buyer with well water test results; providing for certain alternative compliance methods for food, beverage, and lodging establishment inspections; repealing certain obsolete laws relating to hotel inspectors, duplication equipment, pay toilets, and enclosed sports arenas; amending Minnesota Statutes 2000, sections 144.9501, subdivisions 3, 4, 10, 11, 17, 17a, 18, 19, 20a, 20b, 20c, 21, 22, 22a, 23, 28a, 29, and by adding subdivisions; 144.9502, subdivision 8; 144.9503; 144.9504, subdivisions 1, 2, 5, 7, and 8; 144.9505; 144.9507, subdivision 5; 144.9508, subdivisions 1, 2, 3, 4, and 5; 144.9509, subdivisions 1 and 3; and 157.20, by adding a subdivision; repealing Minnesota Statutes 2000, sections 144.073; 144.08; 144.1222, subdivision 3; 144.9501, subdivision 32; 144.9502, subdivision 6; 144.9503, subdivision 6; 144.9504, subdivisions 4 and 11; 144.9505, subdivisions 2 and 5; 144.9506; 144.9508, subdivision 6; and 145.425.

May 19, 2001

The Honorable Don Samuelson
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1464, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 1464 be further amended as follows:

Page 32, after line 25, insert:

"Section 1. Minnesota Statutes 2000, section 145.425, is amended to read:

145.425 [PAY TOILETS IN PUBLIC PLACES; PROHIBITIONS; PENALTY.]

Pay toilets and urinals in public places, public conveyances or public buildings are prohibited ~~unless at least one-half of the available toilets in the same area or rest room are free and maintained at the same standards of sanitation and upkeep. Violation of this section is a misdemeanor~~."

Page 33, line 21, delete the first semicolon and insert "and" and delete the second semicolon

Page 33, line 22, delete "144.1222, subdivision 3; and 145.425"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Becky Lourey, Dallas C. Sams, Michelle L. Fischbach

House Conferees: (Signed) Bud Nornes, Kathy Tingelstad, Karen Clark

Senator Lourey moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1464 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1464 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 56 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Hottinger	Langseth	Pogemiller	Scheid
Berg	Johnson, Dean	Larson	Price	Stevens
Berglin	Johnson, Debbie	Lessard	Ranum	Stumpf
Betzold	Johnson, Doug	Limmer	Reiter	Terwilliger
Chaudhary	Kelley, S.P.	Lourey	Rest	Tomassoni
Cohen	Kelly, R.C.	Metzen	Ring	Vickerman
Dille	Kierlin	Moe, R.D.	Robertson	Wiener
Fischbach	Kinkel	Oliver	Robling	Wiger
Foley	Kiscaden	Olson	Sabo	
Fowler	Kleis	Orfield	Sams	
Frederickson	Knutson	Ourada	Samuelson	
Higgins	Krentz	Pariseau	Scheevel	

Those who voted in the negative were:

Lesewski

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Sams moved that S.F. No. 1226, No. 7 on General Orders, be stricken and re-referred to the Committee on Commerce. The motion prevailed.

RECESS

Senator Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

CALL OF THE SENATE

Senator Betzold imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

CONFERENCE COMMITTEE EXCUSED

Pursuant to Rule 12, Senator Robling moved that the following members be excused for a Conference Committee on H.F. No. 1515 at 5:30 p.m.:

Senators Robling, Sabo, Kinkel and Lourey. The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Order of Business of Messages From the House.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 969: A bill for an act relating to crimes; extending the attorney general's and county attorney's authority for administrative subpoenas; enabling peace officers to execute search warrants on foreign corporations doing business in Minnesota to search for electronic evidence; allowing Minnesota corporations engaged in electronic communication services or remote computing services to provide electronic evidence when served with search warrants issued from other jurisdictions; enhancing penalties for dissemination and possession of pornographic work involving minors; amending Minnesota Statutes 2000, sections 8.16, subdivision 1; 388.23, subdivision 1; 617.247, subdivisions 3 and 4; proposing coding for new law in Minnesota Statutes, chapter 626.

Senate File No. 969 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 2001

CONCURRENCE AND REPASSAGE

Senator Chaudhary moved that the Senate concur in the amendments by the House to S.F. No. 969 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 969: A bill for an act relating to crimes; extending the attorney general's and county attorney's authority for administrative subpoenas; enabling peace officers to execute search warrants on foreign corporations doing business in Minnesota to search for electronic evidence; allowing Minnesota corporations engaged in electronic communication services or remote computing services to provide electronic evidence when served with search warrants issued from other jurisdictions; enhancing penalties for dissemination and possession of pornographic work involving minors; authorizing private adult correctional facilities to enforce discipline and prevent escapes if licensed by the department of corrections; amending Minnesota Statutes 2000, sections 8.16, subdivision 1; 241.021, subdivision 1; 388.23, subdivision 1; 617.247, subdivisions 3 and 4; proposing coding for new law in Minnesota Statutes, chapter 626.

Was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 55 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Fowler	Kiscaden	Oliver	Robertson
Bachmann	Frederickson	Kleis	Olson	Sams
Belanger	Higgins	Knutson	Orfield	Samuelson
Berg	Hottinger	Krentz	Ourada	Scheevel
Berglin	Johnson, Dave	Langseth	Pappas	Scheid
Betzold	Johnson, Dean	Larson	Pariseau	Schwab
Chaudhary	Johnson, Debbie	Lesewski	Pogemiller	Stevens
Day	Johnson, Doug	Lessard	Ranum	Stumpf
Dille	Kelley, S.P.	Limmer	Reiter	Terwilliger
Fischbach	Kelly, R.C.	Moe, R.D.	Rest	Wiener
Foley	Kierlin	Neuville	Ring	Wiger

So the bill, as amended, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 2208: A bill for an act relating to public finance; updating and making technical changes to public finance provisions related to debt obligations, financing of certain equipment and hardware and software; removing election requirements for issuance of certain obligations; authorizing flexibility in stating certain ballot questions; updating and changing the Minnesota Bond Allocation Act; providing for the powers of housing and redevelopment authorities in Scott county and Carver county; authorizing issuance of certain obligations by the city of St. Paul; clarifying an appropriation; amending Minnesota Statutes 2000, sections 103B.555, by adding a subdivision; 165.10, subdivision 2; 275.60; 373.01, subdivision 3; 373.45, subdivision 3; 376.08, subdivisions 1, 3, by adding a subdivision; 410.32; 412.301; 429.091, subdivision 7a; 474A.02, subdivisions 8, 13a, 22a, 22b, 23a; 474A.03, subdivisions 1, 2a, 4; 474A.04, subdivisions 1a, 5; 474A.045; 474A.047, subdivisions 1, 2; 474A.061, subdivisions 1, 2a, 2b, 2c, 4; 474A.091, subdivisions 2, 3, 4, 5, 6, by adding a subdivision; 474A.131, subdivisions 1, 2, by adding a subdivision; 474A.14; 475.54, subdivision 1; 475.58, subdivision 1; 475.59; Laws 1974, chapter 473; Laws 1980, chapter 482; proposing coding for new law in Minnesota Statutes, chapter 474A; repealing Minnesota Statutes 2000, section 474A.061, subdivision 6.

Senate File No. 2208 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 2001

Senator Pogemiller moved that the Senate do not concur in the amendments by the House to S.F. No. 2208, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee to be appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1541:

H.F. No. 1541: A bill for an act relating to landlords and tenants; requiring a study of rental application fees.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

Mullery, Davids and Gunther have been appointed as such committee on the part of the House.

House File No. 1541 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Edward A. Burdick, Chief Clerk, House of Representatives

Transmitted May 21, 2001

Senator Sabo moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1541, and that a Conference Committee of 3 members be appointed by the Subcommittee on Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1367: A bill for an act relating to counties; providing a new standard of market value for new counties; providing for signatures from both affected areas on a petition to change county boundaries; requiring the secretary of state to certify the validity of the signatures; providing for a special election to fill vacancies or add members to a county board after the change of county boundaries; amending Minnesota Statutes 2000, sections 370.01; 370.02; 370.03; 370.07; 370.10; 370.12; 370.13; repealing Minnesota Statutes 2000, section 370.11.

Senate File No. 1367 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 2001

CONCURRENCE AND REPASSAGE

Senator Lourey moved that the Senate concur in the amendments by the House to S.F. No. 1367 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1367: A bill for an act relating to counties; providing a new standard of market value for new counties; providing for signatures from both affected areas on a petition to change county boundaries; requiring the secretary of state to certify the validity of the signatures; providing for

canvass, proclamation, and certification of the vote on the proposition; providing for a special election to fill vacancies or add members to a county board after the change of county boundaries; amending Minnesota Statutes 2000, sections 370.01; 370.02; 370.03; 370.07; 370.10; 370.12; 370.13; repealing Minnesota Statutes 2000, section 370.11.

Was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 62 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Knutson	Olson	Scheevel
Bachmann	Higgins	Krentz	Orfield	Scheid
Belanger	Hottinger	Langseth	Ourada	Schwab
Berg	Johnson, Dave	Larson	Pappas	Stevens
Berglin	Johnson, Dean	Lesewski	Pariseau	Stumpf
Betzold	Johnson, Debbie	Lessard	Ranum	Terwilliger
Chaudhary	Johnson, Doug	Limmer	Reiter	Tomassoni
Cohen	Kelley, S.P.	Lourey	Ring	Vickerman
Day	Kelly, R.C.	Marty	Robertson	Wiener
Dille	Kierlin	Metzen	Robling	Wiger
Fischbach	Kinkel	Moe, R.D.	Sabo	
Foley	Kiscaden	Neuville	Sams	
Fowler	Kleis	Oliver	Samuelson	

So the bill, as amended, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1344: A bill for an act relating to employment; regulating payment of wages; prohibiting employers from requiring employees or job applicants to pay for background checks or training; amending Minnesota Statutes 2000, section 181.03; proposing coding for new law in Minnesota Statutes, chapter 181.

Senate File No. 1344 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 2001

CONCURRENCE AND REPASSAGE

Senator Higgins moved that the Senate concur in the amendments by the House to S.F. No. 1344 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1344 was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 62 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Berg	Cohen	Fischbach	Frederickson
Bachmann	Berglin	Day	Foley	Higgins
Belanger	Chaudhary	Dille	Fowler	Hottinger

Johnson, Dave	Knutson	Moe, R.D.	Reiter	Schwab
Johnson, Dean	Krentz	Murphy	Rest	Stevens
Johnson, Debbie	Langseth	Neuville	Ring	Stumpf
Johnson, Doug	Larson	Oliver	Robertson	Tomassoni
Kelley, S.P.	Lesewski	Olson	Robling	Vickerman
Kelly, R.C.	Lessard	Orfield	Sabo	Wiener
Kierlin	Limmer	Ourada	Sams	Wiger
Kinkel	Lourey	Pappas	Samuelson	
Kiscaden	Marty	Pariseau	Scheevel	
Kleis	Metzen	Ranum	Scheid	

Those who voted in the negative were:

Betzold

So the bill, as amended, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 1965: A bill for an act relating to economic development; allowing nonprofit organizations to receive funding under the contamination cleanup, livable communities tax base revitalization, and livable communities demonstration account programs; repealing certain obsolete and redundant trade and economic development department programs and duties; amending Minnesota Statutes 2000, sections 116J.552, by adding a subdivision; 116J.553, subdivision 1; 116J.554, subdivisions 1, 1a; 116J.556; 116J.557, subdivisions 1, 2, 3; 473.252, subdivision 3, by adding a subdivision; 473.253, subdivision 2; repealing Minnesota Statutes 2000, sections 41A.066; 116J.541; 116J.542; 116J.75; 116J.8755; 116J.9671; 116J.980, subdivision 4; 116J.992.

Senate File No. 1965 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 2001

CONCURRENCE AND REPASSAGE

Senator Anderson moved that the Senate concur in the amendments by the House to S.F. No. 1965 and that the bill be placed on its repassage as amended. The motion prevailed.

S.F. No. 1965: A bill for an act relating to state government; repealing certain obsolete and redundant trade and economic development department programs and duties; repealing Minnesota Statutes 2000, sections 41A.066; 116J.541; 116J.542; 116J.8755; 116J.9671; 116J.980, subdivision 4; 116J.992.

Was read the third time, as amended by the House, and placed on its repassage.

The question was taken on the repassage of the bill, as amended.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Berglin	Day	Fowler	Johnson, Dave
Bachmann	Betzold	Dille	Frederickson	Johnson, Dean
Belanger	Chaudhary	Fischbach	Higgins	Johnson, Debbie
Berg	Cohen	Foley	Hottinger	Johnson, Doug

Kelley, S.P.	Larson	Neuville	Rest	Schwab
Kelly, R.C.	Lesewski	Oliver	Ring	Stevens
Kierlin	Lessard	Olson	Robertson	Stumpf
Kinkel	Limmer	Orfield	Robling	Terwilliger
Kiscaden	Lourey	Ourada	Sabo	Tomassoni
Kleis	Marty	Pappas	Sams	Vickerman
Knutson	Metzen	Pariseau	Samuelson	Wiener
Krentz	Moe, R.D.	Ranum	Scheevel	Wiger
Langseth	Murphy	Reiter	Scheid	

So the bill, as amended, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1215, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1215: A bill for an act relating to human rights; changing provisions pertaining to business discrimination and inquiry into a charge; permitting discretionary disclosure during investigation; amending Minnesota Statutes 2000, sections 363.01, subdivision 41; 363.03, subdivision 8a; 363.06, subdivision 4; 363.061, subdivision 2.

Senate File No. 1215 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 2001

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1561, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1561: A bill for an act relating to commerce; revised Article 9 of the Uniform Commercial Code; making corrective and conforming amendments; appropriating money; amending Minnesota Statutes 2000, sections 27.138, subdivisions 2 and 3; 86B.820, subdivisions 10 and 11; 86B.880, subdivision 2; 168A.01, subdivisions 18 and 19; 168A.05, subdivision 8; 168A.17, subdivision 2; 169A.63, subdivisions 7 and 11; 268.058, subdivision 1; 270.69, subdivisions 2, 9, and 13; 270.7001, subdivision 4; 272.483; 272.484; 272.488, subdivision 3; 277.20, subdivision 8; 300.112, subdivision 1; 325L.16; 336.2-210; 336.9-102; 336.9-201; 336.9-203; 336.9-311; 336.9-317; 336.9-334; 336.9-407; 336.9-509; 336.9-521; 336.9-601; 336.9-607; 336.9-617; 336.9-619; 336A.01, subdivision 4; 507.24, subdivision 2; 514.18, subdivision 2; 514.221, subdivisions 2 and 3; 514.661, subdivisions 3, 4, 5, and 6; 514.945, subdivisions 2, 4, and 6; 515B.3-116; 515B.3-117; 550.13; 557.12, subdivision 5; 583.26, subdivisions 1 and 2; and 583.284; Laws 1986, chapter 398, article 1, section 18, as amended; proposing coding for new law in Minnesota Statutes, chapters 336; 507; 508; and 508A; repealing Minnesota Statutes 2000, sections 168A.17, subdivision 3; 336.11-101; 336.11-102; 336.11-103; 336.11-104; 336.11-105; 336.11-106; 336.11-107; and 336.11-108; Minnesota Rules, parts 8260.0600; 8260.0700; 8260.0800; 8260.0900; 8260.1000; 8260.1100; 8270.0010; 8270.0050; 8270.0100; 8270.0105; 8270.0110; 8270.0115; 8270.0200; 8270.0205; 8270.0210; 8270.0215; 8270.0220; 8270.0225; 8270.0230; 8270.0235; 8270.0240; 8270.0245; 8270.0255; 8270.0260; 8270.0265; and 8270.0270.

Senate File No. 1561 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 2001

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 1752, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 1752: A bill for an act relating to liquor; authorizing on-sale intoxicating liquor licenses in Minneapolis, St. Paul, Blaine, Elk River, Moorhead, and St. Louis Park; clarifying regulations with respect to premix machines; removing certain intoxicating liquor license restrictions relating to Metropolitan State University; authorizing Minneapolis to issue an intoxicating liquor license; removing certain temporary license restrictions; amending Minnesota Statutes 2000, sections 340A.404, subdivisions 2, 2b; 340A.410, subdivision 10; 340A.508, by adding a subdivision.

Senate File No. 1752 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 2001

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on Senate File No. 491, and repassed said bill in accordance with the report of the Committee, so adopted.

S.F. No. 491: A bill for an act relating to health; providing patient protections; amending Minnesota Statutes 2000, sections 45.027, subdivision 6; 62D.17, subdivision 1; 62J.38; 62M.02, subdivision 21; 62Q.56; and 62Q.58; proposing coding for new law in Minnesota Statutes, chapter 62D.

Senate File No. 491 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned May 21, 2001

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 103 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 103

A bill for an act relating to civil actions; providing civil remedies for receiving motor fuel from a motor fuel retail business without paying for it; proposing coding for new law in Minnesota Statutes, chapter 332.

May 19, 2001

The Honorable Don Samuelson
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 103, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 103 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 332.50, is amended to read:

332.50 [~~CIVIL LIABILITY FOR~~ ISSUANCE OF WORTHLESS CHECK.]

Subdivision 1. [DEFINITIONS.] (a) The definitions provided in this subdivision apply to this section.

(b) "Check" means a check, draft, order of withdrawal, or similar negotiable or nonnegotiable instrument.

(c) "Credit" means an arrangement or understanding with the drawee for the payment of the check.

(d) "Dishonor" has the meaning given in section 336.3-502, but does not include dishonor due to a stop payment order requested by an issuer who has a good faith defense to payment on the check. "Dishonor" does include a stop payment order requested by an issuer if the account did not have sufficient funds for payment of the check at the time of presentment, except for stop payment orders on a check found to be stolen.

(e) "Payee" or "holder" includes an agent of the payee or holder.

Subd. 2. [ACTS CONSTITUTING.] Whoever issues any check that is dishonored is liable for the following penalties:

(a) A service charge ~~of up to $20, or actual costs of collection~~, not to exceed $30, may be imposed immediately on any dishonored check by the payee or holder of the check, regardless of mailing a notice of dishonor, if notice of the service charge was conspicuously displayed on the premises when the check was issued. ~~If a law enforcement agency obtains payment of a dishonored check, a service charge not to exceed $25 may be imposed if the service charge is retained by the law enforcement agency for its expenses.~~ Only one service charge may be imposed under this paragraph for each dishonored check. The displayed notice must also include a provision notifying the issuer of the check that civil penalties may be imposed for nonpayment.

(b) If the amount of the dishonored check is not paid within 30 days after the payee or holder has mailed notice of dishonor pursuant to section 609.535 and a description of the penalties contained in this subdivision, whoever issued the dishonored check is liable to the payee or holder of the check for:

(1) the amount of the check, the service charge as provided in paragraph (a), plus a civil penalty of up to $100 or the value of the check, whichever is greater. In determining the amount of the penalty, the court shall consider the amount of the check and the reason for nonpayment. The civil penalty may not be imposed until 30 days following the mailing of the notice of dishonor. A payee or holder of the check may make a written demand for payment of the civil liability by sending a copy of this section and a description of the liability contained in this section to the issuer's last known address. Notice as provided in paragraph (a) must also include notification that additional civil penalties will be imposed for dishonored checks for nonpayment after 30 days;

(2) interest at the rate payable on judgments pursuant to section 549.09 on the face amount of the check from the date of dishonor; and

(3) reasonable attorney fees if the aggregate amount of dishonored checks issued by the issuer to all payees within a six-month period is over $1,250.

(c) This subdivision prevails over any provision of law limiting, prohibiting, or otherwise regulating service charges authorized by this subdivision, but does not nullify charges for dishonored checks, which do not exceed the charges in paragraph (a) or terms or conditions for imposing the charges which have been agreed to by the parties in an express contract.

(d) A sight draft may not be used as a means of collecting the civil penalties provided in this section without prior consent of the issuer.

(e) The issuer of a dishonored check is not liable for the penalties described in paragraph (b) if a pretrial diversion program under section 628.69 has been established in the jurisdiction where the dishonored check was issued, the issuer was accepted into the program, and the issuer successfully completes the program.

Subd. 3. [NOTICE OF DISHONOR REQUIRED.] Notice of nonpayment or dishonor that includes a citation to this section and section 609.535, and a description of the penalties contained in these sections, shall be sent by the payee or holder of the check to the drawer by certified mail, return receipt requested, or by regular mail, supported by an affidavit of service by mailing, to the address printed or written on the check.

The issuance of a check with an address printed or written on it is a representation by the drawer that the address is the correct address for receipt of mail concerning the check. Failure of the drawer to receive a regular or certified mail notice sent to that address is not a defense to liability under this section, if the drawer has had actual notice for 30 days that the check has been dishonored.

An affidavit of service by mailing shall be retained by the payee or holder of the check.

Subd. 4. [PROOF OF IDENTITY.] The check is prima facie evidence of the identity of the ~~drawer~~ issuer if the person receiving the check:

(a) records the following information about the ~~drawer~~ issuer on the check, unless it is printed on the face of the check:

(1) name;

(2) home or work address;

(3) home or work telephone number; and

(4) identification number issued pursuant to section 171.07;

(b) compares the ~~drawer's~~ issuer's physical appearance, signature, and the personal information recorded on the check with the ~~drawer's~~ issuer's identification card issued pursuant to section 171.07; and

(c) initials the check to indicate compliance with these requirements.

Subd. 5. [DEFENSES.] Any defense otherwise available to the ~~drawer~~ issuer also applies to liability under this section.

Sec. 2. [332.505] [CIVIL LIABILITY FOR RECEIVING MOTOR FUEL WITHOUT PAYING.]

Subdivision 1. [DEFINITIONS.] For purposes of this section:

(1) "motor fuel" means a liquid, regardless of its properties, used to propel a vehicle;

(2) "retailer" means a person that sells motor fuel at retail; and

(3) "vehicle" means a motor vehicle or watercraft that is self-propelled and that uses motor fuel for propulsion.

Subd. 2. [ACTS CONSTITUTING.] (a) The owner of a vehicle that receives motor fuel that was not paid for is liable to the retailer for the price of the motor fuel received and a service charge of up to $20, or the actual costs of collection not to exceed $30. This charge may be imposed upon the mailing of the notice under subdivision 3, if notice of the service charge was conspicuously displayed on the premises from which the motor fuel was received. The notice must include a statement that civil penalties will be imposed if payment is not received within 30 days. Only one service charge may be imposed under this paragraph for each incident.

(b) If the price of the motor fuel received is not paid within 30 days after the retailer has mailed notice under subdivision 3, the owner is liable to the retailer for the price of the motor fuel received, the service charge as provided in paragraph (a), plus a civil penalty not to exceed $100 or the price of the motor fuel, whichever is greater. The civil penalty may not be imposed until 30 days after the mailing of the notice under subdivision 3.

Subd. 3. [NOTICE OF NONPAYMENT.] Notice of nonpayment that includes a citation to this section and a description of the penalties contained in it shall be sent by the retailer to the owner by regular mail, supported by an affidavit of service by mailing, to the address indicated by records on the vehicle under section 86B.401 or 168.346. The notice must include a signed statement by the employee who reported the act describing what the employee observed and the license number of the motor vehicle, if known. Failure of the owner to receive a notice is not a defense to liability under this section.

An affidavit of service by mailing must be retained by the retailer.

Subd. 4. [NOTICE OF DISPUTE.] If, within the 30-day period referred to in subdivision 2, paragraph (b), the owner sends written notice to the retailer disputing the retailer's claim that the owner received motor fuel from the retailer without paying for it, the retailer may collect the price of the motor fuel and the civil penalties imposed by this section only pursuant to a judgment rendered by a court of competent jurisdiction.

Upon receipt of the notice, the retailer shall cease all collection efforts.

Sec. 3. [EFFECTIVE DATE; APPLICATION.]

Section 1 is effective August 1, 2001, and applies to checks issued on or after that date. Section 2 is effective August 1, 2001, for causes of action arising on or after that date."

Delete the title and insert:

"A bill for an act relating to civil actions; changing civil penalties for issuing checks that are dishonored; providing civil remedies for receiving motor fuel from a motor fuel retail business without paying for it; amending Minnesota Statutes 2000, section 332.50; proposing coding for new law in Minnesota Statutes, chapter 332."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Cal Larson, John Marty, Linda Scheid

House Conferees: (Signed) Bud Nornes, Doug Stang, Paul Marquart

Senator Larson moved that the foregoing recommendations and Conference Committee Report on S.F. No. 103 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 103 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 51 and nays 14, as follows:

Those who voted in the affirmative were:

Anderson	Fowler	Kinkel	Lessard	Orfield
Bachmann	Frederickson	Kiscaden	Marty	Ourada
Belanger	Hottinger	Kleis	Metzen	Pariseau
Berg	Johnson, Dave	Knutson	Moe, R.D.	Reiter
Chaudhary	Johnson, Dean	Krentz	Murphy	Rest
Day	Johnson, Debbie	Langseth	Neuville	Ring
Dille	Kelly, R.C.	Larson	Oliver	Robertson
Fischbach	Kierlin	Lesewski	Olson	Robling

Sams	Scheid	Stevens	Terwilliger	Wiener
Samuelson	Schwab	Stumpf	Vickerman	Wiger
Scheevel				

Those who voted in the negative were:

Berglin	Foley	Kelley, S.P.	Pappas	Sabo
Betzold	Higgins	Limmer	Pogemiller	Tomassoni
Cohen	Johnson, Doug	Lourey	Ranum	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1407 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1407

A bill for an act relating to human services; modifying provisions in health care access programs; amending Minnesota Statutes 2000, sections 245B.02, by adding a subdivision; 245B.03, subdivision 1; 252.28, subdivisions 3a and 3b; 256B.056, subdivisions 1a, 4, and 5a; 256B.0595, subdivisions 1 and 2; 256B.0625, subdivision 9; 256B.0635, subdivision 1; 256B.071, subdivision 2; 256B.094, subdivisions 6 and 8; 256B.5013, subdivision 1; 256B.69, subdivision 3a; 256D.03, subdivision 3; and 256L.15, subdivision 1a; Laws 1996, chapter 451, article 2, sections 61 and 62; repealing Minnesota Statutes 2000, section 256B.071, subdivision 5; Laws 1995, chapter 178, article 2, section 46, subdivision 10; Laws 1996, chapter 451, article 2, sections 12, 14, 16, 18, 29, and 30.

May 18, 2001

The Honorable Don Samuelson
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1407, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S.F. No. 1407 be further amended as follows:

Pages 3 and 4, delete section 6

Pages 9 and 10, delete section 11

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, delete ", 4,"

Page 1, line 8, delete "256B.0635, subdivision 1;"

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Twyla Ring, Becky Lourey, Sheila M. Kiscaden

House Conferees: (Signed) Neva Walker, Fran Bradley, Tim Wilkin

Senator Ring moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1407 be now adopted, and that the bill be repassed as amended by the Conference

Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1407 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Frederickson	Krentz	Orfield	Scheid
Bachmann	Higgins	Langseth	Ourada	Schwab
Belanger	Hottinger	Larson	Pappas	Stevens
Berg	Johnson, Dave	Lesewski	Pariseau	Stumpf
Berglin	Johnson, Dean	Lessard	Pogemiller	Terwilliger
Betzold	Johnson, Debbie	Limmer	Ranum	Tomassoni
Chaudhary	Johnson, Doug	Marty	Reiter	Vickerman
Cohen	Kelley, S.P.	Metzen	Rest	Wiener
Day	Kelly, R.C.	Moe, R.D.	Ring	Wiger
Dille	Kierlin	Murphy	Robertson	
Fischbach	Kiscaden	Neuville	Sams	
Foley	Kleis	Oliver	Samuelson	
Fowler	Knutson	Olson	Scheevel	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1541 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1541

A bill for an act relating to commerce; regulating currency exchanges, real estate brokers, real property appraisers, residential contractors, notaries public, and collection agencies; modifying certain continuing education requirements; regulating certain fees, costs, duties, rights, and penalties; regulating nonprofit corporations; requiring a study; appropriating money; amending Minnesota Statutes 2000, sections 45.0295; 53A.081, subdivision 2; 58.10, subdivision 1, by adding a subdivision; 60K.19, subdivision 8; 72B.04, subdivisions 6, 7; 80B.03, subdivision 4a; 82.195, subdivision 2; 82.196, subdivision 2; 82.197, subdivisions 1, 4, by adding a subdivision; 82.22, subdivision 13; 82.24, subdivision 8; 82.27, subdivision 3; 82.34, subdivision 15, by adding a subdivision; 82B.14; 317A.203; 326.91, subdivision 1; 326.975, subdivision 1; 332.41; 359.02; 507.45, subdivision 3.

May 19, 2001

The Honorable Don Samuelson
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1541, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1541 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 45.0295, is amended to read:

45.0295 [FEES.]

(a) The following fees shall be paid to the commissioner:

(1) for each hour or fraction of one hour of education course approval ~~for continuing education~~ sought, $10; and

(2) for each ~~continuing education~~ course coordinator approval, $100.

(b) All fees paid to the commissioner under this section are nonrefundable, except that an overpayment of a fee shall be returned upon proper application.

Sec. 2. Minnesota Statutes 2000, section 53A.081, subdivision 2, is amended to read:

Subd. 2. [INVESTIGATION.] The commissioner may at any time ~~and shall at least once in each year~~ investigate the currency exchange business of any licensee and of every person, partnership, association, and corporation engaged in the business of operating a currency exchange in the manner provided under section 45.027.

Sec. 3. Minnesota Statutes 2000, section 58.10, subdivision 1, is amended to read:

Subdivision 1. [AMOUNTS.] The following fees must be paid to the commissioner:

(1) for an initial residential mortgage originator license, ~~$800~~ $850, $50 of which is credited to the consumer education account in the special revenue fund;

(2) for a renewal license, ~~$400~~ $450, $50 of which is credited to the consumer education account in the special revenue fund;

(3) for an initial residential mortgage servicer's license, $1,000;

(4) for a renewal license, $500; and

(5) for a certificate of exemption, $100.

Sec. 4. Minnesota Statutes 2000, section 58.10, is amended by adding a subdivision to read:

Subd. 3. [CONSUMER EDUCATION ACCOUNT; MONEY CREDITED AND APPROPRIATED.] (a) The consumer education account is created in the special revenue fund. Money credited to this account may be appropriated to the commissioner for the purpose of making grants to programs and campaigns designed to help consumers avoid being victimized by unscrupulous lenders and mortgage brokers. Preference shall be given to programs and campaigns designed by coalitions of public sector, private sector, and nonprofit agencies, institutions, companies, and organizations.

(b) A sum sufficient is appropriated annually from the consumer education account to the commissioner to make the grants described in paragraph (a).

Sec. 5. Minnesota Statutes 2000, section 60K.19, subdivision 8, is amended to read:

Subd. 8. [MINIMUM EDUCATION REQUIREMENT.] Each person subject to this section shall complete a minimum of 30 credit hours of courses accredited by the commissioner during each 24-month licensing period. Any person whose initial licensing period extends more than six months shall complete 15 hours of courses accredited by the commissioner during the initial license period. Any person teaching or lecturing at an accredited course qualifies for ~~1-1/2~~ three times the number of credit hours that would be granted to a person completing the accredited course. No more than 15 credit hours per licensing period may be credited to a person for courses sponsored by, offered by, or affiliated with an insurance company or its agents. Courses sponsored by, offered by, or affiliated with an insurance company or agent may restrict its students to agents of the company or agency.

Sec. 6. Minnesota Statutes 2000, section 72B.04, subdivision 6, is amended to read:

Subd. 6. [EXCEPTIONS.] A person who on January 1, 1972, meets all of the qualifications specified in subdivision 2 with regard to the class of license applied for and, if experience is one of the requisites, has gained the experience within the three years next preceding January 1, 1972, shall be eligible for the issuance of a license without taking an examination.

A person who has held a license of any given class or in any field or fields within three years prior to the application shall be entitled to a renewal of the license in the same class or in the same fields without taking an examination.

A person applying for a license as a crop hail adjuster shall not be required to comply with the requirements of subdivision 5.

The commissioner may issue a license under sections 72B.01 to 72B.14 without an examination, if the applicant presents sufficient and satisfactory evidence of having passed a similar examination in another state and if the commissioner, with the advice of the advisory board, has determined that the standards of such other state are equivalent to those in Minnesota for the class of license applied for. Any applicant who presents sufficient and satisfactory evidence of having successfully completed all six parts of the insurance institute of America program in adjusting or other programs approved by the commissioner shall be entitled to an adjuster's license without taking the examination prescribed in subdivision 5.

Sec. 7. Minnesota Statutes 2000, section 72B.04, subdivision 7, is amended to read:

Subd. 7. [LICENSE TERM.] ~~Every adjuster's and public adjuster solicitor's license shall be for a term expiring on October 31 next following the date of its issuance, and may be renewed for the ensuing calendar year upon the timely filing of an application for renewal.~~ (a) Initial licenses issued under this section are valid for a period not to exceed two years. Each initial license must expire on October 31 of the expiration year assigned by the commissioner.

(b) Licenses issued under this section may be renewed upon the timely filing of an application for renewal. Every renewal license is valid for a period of 24 months.

Sec. 8. Minnesota Statutes 2000, section 80B.03, subdivision 4a, is amended to read:

Subd. 4a. Within three ~~calendar~~ business days of the date of filing of the registration statement, the commissioner may by order summarily suspend the effectiveness of the takeover offer if the commissioner determines that the registration statement does not contain all of the information specified in subdivisions 2 and 6 or that the takeover offer materials provided to offerees do not provide full disclosure to offerees of all material information concerning the takeover offer. The suspension shall remain in effect only until the determination following a hearing held pursuant to subdivision 5.

Sec. 9. Minnesota Statutes 2000, section 82.195, subdivision 2, is amended to read:

Subd. 2. [CONTENTS.] All listing agreements must be in writing and must include:

(1) a definite expiration date;

(2) a description of the real property involved;

(3) the list price and any terms required by the seller;

(4) the amount of any compensation or commission or the basis for computing the commission;

(5) a clear statement explaining the events or conditions that will entitle a broker to a commission;

(6) information regarding an override clause, if applicable, including a statement to the effect that the override clause will not be effective unless the licensee supplies the seller with a protective list within 72 hours after the expiration of the listing agreement;

(7) the following notice in not less than ten point boldface type immediately preceding any provision of the listing agreement relating to compensation of the licensee:

"NOTICE: THE ~~COMMISSION RATE~~ COMPENSATION FOR THE SALE, LEASE, RENTAL, OR MANAGEMENT OF REAL PROPERTY SHALL BE DETERMINED BETWEEN EACH INDIVIDUAL BROKER AND ~~ITS~~ THE BROKER'S CLIENT.";

(8) for residential property listings, the following "dual agency" disclosure statement:

If a buyer represented by broker wishes to buy your property, a dual agency will be created. This means that broker will represent both you and the buyer(s), and owe the same duties to the buyer(s) that broker owes to you. This conflict of interest will prohibit broker from advocating exclusively on your behalf. Dual agency will limit the level of representation broker can provide. If a dual agency should arise, you will need to agree that confidential information about price, terms, and motivation will still be kept confidential unless you instruct broker in writing to disclose specific information about you. All other information will be shared. Broker cannot act as a dual agent unless both you and the buyer(s) agree to it. By agreeing to a possible dual agency, you will be giving up the right to exclusive representation in an in-house transaction. However, if you should decide not to agree to a possible dual agency, and you want broker to represent you, you may give up the opportunity to sell your property to buyers represented by broker.

Seller's Instructions to Broker

Having read and understood this information about dual agency, seller(s) now instructs broker as follows:

..... Seller(s) will agree to a dual agency representation and will consider offers made by buyers represented by broker.

..... Seller will not agree to a dual agency representation and will not consider offers made by buyers represented by broker.

....

Seller Broker

..... By:.....

Seller Salesperson

Date:.....;

(9) a notice requiring the seller to indicate in writing whether it is acceptable to the seller to have the licensee arrange for closing services or whether the seller wishes to arrange for others to conduct the closing~~. The notice must also include the disclosure of any controlled business arrangement, as the term is defined in United States Code, title 12, section 2602, between the licensee and the real estate closing agent through which the licensee proposes to arrange closing services~~; and

(10) for residential listings, a notice stating that after the expiration of the listing agreement, the seller will not be obligated to pay the licensee a fee or commission if the seller has executed another valid listing agreement pursuant to which the seller is obligated to pay a fee or commission to another licensee for the sale, lease, or exchange of the real property in question. This notice may be used in the listing agreement for any other type of real estate.

Sec. 10. Minnesota Statutes 2000, section 82.196, subdivision 2, is amended to read:

Subd. 2. [CONTENTS.] All buyer's broker agreements must be in writing and must include:

(1) a definite expiration date;

(2) the amount of any compensation or commission, or the basis for computing the commission;

(3) a clear statement explaining the services to be provided to the buyer by the broker, and the events or conditions that will entitle a broker to a commission or other compensation;

(4) ~~a provision for cancellation of the agreement by either party upon terms agreed upon by the parties;~~ a clear statement explaining if the agreement may be canceled and the terms under which the agreement may be canceled;

(5) information regarding an override clause, if applicable, including a statement to the effect that the override clause will not be effective unless the licensee supplies the buyer with a protective list within 72 hours after the expiration of the buyer's broker agreement;

(6) the following notice in not less than ten point bold face type immediately preceding any provision of the buyer's broker agreement relating to compensation of the licensee:

"NOTICE: THE ~~COMMISSION RATE~~ COMPENSATION FOR THE PURCHASE, LEASE, RENTAL, OR MANAGEMENT OF REAL PROPERTY ~~IS NEGOTIABLE AND~~ SHALL BE DETERMINED BETWEEN EACH INDIVIDUAL BROKER AND ~~ITS~~ THE BROKER'S CLIENT.";

(7) the following "dual agency" disclosure statement:

If you choose to purchase a property listed by broker, a dual agency will be created. This means that broker will represent both you and the seller(s), and owe the same duties to the seller(s) that broker owes to you. This conflict of interest will prohibit broker from advocating exclusively on your behalf. Dual agency will limit the level of representation broker can provide. If a dual agency should arise, you will need to agree that confidential information about price, terms, and motivation will still be kept confidential unless you instruct broker in writing to disclose specific information about you. All other information will be shared. Broker cannot act as a dual agent unless both you and the seller(s) agree to it. By agreeing to a possible dual agency, you will be giving up the right to exclusive representation in an in-house transaction. However, if you should decide not to agree to a possible dual agency, and you want broker to represent you, you may give up the opportunity to purchase the properties listed by broker.

Buyer's Instructions to Broker

..... Buyer(s) will agree to a dual agency representation and will consider properties listed by broker.

..... Buyer will not agree to a dual agency representation and will not consider properties listed by broker.

....

Buyer Broker

..... By:.....

Buyer Salesperson

Date:.....; and

(8) for buyer's broker agreements which involve residential real property, a notice stating that after the expiration of the buyer's broker agreement, the buyer will not be obligated to pay the licensee a fee or commission if the buyer has executed another valid buyer's broker agreement pursuant to which the buyer is obligated to pay a fee or commission to another licensee for the purchase, lease, or exchange of real property.

Sec. 11. Minnesota Statutes 2000, section 82.197, subdivision 1, is amended to read:

Subdivision 1. [AGENCY DISCLOSURE.] A real estate broker or salesperson shall provide to a consumer in the sale and purchase of a residential real property transaction at the first substantive contact with the consumer an agency disclosure form in substantially the form set forth in subdivision 4. The agency disclosure form shall be intended to provide a description of available options for agency and nonagency relationships, and a description of the role of a licensee under each option. The agency disclosure form shall provide a signature line for acknowledgment of receipt by the consumer.

Sec. 12. Minnesota Statutes 2000, section 82.197, subdivision 4, is amended to read:

Subd. 4. [AGENCY DISCLOSURE FORM.] The agency disclosure form shall be in substantially the form set forth below:

AGENCY RELATIONSHIPS IN REAL ESTATE TRANSACTIONS

Minnesota law requires that early in any relationship, real estate brokers or salespersons discuss with consumers what type of agency representation or relationship they desire.(1) The available options are listed below. This is **not** a contract. **This is an agency disclosure form only. If you desire representation, you must enter into a written contract according to state law** (a listing contract or a buyer representation contract). Until such time as you choose to enter into a written contract for representation ~~or assistance~~, you will be treated as a customer ~~of the broker or salesperson and not represented by the brokerage~~ and will not receive any representation from the broker or salesperson. The broker or salesperson ~~would then~~ will be acting as a ~~Seller's broker~~ Facilitator (see paragraph ~~I~~ V below), ~~or as a nonagent (see paragraph IV below)~~ unless the broker or salesperson is representing another party as described below.

ACKNOWLEDGMENT: I/We acknowledge that I/We have been presented with the below-described options. I/We understand that until I/We have signed a representation contract, I/We are not represented by the broker/salesperson and information given to the broker/salesperson may be disclosed. I/We understand that written consent is required for a dual agency relationship. THIS IS A DISCLOSURE ONLY, NOT A CONTRACT FOR REPRESENTATION.

....
Signature Date
....
Signature Date

I.

Seller's Broker: A broker who lists a property, or a salesperson who is licensed to the listing broker, represents the Seller and acts on behalf of the Seller. ~~A broker or salesperson working with a Buyer may also act as a subagent of the Seller, in which case the Buyer is the broker's customer and is not represented by that broker.~~ A Seller's broker owes to the Seller the fiduciary duties described below.(2) The broker must also disclose to the Buyer ~~any~~ material facts as defined in Minnesota Statutes, section 82.197, subdivision 6, of which the broker is aware that could adversely and significantly affect the Buyer's use or enjoyment of the property. If a broker or salesperson ~~who is~~ working with a Buyer as a customer ~~and~~ is representing the Seller ~~and to whom any information is disclosed~~, he or she must act in the Seller's ~~interests~~ best interest and must tell the Seller ~~the~~ any information disclosed to him or her, except confidential information acquired in a facilitator relationship (see paragraph V below). In that case, the Buyer will not be represented and will not receive advice and counsel from the broker or salesperson.

II.

Subagent: A broker or salesperson who is working with a Buyer but represents the Seller. In this case, the Buyer is the broker's customer and is not represented by that broker. If a broker or

salesperson working with a Buyer as a customer is representing the Seller, he or she must act in the Seller's best interest and must tell the Seller any information that is disclosed to him or her. In that case, the Buyer will not be represented and will not receive advice and counsel from the broker or salesperson.

III.

Buyer's Broker: A Buyer may enter into an agreement for the broker or salesperson to represent and act on behalf of the Buyer. The broker may represent the Buyer only, and not the Seller, even if ~~the broker~~ he or she is being paid in whole or in part by the Seller. A Buyer's broker owes to the Buyer the fiduciary duties described below.(2) The broker must disclose to the Buyer ~~any~~ material facts as defined in Minnesota Statutes, section 82.197, subdivision 6, of which the broker is aware that could adversely and significantly affect the Buyer's use or enjoyment of the property. If a broker or salesperson working with a Seller as a customer is representing the Buyer, he or she must act in the Buyer's best interest and must tell the Buyer any information disclosed to him or her, except confidential information acquired in a facilitator relationship (see paragraph V below). In that case, the Seller will not be represented and will not receive advice and counsel from the broker or salesperson.

~~III.~~ IV.

Dual Agency-Broker Representing both Seller and Buyer: Dual agency occurs when one broker or salesperson represents both parties to a transaction, or when two salespersons licensed to the same broker each represent a party to the transaction. Dual agency requires the informed consent of all parties, and means that the broker and salesperson owe the same duties to the Seller and the Buyer. This role limits the level of representation the broker and salespersons can provide, and prohibits them from acting exclusively for either party. In a dual agency, confidential information about price, terms, and motivation for pursuing a transaction will be kept confidential unless one party instructs the broker or salesperson in writing to disclose specific information about ~~the party writing~~ him or her. Other information will be shared. Dual agents may not advocate for one party to the detriment of the other.(3)

Within the limitations described above, dual agents owe to both Seller and Buyer the fiduciary duties described below.(2) Dual agents must disclose to Buyers ~~any~~ material facts as defined in Minnesota Statutes, section 82.197, subdivision 6, of which the broker is aware that could adversely and significantly affect the Buyer's use or enjoyment of the property.

~~IV.~~ V.

~~Nonagent~~ Facilitator: A broker or salesperson ~~may perform~~ who performs services for ~~either party as a nonagent, if that party signs a nonagency services agreement~~ a Buyer, a Seller, or both but does not represent either in a fiduciary capacity as a Buyer's Broker, Seller's Broker, or Dual Agent. ~~As a nonagent the broker or salesperson facilitates the transaction, but does not act on behalf of either party.~~ **THE ~~NONAGENT~~ FACILITATOR BROKER OR SALESPERSON DOES NOT OWE ANY PARTY ANY OF THE FIDUCIARY DUTIES LISTED BELOW, EXCEPT CONFIDENTIALITY, UNLESS THOSE DUTIES ARE INCLUDED IN THE WRITTEN ~~NONAGENCY~~ FACILITATOR SERVICES AGREEMENT.** The ~~nonagent~~ facilitator broker or salesperson owes ~~only~~ the duty of confidentiality to the party but owes no other duty to the party except those duties required by law or contained in ~~the~~ a written ~~nonagency~~ facilitator services agreement, if any. In the event a facilitator broker or salesperson, working with a Buyer, shows a property listed by the facilitator broker or salesperson, then the facilitator broker or salesperson must act as a Seller's Broker (see paragraph I above). In the event a facilitator broker or salesperson, working with a Seller, accepts a showing of the property by a Buyer being represented by the facilitator broker or salesperson, then the facilitator broker or salesperson must act as a Buyer's Broker (see paragraph III above).

ACKNOWLEDGMENT: I/We acknowledge that I/We have been presented with the above-described options. I/We understand that Buyers who have not signed a Buyer

~~**representation contract or nonagency services agreement are not represented by the broker/salesperson and information given to the broker/salesperson will be disclosed to the Seller. I/We understand that written consent is required for a dual agency relationship. This is a disclosure only, NOT a contract for representation.**~~

~~..... .....~~

~~**Seller Date Buyer Date**~~

~~..... .....~~

~~**Seller Date Buyer Date**~~

****

(1) This disclosure is required by law in any transaction involving property occupied or intended to be occupied by one to four families as their residence.

(2) The fiduciary duties mentioned above are listed below and have the following meanings:

Loyalty-broker/salesperson will act only in client(s)' best interest.

Obedience-broker/salesperson will carry out all client(s)' lawful instructions.

Disclosure-broker/salesperson will disclose to client(s) all material facts of which broker/salesperson has knowledge which might reasonably affect the client's rights and interests.

Confidentiality-broker/salesperson will keep client(s)' confidences unless required by law to disclose specific information (such as disclosure of material facts to Buyers).

Reasonable Care-broker/salesperson will use reasonable care in performing duties as an agent.

Accounting-broker/salesperson will account to client(s) for all client(s)' money and property received as agent.

(3) If Seller(s) decides not to agree to a dual agency relationship, Seller(s) may give up the opportunity to sell the property to Buyers represented by the broker/salesperson. If Buyer(s) decides not to agree to a dual agency relationship, Buyer(s) may give up the opportunity to purchase properties listed by the broker.

Sec. 13. Minnesota Statutes 2000, section 82.197, is amended by adding a subdivision to read:

Subd. 6. [MATERIAL FACTS.] (a) Licensees shall disclose to any prospective purchaser all material facts of which the licensees are aware, which could adversely and significantly affect an ordinary purchaser's use or enjoyment of the property, or any intended use of the property of which the licensees are aware.

(b) It is not a material fact relating to real property offered for sale and no regulatory action shall be brought against a licensee for failure to disclose in any real estate transaction the fact or suspicion that the property:

(1) is or was occupied by an owner or occupant who is or was suspected to be infected with human immunodeficiency virus or diagnosed with acquired immunodeficiency syndrome; or

(2) was the site of an accidental death, natural death, or perceived paranormal activity.

(c) A licensee or employee of the licensee has no duty to disclose information regarding an offender who is required to register under section 243.166, or about whom notification is made under that section, if the broker or salesperson, in a timely manner, provides a written notice that information about the predatory offender registry and persons registered with the registry may be obtained by contacting local law enforcement where the property is located or the department of corrections.

(d) A licensee is not required to disclose, except as otherwise provided in paragraph (e), information relating to the physical condition of the property or any other information relating to

the real estate transaction, if a written report that discloses the information has been prepared by a qualified third party and provided to the person. For the purposes of this paragraph, "qualified third party" means a federal, state, or local governmental agency, or any person whom the broker, salesperson, or a party to the real estate transaction reasonably believes has the expertise necessary to meet the industry standards of practice for the type of inspection or investigation that has been conducted by the third party in order to prepare the written report and who is acceptable to the person to whom the disclosure is being made.

(e) A licensee shall disclose to the parties to a real estate transaction any facts known by the broker or salesperson that contradict any information included in a written report, if a copy of the report is provided to the licensee, described in paragraph (d).

Sec. 14. Minnesota Statutes 2000, section 82.22, subdivision 13, is amended to read:

Subd. 13. [CONTINUING EDUCATION.] (a) After their first renewal date, all real estate salespersons and all real estate brokers shall be required to successfully complete 30 hours of real estate continuing education, either as a student or a lecturer, in courses of study approved by the commissioner, during each 24-month license period. At least 15 of the 30 credit hours must be completed during the first 12 months of the 24-month licensing period. Salespersons and brokers whose initial license period extends more than 12 months are required to complete 15 hours of real estate continuing education during the initial license period. Those licensees who will receive a 12-month license on July 1, 1995, because of the staggered implementation schedule must complete 15 hours of real estate continuing education as a requirement for renewal on July 1, 1996. Licensees may not claim credit for continuing education not actually completed as of the date their report of continuing education compliance is filed.

(b) The commissioner shall adopt rules defining the standards for course and instructor approval, and may adopt rules for the proper administration of this subdivision. The commissioner may not approve a course which can be completed by the student at home or outside the classroom without the supervision of an instructor ~~approved by the department of commerce. The commissioner has discretion to establish a pilot program to explore delivery of~~ except accredited courses using new delivery technology, including interactive technology, and the Internet. ~~This pilot program expires on August 1, 2001.~~ Courses in motivation, salesmanship, psychology, or time management shall not be approved by the commissioner for continuing education credit.

(c) Any program approved by Minnesota continuing legal education shall be approved by the commissioner of commerce for continuing education for real estate brokers and salespeople if the program or any part thereof relates to real estate.

(d) As part of the continuing education requirements of this section, the commissioner shall require that all real estate brokers and salespersons receive:

(1) at least ~~two hours~~ one hour of training during each license period in courses in laws or regulations on agency representation and disclosure; and

(2) at least ~~two hours~~ one hour of training during each license period in courses in state and federal fair housing laws, regulations, and rules, ~~or~~ other antidiscrimination laws, or courses designed to help licensees to meet the housing needs of immigrant and other underserved populations.

~~Clause~~ Clauses (1) ~~does~~ and (2) do not apply to real estate salespersons and real estate brokers engaged solely in the commercial real estate business who file with the commissioner a verification of this status along with the continuing education report required under paragraph (a).

(e) The commissioner is authorized to establish a procedure for renewal of course accreditation.

(f) Approved courses may be sponsored or offered by a broker of a real estate company and may be held on the premises of a company licensed under this chapter. All course offerings must be open to any interested individuals. Access may be restricted by the sponsor based on class size only. Courses must not be approved if attendance is restricted to any particular group of people. A broker must comply with all continuing education rules prescribed by the commissioner.

(g) No more than one-half of the credit hours per licensing period, including continuing education required under subdivision 6, may be credited to a person for attending any combination of courses either:

(1) sponsored by, offered by, or affiliated with a real estate company or its agents; or

(2) offered using new delivery technology, including interactive technology, and the Internet.

Sec. 15. Minnesota Statutes 2000, section 82.24, subdivision 8, is amended to read:

Subd. 8. [ACCRUED INTEREST.] (a) Each broker shall maintain a pooled interest-bearing trust account for deposit of client funds. The interest accruing on the trust account, less reasonable transaction costs, must be paid to the state treasurer for deposit in the housing trust fund account created under section 462A.201 unless otherwise specified pursuant to an expressed written agreement between the parties to a transaction.

(b) For an account created under paragraph (a), each broker shall direct the financial institution to:

(1) pay the interest, less reasonable transaction costs, computed in accordance with the financial institution's standard accounting practice, at least quarterly, to the state treasurer; and

(2) send a statement to the state treasurer showing the name of the broker for whom the payment is made, the rate of interest applied, the amount of service charges deducted, and the account balance for the period in which the report is made.

The state treasurer shall credit the amount collected under this subdivision to the housing trust fund account established in section 462A.201.

(c) The financial institution must promptly notify the commissioner if a draft drawn on the account is dishonored. A draft is not dishonored if a stop payment order is requested by an issuer who has a good faith defense to payment on the draft.

Sec. 16. Minnesota Statutes 2000, section 82.27, subdivision 3, is amended to read:

Subd. 3. [ORDER TO SHOW CAUSE.] The commissioner shall issue an order requiring a licensee or applicant for a license to show cause why the license should not be revoked or suspended, or the licensee censured, or the application denied. The order shall be calculated to give reasonable notice of the time and place for hearing thereon, and shall state the ~~reasons~~ specific statute or rule that has been violated for the entry of the order. The commissioner may by order summarily suspend a license pending final determination of any order to show cause. If a license is suspended pending final determination of an order to show cause, a hearing on the merits shall be held within 30 days of the issuance of the order of suspension. All hearings shall be conducted in accordance with the provisions of chapter 14. After the hearing, the commissioner shall enter an order making such disposition of the matter as the facts require. If the licensee or applicant fails to appear at a hearing after having been duly notified of it, such person shall be deemed in default, and the proceeding may be determined against the licensee or applicant upon consideration of the order to show cause, the allegations of which may be deemed to be true.

Sec. 17. Minnesota Statutes 2000, section 82.34, is amended by adding a subdivision to read:

Subd. 7a. [ACCELERATED CLAIMS PAYMENT.] (a) The commissioner shall pay claims from the recovery portion of the fund that do not exceed the jurisdiction limits for conciliation court matters as specified in section 491A.01 on an accelerated basis if all of the requirements in subdivision 7 and paragraphs (b) to (f) have been satisfied.

(b) When any aggrieved person as defined in subdivision 7 obtains a judgment in any court of competent jurisdiction, regardless of whether the judgment has been discharged by a bankruptcy court against a licensee on grounds specified in subdivision 7, the aggrieved person may file a verified application with the commissioner for payment out of the recovery portion of the fund of the amount of actual and direct out-of-pocket loss in the transaction, but excluding any attorney

fees, interest on the loss, and on any judgment obtained as a result of the loss, up to the conciliation court jurisdiction limits, of the amount unpaid upon the judgment. For purposes of this section, persons who are joint tenants or tenants in common are deemed to be a single claimant.

(c) The commissioner shall send the licensee a copy of the verified application by first-class mail to the licensee's address as it appears in the records of the department of commerce with a notice that the claim will be paid 15 days from the date of the notice unless the licensee notifies the commissioner before that date of the commencement of an appeal of the judgment, if the time for appeal has not expired, and that payment of the claim will result in automatic suspension of the licensee's license.

(d) If the licensee does not notify the commissioner of the commencement of an appeal, the commissioner shall pay the claim at the end of the 15-day period.

(e) If an appeal is commenced, the payment of the claim is stayed until the conclusion of the appeal.

(f) The commissioner may pay claims which total no more than $50,000 against the licensee under this accelerated process. The commissioner may prorate the amount of claims paid under this subdivision if claims in excess of $50,000 against the licensee are submitted. Any unpaid portions of these claims must be satisfied in the manner set forth in subdivision 7.

Sec. 18. Minnesota Statutes 2000, section 82.34, subdivision 15, is amended to read:

Subd. 15. Any sums received by the commissioner pursuant to any provisions of this section shall be deposited in the state treasury, and credited to the real estate education, research and recovery fund, and said sums shall be allocated exclusively for the purposes provided in this section. All moneys in the fund are appropriated annually to the commissioner for the purposes of this section.

All money credited to the fund under section 462A.201 may only be used for purposes under subdivision 6, clause (g). Beginning in 1990, the commissioner must, on February 1 of each year, review the amount of money spent or allocated for uses under subdivision 6, clause (g), for the previous calendar year. If the amount spent or allocated is less than the amount credited to the fund under section 462A.201 during the same calendar year, the difference must be transferred from the fund to the housing trust fund account established in section 462A.201. If the fund balance exceeds $4,000,000, the commissioner may suspend the fee imposed under subdivision 3.

Sec. 19. Minnesota Statutes 2000, section 82B.14, is amended to read:

82B.14 [EXPERIENCE REQUIREMENT.]

(a) As a prerequisite for licensing as a ~~registered real property appraiser or~~ licensed real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has obtained 2,000 hours of experience in real property appraisal.

As a prerequisite for licensing as a certified residential real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has obtained 2,500 hours of experience in real property appraisal.

As a prerequisite for licensing as a certified general real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has obtained 3,000 hours of experience in real property appraisal. At least 50 percent, or 1,500 hours, must be in nonresidential appraisal work.

(b) Each applicant for license under section 82B.11, subdivision 3, 4, or 5, shall give under oath a detailed listing of the real estate appraisal reports or file memoranda for which experience is claimed by the applicant. Upon request, the applicant shall make available to the commissioner for examination, a sample of appraisal reports that the applicant has prepared in the course of appraisal practice.

(c) Applicants may not receive credit for experience accumulated while unlicensed, if the experience is based on activities which required a license under this section.

Sec. 20. Minnesota Statutes 2000, section 83.25, subdivision 1, is amended to read:

Subdivision 1. No person shall offer or sell in this state any interest in subdivided lands without having obtained:

(1) a license under chapter 82; and

(2) an additional license to offer or dispose of subdivided lands. This license may be obtained by submitting an application in writing to the commissioner upon forms prepared and furnished by the commissioner. Each application shall be signed and sworn to by the applicant and accompanied by a license fee of $10 per year. The commissioner may also require an additional examination for this license. This clause expires July 1, 2003.

Sec. 21. Minnesota Statutes 2000, section 317A.203, is amended to read:

317A.203 [NUMBER.]

A board of directors must consist of three or more individuals, with the number specified in or fixed in accordance with the articles or bylaws~~, except that if the corporation has either one or two members with voting rights, the number of directors may be less than three but not less than the number of members with voting rights~~.

Sec. 22. Minnesota Statutes 2000, section 326.91, subdivision 1, is amended to read:

Subdivision 1. [CAUSE.] The commissioner may by order deny, suspend, or revoke any license or may censure a licensee, and may impose a civil penalty as provided for in section 45.027, subdivision 6, if the commissioner finds that the order is in the public interest, and that the applicant, licensee, or affiliate of an applicant or licensee, or other agent, owner, partner, director, governor, shareholder, member, officer, qualifying person, or managing employee of the applicant or licensee or any person occupying a similar status or performing similar functions:

(1) has filed an application for a license which is incomplete in any material respect or contains any statement which, in light of the circumstances under which it is made, is false or misleading with respect to any material fact;

(2) has engaged in a fraudulent, deceptive, or dishonest practice;

(3) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the business;

(4) has failed to reasonably supervise employees, agents, subcontractors, or salespersons, or has performed negligently or in breach of contract, so as to cause injury or harm to the public;

(5) has violated or failed to comply with any provision of sections 326.83 to 326.98 or any rule or order under sections 326.83 to 326.98;

(6) has been shown to be incompetent, untrustworthy, or financially irresponsible;

(7) has been convicted of a violation of the State Building Code or, in jurisdictions that do not enforce the State Building Code, has refused to correct a violation of the State Building Code when the violation has been certified by a Minnesota licensed structural engineer;

(8) has failed to use the proceeds of any payment made to the licensee for the construction of, or any improvement to, residential real estate, as defined in section 326.83, subdivision 17, for the payment of labor, skill, material, and machinery contributed to the construction or improvement, knowing that the cost of any labor performed, or skill, material, or machinery furnished for the improvement remains unpaid;

(9) has not furnished to the person making payment either a valid lien waiver as to any unpaid

labor performed, or skill, material, or machinery furnished for an improvement, or a payment bond in the basic amount of the contract price for the improvement conditioned for the prompt payment to any person or persons entitled to payment;

(10) has engaged in conduct which was the basis for a contractor's recovery fund payment pursuant to section 326.975, which payment has not been reimbursed;

(11) has engaged in bad faith, unreasonable delays, or frivolous claims in defense of a civil lawsuit arising out of their activities as a licensee under this chapter;

(12) has had a judgment entered against them for failure to make payments to employees or subcontractors, and all appeals of the judgment have been exhausted or the period for appeal has expired;

(13) if unlicensed, has obtained a building permit by the fraudulent use of a fictitious license number or the license number of another, or, if licensed, has knowingly allowed an unlicensed person to use the licensee's license number for the purpose of fraudulently obtaining a building permit; or

(14) has made use of forged mechanics' lien waivers under chapter 514.

Sec. 23. Minnesota Statutes 2000, section 326.975, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] (a) In addition to any other fees, each applicant for a license under sections 326.83 to 326.98 shall pay a fee to the contractor's recovery fund. The contractor's recovery fund is created in the state treasury and must be administered by the commissioner in the manner and subject to all the requirements and limitations provided by section 82.34 with the following exceptions:

(1) each licensee who renews a license shall pay in addition to the appropriate renewal fee an additional fee which shall be credited to the contractor's recovery fund. The amount of the fee shall be based on the licensee's gross annual receipts for the licensee's most recent fiscal year preceding the renewal, on the following scale:

Fee	Gross Receipts
$100	under $1,000,000
$150	$1,000,000 to $5,000,000
$200	over $5,000,000

Any person who receives a new license shall pay a fee based on the same scale;

(2) the sole purpose of this fund is to compensate any aggrieved owner or lessee of residential property located within this state who obtains a final judgment in any court of competent jurisdiction against a licensee licensed under section 326.84, on grounds of fraudulent, deceptive, or dishonest practices, conversion of funds, or failure of performance arising directly out of any transaction when the judgment debtor was licensed and performed any of the activities enumerated under section 326.83, subdivision 19, on the owner's residential property or on residential property rented by the lessee, or on new residential construction which was never occupied prior to purchase by the owner, or which was occupied by the licensee for less than one year prior to purchase by the owner, and which cause of action arose on or after April 1, 1994;

(3) nothing may obligate the fund for more than $50,000 per claimant, nor more than ~~$50,000~~ $75,000 per licensee; and

(4) nothing may obligate the fund for claims based on a cause of action that arose before the licensee paid the recovery fund fee set in clause (1), or as provided in section 326.945, subdivision 3.

(b) Should the commissioner pay from the contractor's recovery fund any amount in settlement of a claim or toward satisfaction of a judgment against a licensee, the license shall be automatically suspended upon the effective date of an order by the court authorizing payment from the fund. No licensee shall be granted reinstatement until the licensee has repaid in full, plus

interest at the rate of 12 percent a year, twice the amount paid from the fund on the licensee's account, and has obtained a surety bond issued by an insurer authorized to transact business in this state in the amount of at least $40,000.

Sec. 24. Minnesota Statutes 2000, section 332.41, is amended to read:

332.41 [APPEALS.]

~~Subdivision 1. [FILING OF APPEAL.] In the rejection of an application for a license or the renewal thereof filed under sections 332.31 to 332.45 or of the suspension or revocation of a license granted under sections 332.31 to 332.45 the applicant or licensee may within 90 days after receipt of notice of such rejection, suspension, or revocation, file an appeal and thereafter prosecute the appeal in accordance with the provisions of the statutes governing appeal from, or review of, decisions of administrative agencies in this state.~~

~~Subd. 2. [SUPERSEDEAS.] The filing of an appeal from an order of the commissioner of commerce rejecting an application for a license by a collection agency engaged in business as of July 1, 1969, or rejecting an application for the renewal of a license, or suspending or revoking a license within 60 days after the date of such order, shall operate as a supersedeas which shall continue pending final determination of such appeal.~~

Appeal from a denial, suspension, revocation, or censure of a license must be made according to chapter 14.

Sec. 25. Minnesota Statutes 2000, section 359.02, is amended to read:

359.02 [TERM.]

A notary commissioned under section 359.01 holds office for five years, unless sooner removed by the governor or the district court, or by action of the commissioner. Within ~~seven months~~ 60 days before the expiration of the commission a notary may ~~be reappointed~~ apply for reappointment for a new term to commence and to be designated in the new commission as beginning upon the day immediately following the date of the expiration. A notary whose commission expires on January 1, 2005, may apply for reappointment six months before the expiration date. The reappointment takes effect and is valid although the appointing governor may not be in the office of governor on the effective day.

~~(a) All notary commissions issued before January 31, 1995, will expire on January 31, 1995.~~

~~(b) All notary commissions issued after January 31, 1995, will expire at the end of the licensing period, which will end every fifth year following January 31, 1995.~~

~~(c)~~ All notary commissions ~~issued during a licensing period expire at the end of that period as set forth in this section~~ expire on January 31 of the fifth year following the year of issue.

Sec. 26. Minnesota Statutes 2000, section 507.45, subdivision 3, is amended to read:

Subd. 3. [REQUIREMENTS FOR REAL ESTATE PERSONNEL.] If the closing services are to be provided by a real estate broker, real estate salesperson, or real estate closing agent, the following regulations shall apply.

(a) The written contract for closing services shall state in at least 10-point type that the real estate broker, real estate salesperson, or real estate closing agent has not and, under applicable state law, may not express opinions regarding the legal effect of the closing documents or of the closing itself.

(b) No closing fee may be charged in connection with the transfer of the legal or equitable ownership of a property if a closing is performed without either a mortgagee's or owner's title insurance commitment or a legal opinion regarding the status of title.

Sec. 27. [STUDY; FAIR HOUSING TRAINING.]

The commissioner of commerce shall examine the issue of whether licensed occupations under the jurisdiction of the department and related to the purchase or financing of residential housing, including, but not limited to, appraisers, and employees of licensed mortgage originators and servicers, should be required to attend continuing education courses in state and federal fair housing law, and other antidiscrimination laws, in order to further consumer protection. The commissioner shall report the results of the examination to the commerce committees of the legislature by February 1, 2002.

Sec. 28. [APPROPRIATION.]

Up to $1,000,000 is appropriated from the real estate education, research, and recovery fund established under Minnesota Statutes, section 82.34, to the department of commerce for an educational campaign aimed at fair housing and housing-related antidiscrimination initiatives. The appropriation must be used for educating real estate licensees and for a public information campaign across the state on consumer's rights under current fair housing laws. The educational campaign may include, but is not limited to, television and radio advertisements and printed material. The materials used for the public information campaign may be prepared in multiple languages if necessary.

Sec. 29. [EFFECTIVE DATE.]

Sections 1 to 8, 13, 19, and 26 are effective the day following final enactment. Section 14 is effective July 1, 2001. Section 21 is effective July 1, 2001, and applies to nonprofit corporations formed on or after that date. Section 23 is effective January 1, 2001, and applies to claims arising from incidents or conduct occurring on or after that date."

Delete the title and insert:

"A bill for an act relating to commerce; regulating currency exchanges, real estate brokers, real property appraisers, subdivided land sales licenses, residential contractors, notaries public, and collection agencies; modifying certain continuing education requirements; regulating certain fees, costs, duties, rights, and penalties; regulating nonprofit corporations; requiring a study; appropriating money; amending Minnesota Statutes 2000, sections 45.0295; 53A.081, subdivision 2; 58.10, subdivision 1, by adding a subdivision; 60K.19, subdivision 8; 72B.04, subdivisions 6, 7; 80B.03, subdivision 4a; 82.195, subdivision 2; 82.196, subdivision 2; 82.197, subdivisions 1, 4, by adding a subdivision; 82.22, subdivision 13; 82.24, subdivision 8; 82.27, subdivision 3; 82.34, subdivision 15, by adding a subdivision; 82B.14; 83.25, subdivision 1; 317A.203; 326.91, subdivision 1; 326.975, subdivision 1; 332.41; 359.02; 507.45, subdivision 3."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Edward C. Oliver, Linda Scheid, Deanna L. Wiener

House Conferees: (Signed) Matt Entenza, Gregory M. Davids, Doug Stang

Senator Oliver moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1541 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1541 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Berg	Chaudhary	Dille	Fowler
Bachmann	Berglin	Cohen	Fischbach	Frederickson
Belanger	Betzold	Day	Foley	Higgins

Hottinger	Kleis	Metzen	Pogemiller	Scheid
Johnson, Dave	Knutson	Moe, R.D.	Ranum	Schwab
Johnson, Dean	Krentz	Murphy	Reiter	Stevens
Johnson, Debbie	Langseth	Neuville	Rest	Stumpf
Johnson, Doug	Larson	Oliver	Ring	Terwilliger
Kelley, S.P.	Lesewski	Orfield	Robertson	Tomassoni
Kelly, R.C.	Lessard	Ourada	Sams	Vickerman
Kierlin	Limmer	Pappas	Samuelson	Wiener
Kiscaden	Marty	Pariseau	Scheevel	Wiger

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 229 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 229

A bill for an act relating to criminal records; requiring that crime victims be notified of expungement proceedings and allowed to submit a statement; amending Minnesota Statutes 2000, section 609A.03, subdivisions 2, 3, and 4.

May 20, 2001

The Honorable Don Samuelson
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 229, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate concur in the House amendments.

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Jane B. Ranum, Leo T. Foley, Warren Limmer

House Conferees: (Signed) Mary Jo McGuire, John Tuma, Dale Walz

Senator Ranum moved that the foregoing recommendations and Conference Committee Report on S.F. No. 229 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 229 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Day	Johnson, Dave	Kleis	Marty
Bachmann	Dille	Johnson, Dean	Knutson	Metzen
Belanger	Fischbach	Johnson, Debbie	Krentz	Moe, R.D.
Berg	Foley	Johnson, Doug	Langseth	Murphy
Berglin	Fowler	Kelley, S.P.	Larson	Neuville
Betzold	Frederickson	Kelly, R.C.	Lesewski	Oliver
Chaudhary	Higgins	Kierlin	Lessard	Olson
Cohen	Hottinger	Kiscaden	Limmer	Orfield

Ourada	Ranum	Robertson	Scheid	Tomassoni
Pappas	Reiter	Sams	Schwab	Vickerman
Pariseau	Rest	Samuelson	Stevens	Wiener
Pogemiller	Ring	Scheevel	Stumpf	Wiger

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 1068 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 1068

A bill for an act relating to government data; classifying data; codifying temporary classifications; including metropolitan area towns under the data practices act; clarifying effect of advisory opinions; modifying records management requirements; removing sunset on law governing access to juvenile records for gang investigations; extending authority for special law governing property taxpayer data; amending Minnesota Statutes 2000, sections 13.02, subdivision 11; 13.072, subdivision 2; 13.08, subdivision 4; 13.32, by adding a subdivision; 13.322, subdivision 3; 13.59; 13.594; 13.719, by adding a subdivision; 13.785, by adding a subdivision; 136A.243, by adding a subdivision; 138.17, subdivision 7; 182.659, subdivision 8; 260B.171, subdivision 1; 299C.095, subdivision 1; 299C.13; 299C.61, by adding a subdivision; 386.20, by adding a subdivision; 611A.19; Laws 1997, First Special Session chapter 3, section 27, as amended; repealing Minnesota Statutes 2000, sections 13.081; 13.5921.

May 19, 2001

The Honorable Don Samuelson
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 1068, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 1068 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2000, section 13.02, subdivision 11, is amended to read:

Subd. 11. [POLITICAL SUBDIVISION.] "Political subdivision" means any county, statutory or home rule charter city, school district, special district, any town exercising powers under chapter 368 and located in the metropolitan area, as defined in section 473.121, subdivision 2, and any board, commission, district or authority created pursuant to law, local ordinance or charter provision. It includes any nonprofit corporation which is a community action agency organized pursuant to the Economic Opportunity Act of 1964 (Public Law Number 88-452) as amended, to qualify for public funds, or any nonprofit social service agency which performs services under contract to any political subdivision, statewide system or state agency, to the extent that the nonprofit social service agency or nonprofit corporation collects, stores, disseminates, and uses data on individuals because of a contractual relationship with state agencies, political subdivisions or statewide systems.

Sec. 2. Minnesota Statutes 2000, section 13.072, subdivision 2, is amended to read:

Subd. 2. [EFFECT.] Opinions issued by the commissioner under this section are not binding on the state agency, statewide system, or political subdivision whose data is the subject of the opinion, but must be given deference by a court in a proceeding involving the data. The

commissioner shall arrange for public dissemination of opinions issued under this section. This section does not preclude a person from bringing any other action under this chapter or other law in addition to or instead of requesting a written opinion. A ~~state agency, statewide system, political subdivision,~~ government entity or person that acts in conformity with a written opinion of the commissioner issued to the government entity or person or to another party is not liable for compensatory or exemplary damages or awards of attorneys fees in actions under section 13.08 or for a penalty under section 13.09.

Sec. 3. Minnesota Statutes 2000, section 13.08, subdivision 4, is amended to read:

Subd. 4. [ACTION TO COMPEL COMPLIANCE.] (a) In addition to the remedies provided in subdivisions 1 to 3 or any other law, any aggrieved person seeking to enforce the person's rights under this chapter or obtain access to data may bring an action in district court to compel compliance with this chapter and may recover costs and disbursements, including reasonable attorney's fees, as determined by the court. If the court determines that an action brought under this subdivision is frivolous and without merit and a basis in fact, it may award reasonable costs and attorney fees to the responsible authority. If the court issues an order to compel compliance under this subdivision, the court may impose a civil penalty of up to $300 against the government entity. This penalty is payable to the state general fund and is in addition to damages under subdivision 1. The matter shall be heard as soon as possible. In an action involving a request for government data under section 13.03 or 13.04, the court may inspect in camera the government data in dispute, but shall conduct its hearing in public and in a manner that protects the security of data classified as not public. If the court issues an order to compel compliance under this subdivision, the court shall forward a copy of the order to the commissioner of administration.

(b) In determining whether to assess a civil penalty under this subdivision, the court shall consider whether the government entity has substantially complied with general data practices under this chapter, including but not limited to, whether the government entity has:

(1) designated a responsible authority under section 13.02, subdivision 16;

(2) designated a data practices compliance official under section 13.05, subdivision 13;

(3) prepared the public document that names the responsible authority and describes the records and data on individuals that are maintained by the government entity under section 13.05, subdivision 1;

(4) developed public access procedures under section 13.03, subdivision 2; procedures to guarantee the rights of data subjects under section 13.05, subdivision 8; and procedures to ensure that data on individuals are accurate and complete and to safeguard the data's security under section 13.05, subdivision 5;

(5) sought an oral, written, or electronic opinion from the commissioner of administration related to the matter at issue and acted in conformity with that opinion or acted in conformity with an opinion issued under section 13.072 that was sought by another person; or

(6) provided ongoing training to government entity personnel who respond to requests under this chapter.

Sec. 4. Minnesota Statutes 2000, section 13.32, is amended by adding a subdivision to read:

Subd. 5a. [MILITARY RECRUITMENT.] A secondary institution shall release to military recruiting officers the names, addresses, and home telephone numbers of students in grades 11 and 12 within 60 days after the date of the request, except as otherwise provided by this subdivision. A secondary institution shall give parents and students notice of the right to refuse release of this data to military recruiting officers. Notice may be given by any means reasonably likely to inform the parents and students of the right. Data released to military recruiting officers under this subdivision:

(1) may be used only for the purpose of providing information to students about military service, state and federal veterans' education benefits, and other career and educational opportunities provided by the military; and

(2) shall not be further disseminated to any other person except personnel of the recruiting services of the armed forces.

Sec. 5. Minnesota Statutes 2000, section 13.322, subdivision 3, is amended to read:

Subd. 3. [HIGHER EDUCATION SERVICES OFFICE.] (a) [GENERAL.] Data sharing involving the higher education services office and other institutions is governed by section 136A.05.

(b) [STUDENT FINANCIAL AID.] Data collected and used by the higher education services office on applicants for financial assistance are classified under section 136A.162.

(c) [MINNESOTA COLLEGE SAVINGS PLAN DATA.] Account owner data, account data, and data on beneficiaries of accounts under the Minnesota college savings plan are classified under section 136A.243, subdivision 10.

(d) [SCHOOL FINANCIAL RECORDS.] Financial records submitted by schools registering with the higher education services office are classified under section 136A.64.

Sec. 6. Minnesota Statutes 2000, section 13.59, is amended to read:

13.59 [HOUSING AND REDEVELOPMENT DATA.]

Subdivision 1. [PRIVATE SURVEY DATA.] The following data collected in surveys of individuals conducted by cities and housing and redevelopment authorities for the purposes of planning, development, and redevelopment, are classified as private data pursuant to section 13.02, subdivision 12: the names and addresses of individuals and the legal descriptions of property owned by individuals.

Subd. 2. [NONPUBLIC SURVEY DATA.] The following data collected in surveys of businesses conducted by cities and housing and redevelopment authorities, for the purposes of planning, development, and redevelopment, are classified as nonpublic data pursuant to section 13.02, subdivision 9: the names, addresses, and legal descriptions of business properties and the commercial use of the property to the extent disclosure of the use would identify a particular business.

Subd. 3. [FINANCIAL ASSISTANCE DATA.] (a) The following data that are submitted to a housing and redevelopment authority by persons who are requesting financial assistance are private data on individuals or nonpublic data:

(1) financial statements;

(2) credit reports;

(3) business plans;

(4) income and expense projections;

(5) customer lists;

(6) balance sheets;

(7) income tax returns; and

(8) design, market, and feasibility studies not paid for with public funds.

(b) Data submitted to the authority under paragraph (a) become public data if the authority provides financial assistance to the person, except that the following data remain private or nonpublic:

(1) business plans;

(2) income and expense projections not related to the financial assistance provided;

(3) customer lists;

(4) income tax returns; and

(5) design, market, and feasibility studies not paid for with public funds.

Subd. 4. [DEFINITION.] For purposes of this section, "housing and redevelopment authority" has the meaning given in section 469.002, subdivision 2, and includes a government entity exercising powers under sections 469.001 to 469.047.

Sec. 7. [13.591] [BUSINESS DATA.]

Subdivision 1. [NOT PUBLIC DATA WHEN BENEFIT REQUESTED.] The following data, that are submitted to a government entity by a business requesting financial assistance or a benefit financed by public funds, are private or nonpublic data: financial information about the business including, credit reports; financial statements; net worth calculations; business plans; income and expense projections; balance sheets; customer lists; income tax returns; and design, market, and feasibility studies not paid for with public funds.

Subd. 2. [PUBLIC DATA WHEN BENEFIT RECEIVED.] Data submitted to a government entity under subdivision 1 become public when public financial assistance is provided or the business receives a benefit from the government entity, except that the following data remain private or nonpublic: business plans; income and expense projections not related to the financial assistance provided; customer lists; income tax returns; and design, market, and feasibility studies not paid for with public funds.

Subd. 3. [BUSINESS AS VENDOR.] (a) Data submitted by a business to a government entity in response to a request for bids as defined in section 16C.02, subdivision 11, are private or nonpublic until the bids are opened. Once the bids are opened, the name of the bidder and the dollar amount specified in the response are read and become public. All other data in a bidder's response to a bid are private or nonpublic data until completion of the selection process. For purposes of this section, "completion of the selection process" means that the government entity has completed its evaluation and has ranked the responses. After a government entity has completed the selection process, all remaining data submitted by all bidders are public with the exception of trade secret data as defined and classified in section 13.37. A statement by a bidder that submitted data are copyrighted or otherwise protected does not prevent public access to the data contained in the bid.

If all responses to a request for bids are rejected prior to completion of the selection process, all data, other than that made public at the bid opening, remain private or nonpublic until a resolicitation of bids results in completion of the selection process or a determination is made to abandon the purchase. If the rejection occurs after the completion of the selection process, the data remain public. If a resolicitation of bids does not occur within one year of the bid opening date, the remaining data become public.

(b) Data submitted by a business to a government entity in response to a request for proposal, as defined in section 16C.02, subdivision 12, are private or nonpublic until the responses are opened. Once the responses are opened, the name of the responder is read and becomes public. All other data in a responder's response to a request for proposal are private or nonpublic data until completion of the evaluation process. For purposes of this section, "completion of the evaluation process" means that the government entity has completed negotiating the contract with the selected vendor. After a government entity has completed the evaluation process, all remaining data submitted by all responders are public with the exception of trade secret data as defined and classified in section 13.37. A statement by a responder that submitted data are copyrighted or otherwise protected does not prevent public access to the data contained in the response.

If all responses to a request for proposal are rejected prior to completion of the evaluation process, all data, other than that made public at the response opening, remain private or nonpublic until a resolicitation of the requests for proposal results in completion of the evaluation process or a determination is made to abandon the purchase. If the rejection occurs after the completion of

the evaluation process, the data remain public. If a resolicitation of proposals does not occur within one year of the proposal opening date, the remaining data become public.

Sec. 8. Minnesota Statutes 2000, section 13.719, is amended by adding a subdivision to read:

Subd. 6. [AUTOMOBILE INSURANCE.] (a) [GROUP SELF-INSURANCE DATA.] Financial data relating to nonpublic companies that are submitted to the commissioner of commerce for the purpose of obtaining approval to self-insure liability for automobile coverage as a group are classified as nonpublic data.

(b) [SELF-INSURANCE; PLAN ADMINISTRATOR DATA.] Financial documents, including income statements, balance sheets, statements of change in financial positions, and supporting financial information submitted by nonpublic companies seeking to self-insure their automobile liability or to be licensed as self-insurance plan administrators are classified as nonpublic data.

Sec. 9. Minnesota Statutes 2000, section 136A.243, is amended by adding a subdivision to read:

Subd. 10. [DATA.] Account owner data, account data, and data on beneficiaries of accounts are private data on individuals as defined in section 13.02, except that the names and addresses of the beneficiaries of accounts that receive grants are public.

Sec. 10. Minnesota Statutes 2000, section 138.17, subdivision 7, is amended to read:

Subd. 7. [RECORDS MANAGEMENT PROGRAM.] A records management program for the application of efficient and economical management methods to the creation, utilization, maintenance, retention, preservation, and disposal of official records shall be administered by the commissioner of administration with assistance from the director of the historical society. The state records center which stores and services state records not in state archives shall be administered by the commissioner of administration. The commissioner of administration is empowered to (1) establish standards, procedures, and techniques for effective management of government records, (2) make continuing surveys of paper work operations, and (3) recommend improvements in current records management practices including the use of space, equipment, and supplies employed in creating, maintaining, preserving and disposing of government records. It shall be the duty of the head of each state agency and the governing body of each county, municipality, and other subdivision of government to cooperate with the commissioner in conducting surveys and to establish and maintain an active, continuing program for the economical and efficient management of the records of each agency, county, municipality, or other subdivision of government. When requested by the commissioner, public officials shall assist in the preparation of an inclusive inventory of records in their custody, to which shall be attached a schedule, approved by the head of the governmental unit or agency having custody of the records and the commissioner, establishing a time period for the retention or disposal of each series of records. When the schedule is unanimously approved by the records disposition panel, the head of the governmental unit or agency having custody of the records may dispose of the type of records listed in the schedule at a time and in a manner prescribed in the schedule for particular records which were created after the approval. A list of records disposed of pursuant to this subdivision shall be ~~forwarded to the commissioner and the archivist~~ maintained by the ~~head of the~~ governmental unit or agency. ~~The archivist shall maintain a list of all records destroyed.~~

Sec. 11. Minnesota Statutes 2000, section 182.659, subdivision 8, is amended to read:

Subd. 8. Neither the commissioner nor any employee of the department, including those employees of the department of health providing services to the department of labor and industry, pursuant to section 182.67, subdivision 1, is subject to subpoena for purposes of inquiry into any occupational safety and health inspection except in enforcement proceedings brought under this chapter. ~~All written information, documentation and reports gathered or prepared by the department pursuant to an occupational safety and health inspection are public information once the departmental inspection file is closed.~~ Data that identify individuals who provide data to the department as part of an investigation conducted under this chapter shall be private.

Sec. 12. Minnesota Statutes 2000, section 260B.171, subdivision 1, is amended to read:

Subdivision 1. [RECORDS REQUIRED TO BE KEPT.] (a) The juvenile court judge shall keep such minutes and in such manner as the court deems necessary and proper. Except as provided in paragraph (b), the court shall keep and maintain records pertaining to delinquent adjudications until the person reaches the age of 28 years and shall release the records on an individual to another juvenile court that has jurisdiction of the juvenile, to a requesting adult court for purposes of sentencing, or to an adult court or juvenile court as required by the right of confrontation of either the United States Constitution or the Minnesota Constitution. The juvenile court shall provide, upon the request of any other juvenile court, copies of the records concerning adjudications involving the particular child. The court also may provide copies of records concerning delinquency adjudications, on request, to law enforcement agencies, probation officers, and corrections agents if the court finds that providing these records serves public safety or is in the best interests of the child. ~~Until July 1, 2001,~~ Juvenile court delinquency proceeding records of adjudications, court transcripts, and delinquency petitions, including any probable cause attachments that have been filed or police officer reports relating to a petition, must be released to requesting law enforcement agencies and prosecuting authorities for purposes of investigating and prosecuting violations of section 609.229, provided that psychological or mental health reports may not be included with those records. The agency receiving the records may release the records only as permitted under this section or authorized by law.

The court shall also keep an index in which files pertaining to juvenile matters shall be indexed under the name of the child. After the name of each file shall be shown the file number and, if ordered by the court, the book and page of the register in which the documents pertaining to such file are listed. The court shall also keep a register properly indexed in which shall be listed under the name of the child all documents filed pertaining to the child and in the order filed. The list shall show the name of the document and the date of filing thereof. The juvenile court legal records shall be deposited in files and shall include the petition, summons, notice, findings, orders, decrees, judgments, and motions and such other matters as the court deems necessary and proper. Unless otherwise provided by law, all court records shall be open at all reasonable times to the inspection of any child to whom the records relate, and to the child's parent and guardian.

(b) The court shall retain records of the court finding that a juvenile committed an act that would be a felony- or gross misdemeanor level offense until the offender reaches the age of 28. If the offender commits a felony as an adult, or the court convicts a child as an extended jurisdiction juvenile, the court shall retain the juvenile records for as long as the records would have been retained if the offender had been an adult at the time of the juvenile offense. This paragraph does not apply unless the juvenile was provided counsel as required by section 260B.163, subdivision 2.

Sec. 13. Minnesota Statutes 2000, section 299C.095, subdivision 1, is amended to read:

Subdivision 1. [ACCESS TO DATA ON JUVENILES.] (a) The bureau shall administer and maintain the computerized juvenile history record system based on sections 260B.171 and 260C.171 and other statutes requiring the reporting of data on juveniles. The data in the system are private data as defined in section 13.02, subdivision 12, but are accessible to criminal justice agencies as defined in section 13.02, subdivision 3a, to all trial courts and appellate courts, to a person who has access to the juvenile court records as provided in sections 260B.171 and 260C.171 or under court rule, to public defenders as provided in section 611.272, and to criminal justice agencies in other states in the conduct of their official duties.

(b) Except for access authorized under paragraph (a), the bureau shall only disseminate a juvenile adjudication history record in connection with a background check required by statute or rule and performed on a licensee, license applicant, or employment applicant or performed under section 299C.62 or 624.713. If the background check is performed under section 299C.62, juvenile adjudication history disseminated under this paragraph is limited to offenses that would constitute a background check crime as defined in section 299C.61, subdivision 2. A consent for release of information from an individual who is the subject of a juvenile adjudication history is not effective and the bureau shall not release a juvenile adjudication history record and shall not release information in a manner that reveals the existence of the record.

Sec. 14. Minnesota Statutes 2000, section 299C.13, is amended to read:

299C.13 [INFORMATION FURNISHED TO PEACE OFFICER.]

Upon receipt of information data as to any arrested person, the bureau shall immediately ascertain whether the person arrested has a criminal record or is a fugitive from justice, and shall at once inform the arresting officer of the facts ascertained, including references to any juvenile or adult court disposition data that are not in the criminal history system. Upon application by any sheriff, chief of police, or other peace officer in the state, or by an officer of the United States or by an officer of another state, territory, or government duly authorized to receive the same and effecting reciprocal interchange of similar information with the division, it shall be the duty of the bureau to furnish all information in its possession pertaining to the identification of any person. If the bureau has a sealed record on the arrested person, it shall notify the requesting peace officer of that fact and of the right to seek a court order to open the record for purposes of law enforcement. A criminal justice agency shall be notified, upon request, of the existence and contents of a sealed record containing conviction information about an applicant for employment. For purposes of this section a "criminal justice agency" means courts or a government agency that performs the administration of criminal justice under statutory authority.

Sec. 15. Minnesota Statutes 2000, section 299C.61, is amended by adding a subdivision to read:

Subd. 8a. [CONVICTION.] "Conviction" means a criminal conviction or an adjudication of delinquency for an offense that would be a crime if committed by an adult.

Sec. 16. Minnesota Statutes 2000, section 611A.19, is amended to read:

611A.19 [TESTING OF SEX OFFENDER FOR HUMAN IMMUNODEFICIENCY VIRUS.]

Subdivision 1. [TESTING ON REQUEST OF VICTIM.] (a) Upon the request or with the consent of the victim, the prosecutor shall make a motion in camera and the sentencing court shall issue an order requiring an adult convicted of or a juvenile adjudicated delinquent for violating section 609.342 (criminal sexual conduct in the first degree), 609.343 (criminal sexual conduct in the second degree), 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct in the fourth degree), or any other violent crime, as defined in section 609.1095, to submit to testing to determine the presence of human immunodeficiency virus (HIV) antibody if:

(1) the crime involved sexual penetration, however slight, as defined in section 609.341, subdivision 12; or

(2) evidence exists that the broken skin or mucous membrane of the victim was exposed to or had contact with the offender's semen or blood during the commission of the crime in a manner which has been demonstrated epidemiologically to transmit the human immunodeficiency virus (HIV).

(b) When the court orders an offender to submit to testing under paragraph (a), the court shall order that the test be performed by an appropriate health professional who is trained to provide the counseling described in section 144.7414, and that no reference to the test, the motion requesting the test, the test order, or the test results may appear in the criminal record or be maintained in any record of the court or court services, except in the medical record maintained by the department of corrections.

Subd. 2. [DISCLOSURE OF TEST RESULTS.] The date and results of a test performed under subdivision 1 are private data as defined in section 13.02, subdivision 12, when maintained by a person subject to chapter 13, or may be released only with the subject's consent, if maintained by a person not subject to chapter 13. The results are available, on request, to the victim or, if the victim is a minor, to the victim's parent or guardian and positive test results shall be reported to the commissioner of health. Any test results given to a victim or victim's parent or guardian shall be provided by a health professional who is trained to provide the counseling described in section 144.7414. Data regarding administration and results of the test are not accessible to any other person for any purpose and shall not be maintained in any record of the court or court services or any other record. After the test results are given to the victim or the victim's parent or guardian,

data on the test must be removed from any medical data or health records maintained under section 13.384 or 144.335 and destroyed, except for those medical records maintained by the department of corrections.

Sec. 17. [611A.46] [CLASSIFICATION OF DATA.]

(a) Personal history information and other information collected, used, and maintained by a Minnesota center for crime victim services grantee from which the identity and location of any crime victim may be determined are private data on individuals as defined in section 13.02, subdivision 12, and the grantee shall maintain the data in accordance with the provisions of chapter 13.

(b) Personal history data and other information collected, used, and maintained by the Minnesota center for crime victim services from which the identity and location of any victim may be determined are private data on individuals as defined in section 13.02, subdivision 12.

(c) Internal auditing data shall be classified as provided by section 13.392.

Sec. 18. Laws 1997, First Special Session chapter 3, section 27, as amended by Laws 1999, chapter 243, article 5, section 45, is amended to read:

Sec. 27. [TAXPAYER'S PERSONAL INFORMATION; DISCLOSURE.]

(a) An owner of property in Washington ~~or Ramsey~~ county that is subject to property taxation must be informed in a clear and conspicuous manner in writing on a form sent to property taxpayers that the property owner's name, address, and other information may be used, rented, or sold for business purposes, including surveys, marketing, and solicitation.

(b) If the property owner so requests on the form provided, then any such list generated by the county and sold for business purposes must exclude the owner's name and address if the business purpose is conducting surveys, marketing, or solicitation.

(c) This section expires August 1, ~~2001~~ 2003.

Sec. 19. [NONCUSTODIAL PARENT PROGRAM.]

Notwithstanding Minnesota Statutes, section 13.46, until August 1, 2002, the public authority responsible for child support enforcement and an agency administering the noncustodial parent employment and support services program under contract with the department of human services in Hennepin county may exchange data on current and former program participants for purposes of evaluating the program. Any private agency administering the program must agree to be bound by Minnesota Statutes, chapter 13.

Sec. 20. [REPORT OF DATA LAWS.]

The responsible authority of each state agency shall prepare a list that identifies all data classification provisions relating to business that are within the jurisdiction of the agency, or that the agency has been given the statutory authority to ensure compliance with or enforce. The agency shall submit this list to the commissioner of administration no later than November 1, 2001.

Sec. 21. [REPEALER.]

Minnesota Statutes 2000, sections 13.081; 13.592; 13.5921; 13.5922; 13.593; 13.594; 13.5951; 13.5952; 13.5953; 13.596; 13.5965; 13.643, subdivision 4; and 16C.06, subdivision 3, are repealed.

Sec. 22. [EFFECTIVE DATE.]

Sections 5 and 9 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to government data practices; classifying and defining certain government data; providing for access to, use and maintenance of certain government data; clarifying effect of advisory opinions; modifying records management requirements; removing sunset on law governing access to juvenile records for gang investigations; extending authority for law governing property taxpayer data; requiring a report; abolishing certain administrative remedies; amending Minnesota Statutes 2000, sections 13.02, subdivision 11; 13.072, subdivision 2; 13.08, subdivision 4; 13.32, by adding a subdivision; 13.322, subdivision 3; 13.59; 13.719, by adding a subdivision; 136A.243, by adding a subdivision; 138.17, subdivision 7; 182.659, subdivision 8; 260B.171, subdivision 1; 299C.095, subdivision 1; 299C.13; 299C.61, by adding a subdivision; 611A.19; Laws 1997, First Special Session chapter 3, section 27, as amended; proposing coding for new law in Minnesota Statutes, chapters 13; 611A; repealing Minnesota Statutes 2000, sections 13.081; 13.592; 13.5921; 13.5922; 13.593; 13.594; 13.5951; 13.5952; 13.5953; 13.596; 13.5965; 13.643, subdivision 4; 16C.06, subdivision 3."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) Don Betzold, Warren Limmer, Myron Orfield

House Conferees: (Signed) Mary Liz Holberg, Steve Smith, Darlene Luther

Senator Betzold moved that the foregoing recommendations and Conference Committee Report on S.F. No. 1068 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 1068 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 60 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Fowler	Knutson	Oliver	Sams
Bachmann	Frederickson	Krentz	Olson	Samuelson
Belanger	Hottinger	Langseth	Orfield	Scheevel
Berg	Johnson, Dave	Larson	Ourada	Scheid
Berglin	Johnson, Dean	Lesewski	Pappas	Schwab
Betzold	Johnson, Debbie	Lessard	Pariseau	Stevens
Chaudhary	Johnson, Doug	Limmer	Pogemiller	Stumpf
Cohen	Kelley, S.P.	Marty	Ranum	Terwilliger
Day	Kelly, R.C.	Metzen	Reiter	Tomassoni
Dille	Kierlin	Moe, R.D.	Rest	Vickerman
Fischbach	Kiscaden	Murphy	Ring	Wiener
Foley	Kleis	Neuville	Robertson	Wiger

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

S.F. No. 722 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 722

A bill for an act relating to energy; providing for comprehensive energy conservation, production, and regulatory changes; amending Minnesota Statutes 2000, sections 16B.32, subdivision 2; 116C.52, subdivisions 4, 10; 116C.53, subdivisions 2, 3; 116C.57, subdivisions 1, 2, 4, by adding subdivisions; 116C.58; 116C.59, subdivisions 1, 4; 116C.60; 116C.61, subdivisions 1, 3; 116C.62; 116C.63, subdivision 2; 116C.645; 116C.65; 116C.66; 116C.69; 216B.095; 216B.097, subdivision 1; 216B.16, subdivision 15; 216B.241, subdivisions 1, 1a, 1b,

1c, 2; 216B.2421, subdivision 2; 216B.243, subdivisions 3, 4, 8; 216B.62, subdivision 5; 216C.41; proposing coding for new law in Minnesota Statutes, chapters 16B; 116C; 216B; 452; repealing Minnesota Statutes 2000, sections 116C.55, subdivisions 2, 3; 116C.57, subdivisions 3, 5, 5a; 116C.67; 216B.2421, subdivision 3.

May 21, 2001

The Honorable Don Samuelson
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 722, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 722 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

PUBLIC BUILDING ENERGY CONSERVATION

Section 1. Minnesota Statutes 2000, section 16B.32, subdivision 2, is amended to read:

Subd. 2. [ENERGY CONSERVATION GOALS~~; EFFICIENCY PROGRAM~~.] ~~(a)~~ The commissioner of administration in consultation with the department of ~~public service~~ commerce, in cooperation with one or more public utilities or comprehensive energy services providers, may conduct a shared-savings program involving energy conservation expenditures on state-owned and wholly state-leased buildings. The public utility or energy services provider shall contract with appropriate state agencies to implement energy efficiency improvements in the selected buildings. A contract must require the public utility or energy services provider to include all energy efficiency improvements in selected buildings that are calculated to achieve a cost payback within ten years. The contract must require that the public utility or energy services provider be repaid solely from energy cost savings and only to the extent of energy cost savings. Repayments must be interest-free. The goal of the program in this paragraph is to demonstrate that through effective energy conservation the total energy consumption per square foot of state-owned and wholly state-leased buildings could ~~be reduced~~ exceed existing energy code by at least ~~25~~ 30 percent ~~from consumption in the base year of 1990~~. All agencies ~~participating in the program~~ must report to the commissioner of administration their monthly energy usage, building schedules, inventory of energy-consuming equipment, and other information as needed by the commissioner to manage and evaluate the program.

~~(b) The commissioner may exclude from the program of paragraph (a) a building in which energy conservation measures are carried out. "Energy conservation measures" means measures that are applied to a state building that improve energy efficiency and have a simple return of investment in ten years or within the remaining period of a lease, whichever time is shorter, and involves energy conservation, conservation facilities, renewable energy sources, improvements in operations and maintenance efficiencies, or retrofit activities.~~

~~(c) This subdivision expires January 1, 2001.~~

Sec. 2. [16B.325] [SUSTAINABLE BUILDING GUIDELINES.]

The department of administration and the department of commerce, with the assistance of other agencies, shall develop sustainable building design guidelines for all new state buildings by January 15, 2003. The primary objectives of these guidelines are to ensure that all new state buildings initially exceed existing energy code, as established in Minnesota Rules, chapter 7676, by at least 30 percent. The guidelines must focus on achieving the lowest possible lifetime cost for new buildings and allow for changes in the guidelines that encourage continual energy

conservation improvements in new buildings. The design guidelines must establish sustainability guidelines that include air quality and lighting standards and that create and maintain a healthy environment and facilitate productivity improvements; specify ways to reduce material costs; and must consider the long-term operating costs of the building, including the use of renewable energy sources and distributed electric energy generation that uses a renewable source or natural gas or a fuel that is as clean or cleaner than natural gas. In developing the guidelines, the departments shall use an open process, including providing the opportunity for public comment. The guidelines established under this section are mandatory for all new buildings receiving funding from the bond proceeds fund after January 1, 2004.

Sec. 3. [BENCHMARKS FOR EXISTING PUBLIC BUILDINGS.]

The department of administration shall maintain information on energy usage in all public buildings for the purpose of establishing energy efficiency benchmarks and energy conservation goals. The department shall report preliminary energy conservation goals to the chairs of the senate telecommunications, energy and utilities committee and the house regulated industries committee by January 15, 2002. The department shall develop a comprehensive plan by January 15, 2003, to maximize electrical and thermal energy efficiency in existing public buildings through conservation measures having a simple payback within ten to 15 years. The plan must detail the steps necessary to implement the conservation measures and include the projected costs of these measures. The owner or operator of a public building subject to this section shall provide information to the department of administration necessary to accomplish the purposes of this section.

ARTICLE 2

JOINT VENTURES

Section 1. [452.25] [JOINT VENTURES BY UTILITIES.]

Subdivision 1. [APPLICABILITY.] This section applies to all home rule charter and statutory cities, except as provided in section 2.

Subd. 2. [DEFINITIONS.] For purposes of this section:

(a) "City" means a statutory or home rule charter city, section 410.015 to the contrary notwithstanding.

(b) "Cooperative association" means a cooperative association organized under chapter 308A.

(c) "Governing body" means (1) the city council in a city that operates a municipal utility, or (2) a board, commission, or body empowered by law, city charter, or ordinance or resolution of the city council to control and operate the municipal utility.

(d) "Investor-owned utility" means an entity that provides utility services to the public under chapter 216B and that is owned by private persons.

(e) "Municipal power agency" means an organization created under sections 453.51 to 453.62.

(f) "Municipal utility" means a utility owned, operated, or controlled by a city to provide utility services.

(g) "Public utility" or "utility" means a provider of electric or water facilities or services or an entity engaged in other similar or related operations authorized by law or charter.

Subd. 3. [AUTHORITY.] (a) Upon the approval of its elected utilities commission or, if there be none, its city council, a municipal utility may enter into a joint venture with other municipal utilities, municipal power agencies, cooperative associations, or investor-owned utilities to provide utility services. Retail electric utility services provided by a joint venture must be within the boundaries of each utility's exclusive electric service territory as shown on the map of service territories maintained by the department of commerce. The terms and conditions of the joint venture are subject to ratification by the governing bodies of the respective utilities and may

include the formation of a corporate or other separate legal entity with an administrative and governance structure independent of the respective utilities.

(b) A corporate or other separate legal entity, if formed:

(1) has the authority and legal capacity and, in the exercise of the joint venture, the powers, privileges, responsibilities, and duties authorized by this section;

(2) is subject to the laws and rules applicable to the organization, internal governance, and activities of the entity;

(3) in connection with its property and affairs and in connection with property within its control, may exercise any and all powers that may be exercised by a natural person or a private corporation or other private legal entity in connection with similar property and affairs; and

(4) a joint venture that does not include an investor-owned utility may elect to be deemed a municipal utility or a cooperative association for purposes of chapter 216B or other federal or state law regulating utility operations; and

(5) for a joint venture that includes an investor-owned utility, the commission has authority over the activities, services and rates of the joint venture, and may exercise that authority, to the same extent the commission has authority over the activities, services and rates of the investor-owned utility itself.

(c) Any corporation, if formed, must comply with section 465.719, subdivisions 9, 10, 11, 12, 13, and 14. The term "political subdivision," as it is used in section 465.719, shall refer to the city council of a city.

Subd. 4. [RETAIL CUSTOMERS.] Unless the joint venture's retail electric rates, as defined in section 216B.02, subdivision 5, of a joint venture that does not include an investor-owned utility, are approved by the governing body of each municipal utility or municipal power agency and the board of directors of each cooperative association that is party to the joint venture, the retail electric customers of the joint venture, if their number be more than 25, may elect to become subject to electric rate regulation by the public utilities commission as provided in chapter 216B. The election is subject to and must be carried out according to the procedures in section 216B.026 and, for these purposes, each retail electric customer of the joint venture is deemed a member or stockholder as referred to in section 216B.026.

Subd. 5. [POWERS.] (a) A joint venture under this section has the powers, privileges, responsibilities, and duties of the separate utilities entering into the joint venture as the joint venture agreement may provide, including the powers under paragraph (b), except that:

(1) with respect to retail electric utility services, a joint venture shall not enlarge or extend the service territory served by the joint venture by virtue of the authority granted in sections 216B.44, 216B.45, and 216B.47;

(2) a joint venture may extend service to an existing connected load of 2,000 kilowatts or more, pursuant to section 216B.42, when the load is outside of the assigned service area of the joint venture, or of the electric utilities party to the joint venture, only if the load is already being served by one of the electric utilities party to the joint venture; and

(3) a privately owned utility, as defined in section 216B.02, may extend service to an existing connected load of 2,000 kilowatts or more, pursuant to section 216B.42, when the load is located within the assigned service territory of the joint venture, or of the electric utilities party to the joint venture, only if the load is already being served by that privately owned utility.

The limitations of clauses (1) to (3) do not apply if written consent to the action is obtained from the electric utility assigned to and serving the affected service territory or connected load.

(b) Joint venture powers include, but are not limited to, the authority to:

(1) finance, own, acquire, construct, and operate facilities necessary to provide utility services

to retail customers of the joint venture, including generation, transmission, and distribution facilities, and like facilities used in other utility services;

(2) combine assigned service territories, in whole or in part, upon notice to, hearing by, and approval of the public utilities commission;

(3) serve customers in the utilities' service territories or in the combined service territory;

(4) combine, share, or employ administrative, managerial, operational, or other staff if combining or sharing will not degrade safety, reliability, or customer service standards;

(5) provide for joint administrative functions, such as meter reading and billings;

(6) purchase or sell utility services at wholesale for resale to customers;

(7) provide conservation programs, other utility programs, and public interest programs, such as cold weather shut-off protection and conservation spending programs, as required by law and rule; and

(8) participate as the parties deem necessary in providing utility services with other municipal utilities, cooperative utilities, investor-owned utilities, or other entities, public or private.

(c) Notwithstanding any contrary provision within this section, a joint venture formed under this section may engage in wholesale utility services unless the municipal utility, municipal power agency, cooperative association, or investor-owned utility party to the joint venture is prohibited under current law from conducting that activity; but, in any case, the joint venture may provide wholesale services to a municipal utility, a cooperative association, or an investor-owned utility that is party to the joint venture.

(d) This subdivision does not limit the authority of a joint venture to exercise rights of eminent domain for other utility purposes to the same extent as is permitted of those utilities party to the joint venture.

Subd. 6. [CONSTRUCTION.] (a) The powers conferred by this section are in addition to the powers conferred by other law or charter. A joint venture under this section, and a municipal utility with respect to any joint venture under this section, have the powers necessary to effect the intent and purpose of this section, including, but not limited to, the expenditure of public funds and the transfer of real or personal property in accordance with the terms and conditions of the joint venture and the joint venture agreement. This section is complete in itself with respect to the formation and operation of a joint venture under this section and with respect to a municipal utility, a cooperative association, or an investor-owned utility party to a joint venture related to their creation of and dealings with the joint venture, without regard to other laws or city charter provisions that do not specifically address or refer to this section or a joint venture created under this section.

(b) This section must not be construed to supersede or modify:

(1) the power of a city council conferred by charter to overrule or override any action of a governing body other than the actions of the joint venture;

(2) chapter 216B;

(3) any referendum requirements applicable to the creation of a new electric utility by a municipality under section 216B.46 or 216B.465; or

(4) any powers, privileges, or authority or any duties or obligations of a municipal utility, municipal power agency, or cooperative association acting as a separate legal entity without reference to a joint venture created under this section.

Sec. 2. [EXCEPTION.]

Laws 1996, chapter 300, section 1, as amended by Laws 1997, chapter 232, section 1, shall govern joint ventures created under it and those joint ventures are not governed by section 1.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment.

ARTICLE 3

MISCELLANEOUS

Section 1. [216B.1611] [INTERCONNECTION OF ON-SITE DISTRIBUTED GENERATION.]

Subdivision 1. [PURPOSE.] The purpose of this section is to: (1) establish the terms and conditions that govern the interconnection and parallel operation of on-site distributed generation; (2) to provide cost savings and reliability benefits to customers; (3) to establish technical requirements that will promote the safe and reliable parallel operation of on-site distributed generation resources; (4) to enhance both the reliability of electric service and economic efficiency in the production and consumption of electricity; and (5) to promote the use of distributed resources in order to provide electric system benefits during periods of capacity constraints.

Subd. 2. [DISTRIBUTED GENERATION; GENERIC PROCEEDING.] (a) The commission shall initiate a proceeding within 30 days of the effective date of this section, to establish, by order, generic standards for utility tariffs for the interconnection and parallel operation of distributed generation fueled by natural gas or a renewable fuel, or another similarly clean fuel or combination of fuels of no more than ten megawatts of interconnected capacity. At a minimum, these tariff standards must:

(1) to the extent possible, be consistent with industry and other federal and state operational and safety standards;

(2) provide for the low-cost, safe, and standardized interconnection of facilities;

(3) take into account differing system requirements and hardware, as well as the overall demand load requirements of individual utilities;

(4) allow for reasonable terms and conditions, consistent with the cost and operating characteristics of the various technologies, so that a utility can reasonably be assured of the reliable, safe, and efficient operation of the interconnected equipment; and

(5) establish: (i) a standard interconnection agreement that sets forth the contractual conditions under which a company and a customer agree that one or more facilities may be interconnected with the company's utility system; and (ii) a standard application for interconnection and parallel operation with the utility system.

(b) The commission may develop financial incentives based on a public utility's performance in encouraging residential and small business customers to participate in on-site generation.

Subd. 3. [DISTRIBUTED GENERATION TARIFF.] Within 90 days of the issuance of an order under subdivision 2:

(1) each public utility providing electric service at retail shall file a distributed generation tariff consistent with that order, for commission approval or approval with modification; and

(2) each municipal utility and cooperative electric association shall adopt a distributed generation tariff that addresses the issues included in the commission's order.

Subd. 4. [REPORTING REQUIREMENTS.] (a) Each electric utility shall maintain records concerning applications received for interconnection and parallel operation of distributed generation. The records must include the date each application is received, documents generated in the course of processing each application, correspondence regarding each application, and the final disposition of each application.

(b) Every electric utility shall file with the commissioner a distributed generation

interconnection report for the preceding calendar year that identifies each distributed generation facility interconnected with the utility's distribution system. The report must list the new distributed generation facilities interconnected with the system since the previous year's report, any distributed generation facilities no longer interconnected with the utility's system since the previous report, the capacity of each facility, and the feeder or other point on the company's utility system where the facility is connected. The annual report must also identify all applications for interconnection received during the previous one-year period, and the disposition of the applications.

Sec. 2. [216B.79] [PREVENTATIVE MAINTENANCE.]

The commission may order public utilities to make adequate infrastructure investments and undertake sufficient preventative maintenance with regard to generation, transmission, and distribution facilities.

Sec. 3. [ALTERNATIVE AND RENEWABLE ENERGY SOURCE DEVELOPMENT.]

The legislative electric energy task force shall evaluate options and priorities related to energy source development of resources derived from agricultural production and to energy options available in rural parts of the state. These energy sources include, but are not limited to:

(1) alternative diesel engine fuels derived from soybean and other agricultural plant oils or animal fats;

(2) ethanol derived from grains or other agricultural products or by-products;

(3) methane or other combustible gases derived from the processing of plant or animal wastes;

(4) biomass fuels such as short-rotation woody or fibrous agricultural crops produced for conversion to useful energy;

(5) use of corn and corn by-products as a fuel for electric generation, including for cogeneration facilities; and

(6) further development of the solar, wind, and biomass energy potential in the state.

ARTICLE 4

CONSUMER PROTECTION

Section 1. Minnesota Statutes 2000, section 216B.095, is amended to read:

216B.095 [DISCONNECTION DURING COLD WEATHER.]

The commission shall amend its rules governing disconnection of residential utility customers who are unable to pay for utility service during cold weather to include the following:

(1) coverage of customers whose household income is less than ~~185 percent of the federal poverty level~~ 50 percent of the state median income;

(2) a requirement that a customer who pays the utility at least ten percent of the customer's income or the full amount of the utility bill, whichever is less, in a cold weather month cannot be disconnected during that month. The customer's income means the actual monthly income of the customer or the average monthly income of the customer computed on an annual calendar year, whichever is less, and does not include any amount received for energy assistance;

(3) that the ten percent figure in clause (2) must be prorated between energy providers proportionate to each provider's share of the customer's total energy costs where the customer receives service from more than one provider;

(4) ~~that a customer's household income does not include any amount received for energy assistance;~~

~~(5)~~ verification of income by the local energy assistance provider or the utility, unless the customer is automatically eligible for protection against disconnection as a recipient of any form of public assistance, including energy assistance, that uses income eligibility in an amount at or below the income eligibility in clause (1); ~~and~~

~~(6)~~ (5) a requirement that the customer receive~~, from the local energy assistance provider or other entity, budget counseling and referral~~ referrals to energy assistance, weatherization, conservation, or other programs likely to reduce the customer's ~~consumption of~~ energy bills; and

(6) a requirement that customers who have demonstrated an inability to pay on forms provided for that purpose by the utility, and who make reasonably timely payments to the utility under a payment plan that considers the financial resources of the household, cannot be disconnected from utility service from October 15 through April 15. A customer who is receiving energy assistance is deemed to have demonstrated an inability to pay.

~~For the purpose of clause (2), the "customer's income" means the actual monthly income of the customer except for a customer who is normally employed only on a seasonal basis and whose annual income is over 135 percent of the federal poverty level, in which case the customer's income is the average monthly income of the customer computed on an annual calendar year basis.~~

Sec. 2. Minnesota Statutes 2000, section 216B.097, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION; NOTICE TO RESIDENTIAL CUSTOMER.] (a) A municipal utility or a cooperative electric association must not disconnect the utility service of a residential customer during the period between October 15 and April 15 if the disconnection affects the primary heat source for the residential unit when the following conditions are met:

(1) ~~the disconnection would occur during the period between October 15 and April 15;~~

~~(2)~~ the customer has declared inability to pay on forms provided by the utility. For the purposes of this clause, a customer that is receiving energy assistance is deemed to have demonstrated an inability to pay;

~~(3)~~ (2) the household income of the customer is less than ~~185 percent of the federal poverty level, as documented by the customer to the utility; and~~ 50 percent of the state median income;

(3) verification of income may be conducted by the local energy assistance provider or the utility, unless the customer is automatically eligible for protection against disconnection as a recipient of any form of public assistance, including energy assistance that uses income eligibility in an amount at or below the income eligibility in clause (2);

(4) ~~the customer's~~ a customer whose account is current for the billing period immediately prior to October 15 or ~~the customer has entered~~ who, at any time, enters into a payment schedule that considers the financial resources of the household and is reasonably current with payments under the schedule; and

(5) the customer receives referrals to energy assistance programs, weatherization, conservation, or other programs likely to reduce the customer's energy bills.

(b) A municipal utility or a cooperative electric association must, between August 15 and October 15 of each year, notify all residential customers of the provisions of this section.

Sec. 3. [216B.098] [RESIDENTIAL CUSTOMER PROTECTIONS.]

Subdivision 1. [APPLICABILITY.] The provisions of this section apply to residential customers of public utilities, municipal utilities, and cooperative electric associations. Each municipal utility and cooperative electric association may establish terms and conditions for the plans and agreements required under subdivisions 2 and 3.

Subd. 2. [BUDGET BILLING PLANS.] A utility shall offer a customer a budget billing plan

for payment of charges for service, including adequate notice to customers prior to changing budget payment amounts. Municipal utilities having 3,000 or fewer customers are exempt from this requirement. Municipal utilities having more than 3,000 customers shall implement this requirement within two years of the effective date of this chapter.

Subd. 3. [PAYMENT AGREEMENTS.] A utility shall offer a payment agreement for the payment of arrears.

Subd. 4. [UNDERCHARGES.] A utility shall offer a payment agreement to customers who have been undercharged if no culpable conduct by the customer or resident of the customer's household caused the undercharge. The agreement must cover a period equal to the time over which the undercharge occurred or a different time period that is mutually agreeable to the customer and the utility. No interest or delinquency fee may be charged under this agreement.

Subd. 5. [MEDICALLY NECESSARY EQUIPMENT.] A utility shall reconnect or continue service to a customer's residence where a medical emergency exists or where medical equipment requiring electricity is necessary to sustain life is in use, provided that the utility receives from a medical doctor written certification, or initial certification by telephone and written certification within five business days, that failure to reconnect or continue service will impair or threaten the health or safety of a resident of the customer's household. The customer must enter into a payment agreement.

Subd. 6. [COMMISSION AUTHORITY.] In addition to any other authority, the commission has the authority to resolve customer complaints against a public utility, as defined in section 216B.02, subdivision 4, whether or not the complaint involves a violation of this chapter. The commission may delegate this authority to commission staff as it deems appropriate.

Sec. 4. Minnesota Statutes 2000, section 216B.16, subdivision 15, is amended to read:

Subd. 15. [LOW-INCOME ~~RATE~~ PROGRAMS~~; REPORT~~.] (a) The commission may consider ability to pay as a factor in setting utility rates and may establish programs for low-income residential ratepayers in order to ensure affordable, reliable, and continuous service to low-income utility customers. ~~The commission shall order a pilot program for at least one utility. In ordering pilot programs, the commission shall consider the following:~~

~~(1) the potential for low-income programs to provide savings to the utility for all collection costs including but not limited to: costs of disconnecting and reconnecting residential ratepayers' service, all activities related to the utilities' attempt to collect past due bills, utility working capital costs, and any other administrative costs related to inability to pay programs and initiatives;~~

~~(2) the potential for leveraging federal low-income energy dollars to the state; and~~

~~(3) the impact of energy costs as a percentage of the total income of a low-income residential customer.~~

(b) ~~In determining the structure of the pilot utility program, the commission shall:~~

~~(1) consult with advocates for and representatives of low-income utility customers, administrators of energy assistance and conservation programs, and utility representatives;~~

~~(2) coordinate eligibility for the program with the state and federal energy assistance program and low-income residential energy programs, including weatherization programs; and~~

~~(3) evaluate comprehensive low-income programs offered by utilities in other states.~~ The purpose of the low-income programs is to lower the percentage of income that low-income households devote to energy bills, to increase customer payments, and to lower the utility costs associated with customer account collection activities. In ordering low-income programs, the commission may require public utilities to file program evaluations, including the coordination of other available low-income bill payment and conservation resources and the effect of the program on:

(1) reducing the percentage of income that participating households devote to energy bills;

(2) service disconnections; and

(3) customer payment behavior, utility collection costs, arrearages, and bad debt.

~~(c) The commission shall implement at least one pilot project by January 1, 1995, and shall allow a utility required to implement a pilot project to recover the net costs of the project in the utility's rates.~~

~~(d) The commission, in conjunction with the commissioner of the department of public service and the commissioner of economic security, shall review low-income rate programs and shall report to the legislature by January 1, 1998. The report must include:~~

~~(1) the increase in federal energy assistance money leveraged by the state as a result of this program;~~

~~(2) the effect of the program on low-income customer's ability to pay energy costs;~~

~~(3) the effect of the program on utility customer bad debt and arrearages;~~

~~(4) the effect of the program on the costs and numbers of utility disconnections and reconnections and other costs incurred by the utility in association with inability to pay programs;~~

~~(5) the ability of the utility to recover the costs of the low-income program without a general rate change;~~

~~(6) how other ratepayers have been affected by this program;~~

~~(7) recommendations for continuing, eliminating, or expanding the low-income pilot program; and~~

~~(8) how general revenue funds may be utilized in conjunction with low-income programs.~~

ARTICLE 5

INCENTIVE PAYMENTS

Section 1. Minnesota Statutes 2000, section 216C.41, subdivision 3, is amended to read:

Subd. 3. [ELIGIBILITY WINDOW.] Payments may be made under this section only for electricity generated:

(1) from a qualified hydroelectric facility that is operational and generating electricity before December 31, ~~2001~~ 2002; or

(2) from a qualified wind energy conversion facility that is operational and generating electricity before January 1, 2005.

Sec. 2. Minnesota Statutes 2000, section 216C.41, subdivision 5, is amended to read:

Subd. 5. [AMOUNT OF PAYMENT.] (a) An incentive payment is based on the number of kilowatt hours of electricity generated. The amount of the payment is 1.5 cents per kilowatt hour. For electricity generated by qualified wind energy conversion facilities, the incentive payment under this section is limited to no more than 100 megawatts of nameplate capacity. During any period in which qualifying claims for incentive payments exceed 100 megawatts of nameplate capacity, the payments must be made to producers in the order in which the production capacity was brought into production.

(b) Beginning January 1, 2002, the total size of a wind energy conversion system under this section must be determined according to this paragraph. Unless the systems are interconnected with different distribution systems, the nameplate capacity of one wind energy conversion system must be combined with the nameplate capacity of any other wind energy conversion system that is:

(1) located within five miles of the wind energy conversion system;

(2) constructed within the same calendar year as the wind energy conversion system; and

(3) under common ownership.

In the case of a dispute, the commissioner of commerce shall determine the total size of the system, and shall draw all reasonable inferences in favor of combining the systems.

(c) In making a determination under paragraph (b), the commissioner of commerce may determine that two wind energy conversion systems are under common ownership when the underlying ownership structure contains similar persons or entities, even if the ownership shares differ between the two systems. Wind energy conversion systems are not under common ownership solely because the same person or entity provided equity financing for the systems.

Sec. 3. Minnesota Statutes 2000, section 216C.41, is amended by adding a subdivision to read:

Subd. 6. [OWNERSHIP; FINANCING; CURE.] (a) For the purposes of subdivision 1, paragraph (c), clause (2), a wind energy conversion facility qualifies if it is owned at least 51 percent by one or more of any combination of the entities listed in that clause.

(b) A subsequent owner of a qualified facility may continue to receive the incentive payment for the duration of the original payment period if the subsequent owner qualifies for the incentive under subdivision 1.

(c) Nothing in this section may be construed to deny incentive payment to an otherwise qualified facility that has obtained debt or equity financing for construction or operation as long as the ownership requirements of subdivision 1 and this subdivision are met. If, during the incentive payment period for a qualified facility, the owner of the facility is in default of a lending agreement and the lender takes possession of and operates the facility and makes reasonable efforts to transfer ownership of the facility to an entity other than the lender, the lender may continue to receive the incentive payment for electricity generated and sold by the facility for a period not to exceed 18 months. A lender who takes possession of a facility shall notify the commissioner immediately on taking possession and, at least quarterly, document efforts to transfer ownership of the facility.

(d) If, during the incentive payment period, a qualified facility loses the right to receive the incentive because of changes in ownership, the facility may regain the right to receive the incentive upon cure of the ownership structure that resulted in the loss of eligibility and may reapply for the incentive, but in no case may the payment period be extended beyond the original ten-year limit.

(e) A subsequent or requalifying owner under paragraph (b) or (d) retains the facility's original priority order for incentive payments as long as the ownership structure requalifies within two years from the date the facility became unqualified or two years from the date a lender takes possession.

Sec. 4. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

ARTICLE 6

DISTRIBUTION RELIABILITY

Section 1. [216B.81] [STANDARDS FOR DISTRIBUTION UTILITIES.]

Subdivision 1. [STANDARDS.] (a) The commission and each cooperative electric association and municipal utility shall adopt standards for safety, reliability, and service quality for distribution utilities. Standards for cooperative electric associations and municipal utilities should be as consistent as possible with the commission standards.

(b) Reliability standards must be based on the system average interruption frequency index,

system average interruption duration index, and customer average interruption duration index measurement indices. Service quality standards must specify, if technically and administratively feasible:

(1) average call center response time;

(2) customer disconnection rate;

(3) meter-reading frequency;

(4) complaint resolution response time;

(5) service extension request response time;

(6) recording of service and circuit interrupter data;

(7) summary reporting;

(8) historical reliability performance reporting;

(9) notices of interruptions of bulk power supply facilities and other interruptions of power; and

(10) customer complaints.

(c) Minimum performance standards developed under this section must treat similarly situated distribution systems similarly and recognize differing characteristics of system design and hardware.

(d) Electric distribution utilities shall comply with all applicable governmental and industry standards required for the safety, design, construction, and operation of electric distribution facilities, including section 326.243.

Subd. 2. [DEFINITIONS.] For the purpose of this section, the terms defined in this subdivision have the meanings given them.

(a) The "system average interruption frequency index" is the average number of interruptions per customer per year. It is determined by dividing the total annual number of customer interruptions by the average number of customers served during the year.

(b) The "system average interruption duration index" is the average customer-minutes of interruption per customer. It is determined by dividing the annual sum of customer-minutes of interruption by the average number of customers served during the year.

(c) The "customer average interruption duration index" is the average customer-minutes of interruption per customer interruption. It approximates the average length of time required to complete service restoration. It is determined by dividing the annual sum of all customer-minutes of interruption durations by the annual number of customer interruptions.

Sec. 2. [COST BENEFIT ANALYSIS.]

The commissioner of commerce shall provide an analysis of the costs and benefits to consumers and utilities of the provisions of section 216B.81, including any recommended changes to those provisions, to the chairs of the house of representatives and senate policy and finance committees with jurisdiction over electric utility issues by February 1, 2003.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective July 1, 2001. Section 2 is effective the day following final enactment.

ARTICLE 7

SITING AND ROUTING OF

POWER PLANTS AND TRANSMISSION LINES

Section 1. Minnesota Statutes 2000, section 116C.52, subdivision 4, is amended to read:

Subd. 4. [HIGH VOLTAGE TRANSMISSION LINE.] "High voltage transmission line" means a conductor of electric energy and associated facilities designed for and capable of operation at a nominal voltage of ~~200~~ 100 kilovolts or more~~, except that the board, by rule, may exempt lines pursuant to section 116C.57, subdivision 5~~.

Sec. 2. Minnesota Statutes 2000, section 116C.52, subdivision 10, is amended to read:

Subd. 10. [UTILITY.] "Utility" shall mean any entity engaged or intending to engage in this state in the generation, transmission or distribution of electric energy including, but not limited to, a private investor owned utility, cooperatively owned utility, and a public or municipally owned utility.

Sec. 3. Minnesota Statutes 2000, section 116C.53, subdivision 2, is amended to read:

Subd. 2. [JURISDICTION.] The board is hereby given the authority to provide for site and route selection for large electric power facilities. The board shall issue permits for large electric power facilities in a timely fashion. When the public utilities commission has determined the need for the project under section 216B.243 or 216B.2425, questions of need, including size, type, and timing; alternative system configurations; and voltage are not within the board's siting and routing authority and must not be included in the scope of environmental review conducted under sections 116C.51 to 116C.69.

Sec. 4. Minnesota Statutes 2000, section 116C.53, subdivision 3, is amended to read:

Subd. 3. [INTERSTATE ROUTES.] If a route is proposed in two or more states, the board shall attempt to reach agreement with affected states on the entry and exit points prior to ~~authorizing the construction of the~~ designating a route. The board, in discharge of its duties pursuant to sections 116C.51 to 116C.69 may make joint investigations, hold joint hearings within or without the state, and issue joint or concurrent orders in conjunction or concurrence with any official or agency of any state or of the United States. The board may negotiate and enter into any agreements or compacts with agencies of other states, pursuant to any consent of Congress, for cooperative efforts in certifying the construction, operation, and maintenance of large electric power facilities in accord with the purposes of sections 116C.51 to 116C.69 and for the enforcement of the respective state laws regarding such facilities.

Sec. 5. Minnesota Statutes 2000, section 116C.57, subdivision 1, is amended to read:

Subdivision 1. [~~DESIGNATION OF SITES SUITABLE FOR SPECIFIC FACILITIES; REPORTS~~ SITE PERMIT.] ~~A utility must apply to the board in a form and manner prescribed by the board for designation of a specific site for a specific size and type of facility. The application shall contain at least two proposed sites. In the event a utility proposes a site not included in the board's inventory of study areas, the utility shall specify the reasons for the proposal and shall make an evaluation of the proposed site based upon the planning policies, criteria and standards specified in the inventory. Pursuant to sections 116C.57 to 116C.60, the board shall study and evaluate any site proposed by a utility and any other site the board deems necessary which was proposed in a manner consistent with rules adopted by the board concerning the form, content, and timeliness of proposals for alternate sites. No site designation shall be made in violation of the site selection standards established in section 116C.55. The board shall indicate the reasons for any refusal and indicate changes in size or type of facility necessary to allow site designation. Within a year after the board's acceptance of a utility's application, the board shall decide in accordance with the criteria specified in section 116C.55, subdivision 2, the responsibilities, procedures and considerations specified in section 116C.57, subdivision 4, and the considerations in chapter 116D which proposed site is to be designated. The board may extend for just cause the time limitation for its decision for a period not to exceed six months. When the board designates a site, it shall issue a certificate of site compatibility to the utility with any appropriate conditions. The board shall publish a notice of its decision in the State Register within 30 days of site designation. No large electric power generating plant shall be constructed except on a site designated by the board.~~ No person may construct a large electric generating plant without a site permit from the board. A

large electric generating plant may be constructed only on a site approved by the board. The board must incorporate into one proceeding the route selection for a high voltage transmission line that is directly associated with and necessary to interconnect the large electric generating plant to the transmission system and whose need is certified as part of the generating plant project by the public utilities commission.

Sec. 6. Minnesota Statutes 2000, section 116C.57, subdivision 2, is amended to read:

Subd. 2. [~~DESIGNATION OF ROUTES; PROCEDURE~~ ROUTE PERMIT.] ~~A utility shall apply to the board in a form and manner prescribed by the board for a permit for the construction of a high voltage transmission line. The application shall contain at least two proposed routes. Pursuant to sections 116C.57 to 116C.60, the board shall study, and evaluate the type, design, routing, right-of-way preparation and facility construction of any route proposed in a utility's application and any other route the board deems necessary which was proposed in a manner consistent with rules adopted by the board concerning the form, content, and timeliness of proposals for alternate routes provided, however, that the board shall identify the alternative routes prior to the commencement of public hearings thereon pursuant to section 116C.58. Within one year after the board's acceptance of a utility's application, the board shall decide in accordance with the criteria and standards specified in section 116C.55, subdivision 2, and the considerations specified in section 116C.57, subdivision 4, which proposed route is to be designated. The board may extend for just cause the time limitation for its decision for a period not to exceed 90 days. When the board designates a route, it shall issue a permit for the construction of a high voltage transmission line specifying the type, design, routing, right-of-way preparation and facility construction it deems necessary and with any other appropriate conditions. The board may order the construction of high voltage transmission line facilities which are capable of expansion in transmission capacity through multiple circuiting or design modifications. The board shall publish a notice of its decision in the state register within 30 days of issuance of the permit. No high voltage transmission line shall be constructed except on a route designated by the board, unless it was exempted pursuant to subdivision 5.~~ No person may construct a high voltage transmission line without a route permit from the board. A high voltage transmission line may be constructed only along a route approved by the board.

Sec. 7. Minnesota Statutes 2000, section 116C.57, is amended by adding a subdivision to read:

Subd. 2a. [APPLICATION.] Any person seeking to construct a large electric power generating plant or a high voltage transmission line must apply to the board for a site or route permit. The application shall contain such information as the board may require. The applicant shall propose at least two sites for a large electric power generating plant and two routes for a high voltage transmission line. The chair of the board shall determine whether an application is complete and advise the applicant of any deficiencies within ten days of receipt. An application is not incomplete if information not in the application can be obtained from the applicant during the first phase of the process and that information is not essential for notice and initial public meetings.

Sec. 8. Minnesota Statutes 2000, section 116C.57, is amended by adding a subdivision to read:

Subd. 2b. [NOTICE OF APPLICATION.] Within 15 days after submission of an application to the board, the applicant shall publish notice of the application in a legal newspaper of general circulation in each county in which the site or route is proposed and send a copy of the application by certified mail to any regional development commission, county, incorporated municipality, and township in which any part of the site or route is proposed. Within the same 15 days, the applicant shall also send a notice of the submission of the application and description of the proposed project to each owner whose property is on or adjacent to any of the proposed sites for the power plant or along any of the proposed routes for the transmission line. The notice shall identify a location where a copy of the application can be reviewed. For the purpose of giving mailed notice under this subdivision, owners shall be those shown on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. The failure to give mailed notice to a property owner, or defects in the notice, shall not invalidate the proceedings, provided a bona fide attempt to comply with this subdivision has been made. Within the same 15 days, the

applicant shall also send the same notice of the submission of the application and description of the proposed project to those persons who have requested to be placed on a list maintained by the board for receiving notice of proposed large electric generating power plants and high voltage transmission lines.

Sec. 9. Minnesota Statutes 2000, section 116C.57, is amended by adding a subdivision to read:

Subd. 2c. [ENVIRONMENTAL REVIEW.] The board shall prepare an environmental impact statement on each proposed large electric generating plant or high voltage transmission line for which a complete application has been submitted. For any project that has obtained a certificate of need from the public utilities commission, the board shall not consider whether or not the project is needed. No other state environmental review documents shall be required. The board shall study and evaluate any site or route proposed by an applicant and any other site or route the board deems necessary that was proposed in a manner consistent with rules adopted by the board concerning the form, content, and timeliness of proposals for alternate sites or routes.

Sec. 10. Minnesota Statutes 2000, section 116C.57, is amended by adding a subdivision to read:

Subd. 2d. [PUBLIC HEARING.] The board shall hold a public hearing on an application for a site permit for a large electric power generating plant or a route permit for a high voltage transmission line. All hearings held for designating a site or route shall be conducted by an administrative law judge from the office of administrative hearings pursuant to the contested case procedures of chapter 14. Notice of the hearing shall be given by the board at least ten days in advance but no earlier than 45 days prior to the commencement of the hearing. Notice shall be by publication in a legal newspaper of general circulation in the county in which the public hearing is to be held and by certified mail to chief executives of the regional development commissions, counties, organized towns, townships, and the incorporated municipalities in which a site or route is proposed. Any person may appear at the hearings and offer testimony and exhibits without the necessity of intervening as a formal party to the proceedings. The administrative law judge may allow any person to ask questions of other witnesses. The administrative law judge shall hold a portion of the hearing in the area where the power plant or transmission line is proposed to be located.

Sec. 11. Minnesota Statutes 2000, section 116C.57, subdivision 4, is amended to read:

Subd. 4. [CONSIDERATIONS IN DESIGNATING SITES AND ROUTES.] The board's site and route permit determinations must be guided by the state's goals to conserve resources, minimize environmental impacts, minimize human settlement and other land use conflicts, and ensure the state's electric energy security through efficient, cost-effective power supply and electric transmission infrastructure. To facilitate the study, research, evaluation and designation of sites and routes, the board shall be guided by, but not limited to, the following ~~responsibilities, procedures, and~~ considerations:

(1) Evaluation of research and investigations relating to the effects on land, water and air resources of large electric power generating plants and high voltage transmission ~~line routes~~ lines and the effects of water and air discharges and electric and magnetic fields resulting from such facilities on public health and welfare, vegetation, animals, materials and aesthetic values, including base line studies, predictive modeling, and ~~monitoring of the water and air mass at proposed and operating sites and routes,~~ evaluation of new or improved methods for minimizing adverse impacts of water and air discharges and other matters pertaining to the effects of power plants on the water and air environment;

(2) Environmental evaluation of sites and routes proposed for future development and expansion and their relationship to the land, water, air and human resources of the state;

(3) Evaluation of the effects of new electric power generation and transmission technologies and systems related to power plants designed to minimize adverse environmental effects;

(4) Evaluation of the potential for beneficial uses of waste energy from proposed large electric power generating plants;

(5) Analysis of the direct and indirect economic impact of proposed sites and routes including, but not limited to, productive agricultural land lost or impaired;

(6) Evaluation of adverse direct and indirect environmental effects ~~which~~ that cannot be avoided should the proposed site and route be accepted;

(7) Evaluation of alternatives to the applicant's proposed site or route proposed pursuant to subdivisions 1 and 2;

(8) Evaluation of potential routes ~~which~~ that would use or parallel existing railroad and highway rights-of-way;

(9) Evaluation of governmental survey lines and other natural division lines of agricultural land so as to minimize interference with agricultural operations;

(10) Evaluation of the future needs for additional high voltage transmission lines in the same general area as any proposed route, and the advisability of ordering the construction of structures capable of expansion in transmission capacity through multiple circuiting or design modifications;

(11) Evaluation of irreversible and irretrievable commitments of resources should the proposed site or route be approved; and

(12) ~~Where~~ When appropriate, consideration of problems raised by other state and federal agencies and local entities.

~~(13)~~ If the board's rules are substantially similar to existing ~~rules and~~ regulations of a federal agency to which the utility in the state is subject, the federal ~~rules and~~ regulations ~~shall~~ must be applied by the board.

~~(14)~~ No site or route shall be designated which violates state agency rules.

Sec. 12. Minnesota Statutes 2000, section 116C.57, is amended by adding a subdivision to read:

Subd. 7. [TIMING.] The board shall make a final decision on an application within 60 days after receipt of the report of the administrative law judge. A final decision on the request for a site permit or route permit shall be made within one year after the chair's determination that an application is complete. The board may extend this time limit for up to three months for just cause or upon agreement of the applicant.

Sec. 13. Minnesota Statutes 2000, section 116C.57, is amended by adding a subdivision to read:

Subd. 8. [FINAL DECISION.] (a) No site permit shall be issued in violation of the site selection standards and criteria established in this section and in rules adopted by the board. When the board designates a site, it shall issue a site permit to the applicant with any appropriate conditions. The board shall publish a notice of its decision in the State Register within 30 days of issuance of the site permit.

(b) No route permit shall be issued in violation of the route selection standards and criteria established in this section and in rules adopted by the board. When the board designates a route, it shall issue a permit for the construction of a high voltage transmission line specifying the design, routing, right-of-way preparation, and facility construction it deems necessary, and with any other appropriate conditions. The board may order the construction of high voltage transmission line facilities that are capable of expansion in transmission capacity through multiple circuiting or design modifications. The board shall publish a notice of its decision in the State Register within 30 days of issuance of the permit.

Sec. 14. [116C.575] [ALTERNATIVE REVIEW OF APPLICATIONS.]

Subdivision 1. [ALTERNATIVE REVIEW.] An applicant who seeks a site permit or route permit for one of the projects identified in this section shall have the option of following the procedures in this section rather than the procedures in section 116C.57. The applicant shall notify the chair at the time the application is submitted which procedure the applicant chooses to follow.

Subd. 2. [APPLICABLE PROJECTS.] The requirements and procedures in this section apply to the following projects:

(1) large electric power generating plants with a capacity of less than 80 megawatts;

(2) large electric power generating plants that are fueled by natural gas;

(3) high voltage transmission lines of between 100 and 200 kilovolts;

(4) high voltage transmission lines in excess of 200 kilovolts and less than five miles in length in Minnesota;

(5) high voltage transmission lines in excess of 200 kilovolts if at least 80 percent of the distance of the line in Minnesota will be located along existing high voltage transmission line right-of-way;

(6) a high voltage transmission line service extension to a single customer between 200 and 300 kilovolts and less than ten miles in length; and

(7) a high voltage transmission line rerouting to serve the demand of a single customer when the rerouted line will be located at least 80 percent on property owned or controlled by the customer or the owner of the transmission line.

Subd. 3. [APPLICATION.] The applicant for a site or route permit for any of the projects listed in subdivision 2 who chooses to follow these procedures shall submit information as the board may require, but the applicant shall not be required to propose a second site or route for the project. The applicant shall identify in the application any other sites or routes that were rejected by the applicant and the board may identify additional sites or routes to consider during the processing of the application. The chair of the board shall determine whether an application is complete and advise the applicant of any deficiencies.

Subd. 4. [NOTICE OF APPLICATION.] Upon submission of an application under this section, the applicant shall provide the same notice as required by section 116C.57, subdivision 2b.

Subd. 5. [ENVIRONMENTAL REVIEW.] For the projects identified in subdivision 2 and following these procedures, the board shall prepare an environmental assessment. The environmental assessment shall contain information on the human and environmental impacts of the proposed project and other sites or routes identified by the board and shall address mitigating measures for all of the sites or routes considered. The environmental assessment shall be the only state environmental review document required to be prepared on the project.

Subd. 6. [PUBLIC HEARING.] The board shall hold a public hearing in the area where the facility is proposed to be located. The board shall give notice of the public hearing in the same manner as notice under section 116C.57, subdivision 2d. The board shall conduct the public hearing under procedures established by the board. The applicant shall be present at the hearing to present evidence and to answer questions. The board shall provide opportunity at the public hearing for any person to present comments and to ask questions of the applicant and board staff. The board shall also afford interested persons an opportunity to submit written comments into the record.

Subd. 7. [TIMING.] The board shall make a final decision on an application within 60 days after completion of the public hearing. A final decision on the request for a site permit or route permit under this section shall be made within six months after the chair's determination that an application is complete. The board may extend this time limit for up to three months for just cause or upon agreement of the applicant.

Subd. 8. [CONSIDERATIONS.] The considerations in section 116C.57, subdivision 4, shall apply to any projects subject to this section.

Subd. 9. [FINAL DECISION.] (a) No site permit shall be issued in violation of the site selection standards and criteria established in this section and in rules adopted by the board. When

the board designates a site, it shall issue a site permit to the applicant with any appropriate conditions. The board shall publish a notice of its decision in the State Register within 30 days of issuance of the site permit.

(b) No route designation shall be made in violation of the route selection standards and criteria established in this section and in rules adopted by the board. When the board designates a route, it shall issue a permit for the construction of a high voltage transmission line specifying the design, routing, right-of-way preparation, and facility construction it deems necessary and with any other appropriate conditions. The board may order the construction of high voltage transmission line facilities that are capable of expansion in transmission capacity through multiple circuiting or design modifications. The board shall publish a notice of its decision in the State Register within 30 days of issuance of the permit.

Sec. 15. [116C.576] [LOCAL REVIEW OF APPLICATIONS.]

Subdivision 1. [LOCAL REVIEW.] (a) Notwithstanding the requirements of sections 116C.57 and 116C.575, an applicant who seeks a site or route permit for one of the projects identified in this section shall have the option of applying to those local units of government that have jurisdiction over the site or route for approval to build the project. If local approval is granted, a site or route permit is not required from the board. If the applicant files an application with the board, the applicant shall be deemed to have waived its right to seek local approval of the project.

(b) A local unit of government with jurisdiction over a project identified in this section to whom an applicant has applied for approval to build the project may request the board to assume jurisdiction and make a decision on a site or route permit under the applicable provisions of sections 116C.52 to 116C.69. A local unit of government must file the request with the board within 60 days after an application for the project has been filed with any one local unit of government. If one of the local units of government with jurisdiction over the project requests the board to assume jurisdiction, jurisdiction over the project transfers to the board. If the local units of government maintain jurisdiction over the project, the board shall select the appropriate local unit of government to be the responsible governmental unit to conduct environmental review of the project.

Subd. 2. [APPLICABLE PROJECTS.] Applicants may seek approval from local units of government to construct the following projects:

(1) large electric power generating plants with a capacity of less than 80 megawatts;

(2) large electric power generating plants of any size that burn natural gas and are intended to be a peaking plant;

(3) high voltage transmission lines of between 100 and 200 kilovolts;

(4) substations with a voltage designed for and capable of operation at a nominal voltage of 100 kilovolts or more;

(5) a high voltage transmission line service extension to a single customer between 200 and 300 kilovolts and less than ten miles in length; and

(6) a high voltage transmission line rerouting to serve the demand of a single customer when the rerouted line will be located at least 80 percent on property owned or controlled by the customer or the owner of the transmission line.

Subd. 3. [NOTICE OF APPLICATION.] Within ten days of submission of an application to a local unit of government for approval of an eligible project, the applicant shall notify the board that the applicant has elected to seek local approval of the proposed project.

Sec. 16. [116C.577] [EMERGENCY PERMIT.]

(a) Any utility whose electric power system requires the immediate construction of a large electric power generating plant or high voltage transmission line due to a major unforeseen event

may apply to the board for an emergency permit after providing notice in writing to the public utilities commission of the major unforeseen event and the need for immediate construction. The permit must be issued in a timely manner, no later than 195 days after the board's acceptance of the application and upon a finding by the board that (1) a demonstrable emergency exists, (2) the emergency requires immediate construction, and (3) adherence to the procedures and time schedules specified in section 116C.57 would jeopardize the utility's electric power system or would jeopardize the utility's ability to meet the electric needs of its customers in an orderly and timely manner.

(b) A public hearing to determine if an emergency exists must be held within 90 days of the application. The board, after notice and hearing, shall adopt rules specifying the criteria for emergency certification.

Sec. 17. Minnesota Statutes 2000, section 116C.58, is amended to read:

116C.58 [~~PUBLIC HEARINGS; NOTICE~~ ANNUAL HEARING.]

The board shall hold an annual public hearing at a time and place prescribed by rule in order to afford interested persons an opportunity to be heard regarding ~~its inventory of study areas and any other aspects of the board's activities and duties or policies specified in sections 116C.51 to 116C.69. The board shall hold at least one public hearing in each county where a site or route is being considered for designation pursuant to section 116C.57. Notice and agenda of public hearings and public meetings of the board held in each county shall be given by the board at least ten days in advance but no earlier than 45 days prior to such hearings or meetings. Notice shall be by publication in a legal newspaper of general circulation in the county in which the public hearing or public meeting is to be held and by certified mailed notice to chief executives of the regional development commissions, counties, organized towns and the incorporated municipalities in which a site or route is proposed. All hearings held for designating a site or route or for exempting a route shall be conducted by an administrative law judge from the office of administrative hearings pursuant to the contested case procedures of chapter 14. Any person may appear at the hearings and present testimony and exhibits and may question witnesses without the necessity of intervening as a formal party to the proceedings~~ any matters relating to the siting of large electric generating power plants and routing of high voltage transmission lines. At the meeting, the board shall advise the public of the permits issued by the board in the past year. The board shall provide at least ten days but no more than 45 days' notice of the annual meeting by mailing notice to those persons who have requested notice and by publication in the EQB Monitor.

Sec. 18. Minnesota Statutes 2000, section 116C.59, subdivision 1, is amended to read:

Subdivision 1. [ADVISORY TASK FORCE.] The board may appoint one or more advisory task forces to assist it in carrying out its duties. Task forces appointed to evaluate sites or routes considered for designation shall be comprised of as many persons as may be designated by the board, but at least one representative from each of the following: Regional development commissions, counties and municipal corporations and one town board member from each county in which a site or route is proposed to be located. No officer, agent, or employee of a utility shall serve on an advisory task force. Reimbursement for expenses incurred shall be made pursuant to the rules governing state employees. The task forces expire as provided in section 15.059, subdivision 6. At the time the task force is appointed, the board shall specify the charge to the task force. The task force shall expire upon completion of its charge, upon designation by the board of alternative sites or routes to be included in the environmental impact statement, or upon the specific date identified by the board in the charge, whichever occurs first.

Sec. 19. Minnesota Statutes 2000, section 116C.59, subdivision 4, is amended to read:

Subd. 4. [SCIENTIFIC ADVISORY TASK FORCE.] The board may appoint one or more advisory task forces composed of technical and scientific experts to conduct research and make recommendations concerning generic issues such as health and safety, underground routes, double circuiting and long-range route and site planning. Reimbursement for expenses incurred shall be made pursuant to the rules governing reimbursement of state employees. The task forces expire as provided in section 15.059, subdivision 6. The time allowed for completion of a specific site or route procedure may not be extended to await the outcome of these generic investigations.

Sec. 20. Minnesota Statutes 2000, section 116C.60, is amended to read:

116C.60 [PUBLIC MEETINGS; TRANSCRIPT OF PROCEEDINGS; WRITTEN RECORDS.]

Meetings of the board, including hearings, shall be open to the public. Minutes shall be kept of board meetings and a complete record of public hearings shall be kept. All books, records, files, and correspondence of the board shall be available for public inspection at any reasonable time. The ~~council~~ board shall also be subject to chapter 13D.

Sec. 21. Minnesota Statutes 2000, section 116C.61, subdivision 1, is amended to read:

Subdivision 1. [REGIONAL, COUNTY AND LOCAL ORDINANCES, RULES, REGULATIONS; PRIMARY RESPONSIBILITY AND REGULATION OF SITE DESIGNATION, IMPROVEMENT AND USE.] To assure the paramount and controlling effect of the provisions herein over other state agencies, regional, county and local governments, and special purpose government districts, the issuance of a ~~certificate of~~ site permit ~~compatibility~~ or ~~transmission line construction~~ route permit and subsequent purchase and use of such site or route locations for large electric power generating plant and high voltage transmission line purposes shall be the sole site or route approval required to be obtained by the utility. Such ~~certificate or~~ permit shall supersede and preempt all zoning, building, or land use rules, regulations, or ordinances promulgated by regional, county, local and special purpose government.

Sec. 22. Minnesota Statutes 2000, section 116C.61, subdivision 3, is amended to read:

Subd. 3. [STATE AGENCY PARTICIPATION.] State agencies authorized to issue permits required for construction or operation of large electric power generating plants or high voltage transmission lines shall participate ~~in and present the position of the agency~~ during routing and siting at public hearings and all other activities of the board on specific site or route designations and design considerations of the board, ~~which position~~ and shall clearly state whether the site or route being considered for designation or permit and other design matters under consideration for approval ~~for a certain size and type of facility~~ will be in compliance with state agency standards, rules or policies.

Sec. 23. Minnesota Statutes 2000, section 116C.62, is amended to read:

116C.62 [IMPROVEMENT OF SITES AND ROUTES.]

Utilities ~~which~~ that have acquired a site or route in accordance with sections 116C.51 to 116C.69 may proceed to construct or improve the site or route for the intended purposes at any time, subject to section 116C.61, subdivision 2, provided that if the construction and improvement ~~commences more than~~ has not commenced within four years after a ~~certificate or~~ permit for the site or route has been issued, then the utility must certify to the board that the site or route continues to meet the conditions upon which the ~~certificate of~~ site ~~compatibility or transmission line construction~~ or route permit was issued.

Sec. 24. Minnesota Statutes 2000, section 116C.64, is amended to read:

116C.64 [FAILURE TO ACT.]

If the board fails to act within the times specified in section 116C.57, the applicant or any affected ~~utility~~ person may seek an order of the district court requiring the board to designate or refuse to designate a site or route.

Sec. 25. Minnesota Statutes 2000, section 116C.645, is amended to read:

116C.645 [REVOCATION OR SUSPENSION.]

A site ~~certificate~~ or ~~construction~~ route permit may be revoked or suspended by the board after adequate notice of the alleged grounds for revocation or suspension and a full and fair hearing in which the affected utility has an opportunity to confront any witness and respond to any evidence against it and to present rebuttal or mitigating evidence upon a finding by the board of:

(1) Any false statement knowingly made in the application or in accompanying statements or studies required of the applicant, if a true statement would have warranted a change in the board's findings;

(2) Failure to comply with material conditions of the site certificate or construction permit, or failure to maintain health and safety standards; or

(3) Any material violation of the provisions of sections 116C.51 to 116C.69, any rule promulgated pursuant thereto, or any order of the board.

Sec. 26. Minnesota Statutes 2000, section 116C.65, is amended to read:

116C.65 [JUDICIAL REVIEW.]

Any ~~utility~~ applicant, party or person aggrieved by the issuance of a ~~certificate~~ site or route permit or emergency ~~certificate of site compatibility or transmission line construction~~ permit from the board or a certification of continuing suitability filed by a utility with the board or by a final order in accordance with any rules promulgated by the board, may appeal to the court of appeals in accordance with chapter 14. The appeal shall be filed within ~~60~~ 30 days after the publication in the State Register of notice of the issuance of the ~~certificate or~~ permit by the board or certification filed with the board or the filing of any final order by the board.

Sec. 27. Minnesota Statutes 2000, section 116C.66, is amended to read:

116C.66 [RULES.]

The board, in order to give effect to the purposes of sections 116C.51 to 116C.69, ~~shall prior to July 1, 1978,~~ may adopt rules consistent with sections 116C.51 to 116C.69, including promulgation of site and route designation criteria, the description of the information to be furnished by the utilities, establishment of minimum guidelines for public participation in the development, revision, and enforcement of any rule, plan or program established by the board, procedures for the revocation or suspension of a ~~construction~~ site or route permit ~~or a certificate of site compatibility~~, and the procedure and timeliness for proposing alternative routes and sites~~, and route exemption criteria and procedures~~. No rule adopted by the board shall grant priority to state-owned wildlife management areas over agricultural lands in the designation of route avoidance areas. The provisions of chapter 14 shall apply to the appeal of rules adopted by the board to the same extent as it applies to review of rules adopted by any other agency of state government.

The chief administrative law judge shall~~, prior to January 1, 1978,~~ adopt procedural rules for public hearings relating to the site and route ~~designation~~ permit process ~~and to the route exemption process~~. The rules shall attempt to maximize citizen participation in these processes consistent with the time limits for board decision established in sections 116C.57, subdivision 8, and 116C.575, subdivision 7.

Sec. 28. Minnesota Statutes 2000, section 116C.69, is amended to read:

116C.69 [BIENNIAL REPORT; APPLICATION FEES; APPROPRIATION; FUNDING.]

Subdivision 1. [BIENNIAL REPORT.] Before November 15 of each even-numbered year the board shall prepare and submit to the legislature a report of its operations, activities, findings and recommendations concerning sections 116C.51 to 116C.69. The report shall also contain information on the board's biennial expenditures, its proposed budget for the following biennium, and the amounts paid in ~~certificate and~~ permit application fees ~~pursuant to subdivisions 2 and 2a~~ and in assessments pursuant to ~~subdivision 3~~ this section. The proposed budget for the following biennium shall be subject to legislative review.

Subd. 2. [SITE APPLICATION FEE.] Every applicant for a site ~~certificate~~ permit shall pay to the board a fee in an amount equal to $500 for each $1,000,000 of production plant investment in the proposed installation as defined in the Federal Power Commission Uniform System of Accounts. The board shall specify the time and manner of payment of the fee. If any single

payment requested by the board is in excess of 25 percent of the total estimated fee, the board shall show that the excess is reasonably necessary. The applicant shall pay within 30 days of notification any additional fees reasonably necessary for completion of the site evaluation and designation process by the board. In no event shall the total fees required of the applicant under this subdivision exceed an amount equal to 0.001 of said production plant investment ($1,000 for each $1,000,000). All money received pursuant to this subdivision shall be deposited in a special account. Money in the account is appropriated to the board to pay expenses incurred in processing applications for ~~certificates~~ site permits in accordance with sections 116C.51 to 116C.69 and in the event the expenses are less than the fee paid, to refund the excess to the applicant.

Subd. 2a. [ROUTE APPLICATION FEE.] Every applicant for a transmission line ~~construction~~ route permit shall pay to the board a base fee of $35,000 plus a fee in an amount equal to $1,000 per mile length of the longest proposed route. The board shall specify the time and manner of payment of the fee. If any single payment requested by the board is in excess of 25 percent of the total estimated fee, the board shall show that the excess is reasonably necessary. In the event the actual cost of processing an application up to the board's final decision to designate a route exceeds the above fee schedule, the board may assess the applicant any additional fees necessary to cover the actual costs, not to exceed an amount equal to $500 per mile length of the longest proposed route. All money received pursuant to this subdivision shall be deposited in a special account. Money in the account is appropriated to the board to pay expenses incurred in processing applications for ~~construction~~ route permits in accordance with sections 116C.51 to 116C.69 and in the event the expenses are less than the fee paid, to refund the excess to the applicant.

Subd. 3. [FUNDING; ASSESSMENT.] The board shall finance its base line studies, general environmental studies, development of criteria, inventory preparation, monitoring of conditions placed on site ~~certificates~~ and ~~construction~~ route permits, and all other work, other than specific site and route designation, from an assessment made quarterly, at least 30 days before the start of each quarter, by the board against all utilities with annual retail kilowatt-hour sales greater than 4,000,000 kilowatt-hours in the previous calendar year.

Each share shall be determined as follows: (1) the ratio that the annual retail kilowatt-hour sales in the state of each utility bears to the annual total retail kilowatt-hour sales in the state of all these utilities, multiplied by 0.667, plus (2) the ratio that the annual gross revenue from retail kilowatt-hour sales in the state of each utility bears to the annual total gross revenues from retail kilowatt-hour sales in the state of all these utilities, multiplied by 0.333, as determined by the board. The assessment shall be credited to the special revenue fund and shall be paid to the state treasury within 30 days after receipt of the bill, which shall constitute notice of said assessment and demand of payment thereof. The total amount which may be assessed to the several utilities under authority of this subdivision shall not exceed the sum of the annual budget of the board for carrying out the purposes of this subdivision. The assessment for the second quarter of each fiscal year shall be adjusted to compensate for the amount by which actual expenditures by the board for the preceding fiscal year were more or less than the estimated expenditures previously assessed.

Sec. 29. Minnesota Statutes 2000, section 216B.2421, subdivision 2, is amended to read:

Subd. 2. [LARGE ENERGY FACILITY.] "Large energy facility" means:

(1) any electric power generating plant or combination of plants at a single site with a combined capacity of ~~80,000 kilowatts or more, or any facility of~~ 50,000 kilowatts or more ~~which requires oil, natural gas, or natural gas liquids as a fuel and for which an installation permit has not been applied for by May 19, 1977 pursuant to Minn. Reg. APC 3(a)~~ and transmission lines directly associated with the plant that are necessary to interconnect the plant to the transmission system;

(2) any high voltage transmission line with a capacity of 200 kilovolts or more ~~and with more than 50 miles of its length in Minnesota~~; ~~or,~~

(3) any high voltage transmission line with a capacity of ~~300~~ 100 kilovolts or more with more than ~~25~~ ten miles of its length in Minnesota or that crosses a state line;

~~(3)~~ (4) any pipeline greater than six inches in diameter and having more than 50 miles of its

length in Minnesota used for the transportation of coal, crude petroleum or petroleum fuels or oil or their derivatives;

~~(4)~~ (5) any pipeline for transporting natural or synthetic gas at pressures in excess of 200 pounds per square inch with more than 50 miles of its length in Minnesota;

~~(5)~~ (6) any facility designed for or capable of storing on a single site more than 100,000 gallons of liquefied natural gas or synthetic gas;

~~(6)~~ (7) any underground gas storage facility requiring permit pursuant to section 103I.681;

~~(7)~~ (8) any nuclear fuel processing or nuclear waste storage or disposal facility; and

~~(8)~~ (9) any facility intended to convert any material into any other combustible fuel and having the capacity to process in excess of 75 tons of the material per hour.

Sec. 30. [216B.2425] [STATE TRANSMISSION PLAN.]

Subdivision 1. [LIST.] The commission shall maintain a list of certified high voltage transmission line projects.

Subd. 2. [LIST DEVELOPMENT.] (a) By November 1 of each odd-numbered year, each public utility, municipal utility, and cooperative electric association, or the generation and transmission organization that serves each utility or association, that owns or operates electric transmission lines in Minnesota shall jointly or individually submit a transmission projects report to the commission. The report must:

(1) list specific present and reasonably foreseeable future inadequacies in the transmission system in Minnesota;

(2) identify alternative means of addressing each inadequacy listed;

(3) identify general economic, environmental, and social issues associated with each alternative; and

(4) provide a summary of public input the utilities and associations have gathered related to the list of inadequacies and the role of local government officials and other interested persons in assisting to develop the list and analyze alternatives.

(b) To meet the requirements of this subdivision, entities may rely on available information and analysis developed by a regional transmission organization or any subgroup of a regional transmission organization and may develop and include additional information as necessary.

Subd. 3. [COMMISSION APPROVAL.] By June 1 of each even-numbered year, the commission shall adopt a state transmission project list and shall certify, certify as modified, or deny certification of the projects proposed under subdivision 2. The commission may only certify a project that is a high voltage transmission line as defined in section 216B.2421, subdivision 2, that the commission finds is:

(1) necessary to maintain or enhance the reliability of electric service to Minnesota consumers;

(2) needed, applying the criteria in section 216B.241, subdivision 3; and

(3) in the public interest, taking into account electric energy system needs and economic, environmental, and social interests affected by the project.

Subd. 4. [LIST; EFFECT.] Certification of a project as a priority electric transmission project satisfies section 216B.243. A certified project on which construction has not begun more than six years after being placed on the list, must be reapproved by the commission.

Subd. 5. [TRANSMISSION INVENTORY.] The department of commerce shall create, maintain, and update annually an inventory of transmission lines in the state.

Subd. 6. [EXCLUSION.] This section does not apply to any transmission line proposal that has been approved, or was pending before a local unit of government, the environmental quality board, or the public utilities commission on August 1, 2001.

Sec. 31. Minnesota Statutes 2000, section 216B.243, subdivision 3, is amended to read:

Subd. 3. [SHOWING REQUIRED FOR CONSTRUCTION.] No proposed large energy facility shall be certified for construction unless the applicant can show that demand for electricity cannot be met more cost-effectively through energy conservation and load-management measures and unless the applicant has otherwise justified its need. In assessing need, the commission shall evaluate:

(1) the accuracy of the long-range energy demand forecasts on which the necessity for the facility is based;

(2) the effect of existing or possible energy conservation programs under sections 216C.05 to 216C.30 and this section or other federal or state legislation on long-term energy demand;

(3) the relationship of the proposed facility to overall state energy needs, as described in the most recent state energy policy and conservation report prepared under section 216C.18;

(4) promotional activities that may have given rise to the demand for this facility;

(5) ~~socially beneficial uses of the output~~ benefits of this facility, including its uses to protect or enhance environmental quality, and to increase reliability of energy supply in Minnesota and the region;

~~(6) the effects of the facility in inducing future development;~~

~~(7)~~ (6) possible alternatives for satisfying the energy demand or transmission needs including but not limited to potential for increased efficiency and upgrading of existing energy generation and transmission facilities, load management programs, and distributed generation;

~~(8)~~ (7) the policies, rules, and regulations of other state and federal agencies and local governments; and

~~(9)~~ (8) any feasible combination of energy conservation improvements, required under section 216B.241, that can (i) replace part or all of the energy to be provided by the proposed facility, and (ii) compete with it economically.

Sec. 32. Minnesota Statutes 2000, section 216B.243, subdivision 4, is amended to read:

Subd. 4. [APPLICATION FOR CERTIFICATE; HEARING.] Any person proposing to construct a large energy facility shall apply for a certificate of need prior to ~~construction of the facility~~ applying for a site or route permit under sections 116C.51 to 116C.69 or construction of the facility. The application shall be on forms and in a manner established by the commission. In reviewing each application the commission shall hold at least one public hearing pursuant to chapter 14. The public hearing shall be held at a location and hour reasonably calculated to be convenient for the public. An objective of the public hearing shall be to obtain public opinion on the necessity of granting a certificate of need. The commission shall designate a commission employee whose duty shall be to facilitate citizen participation in the hearing process. If the commission and the environmental quality board determine that a joint hearing on siting and need under this subdivision and section 116C.57, subdivision 2d, is feasible, more efficient, and may further the public interest, a joint hearing under those subdivisions may be held.

Sec. 33. Minnesota Statutes 2000, section 216B.243, subdivision 8, is amended to read:

Subd. 8. [EXEMPTIONS.] This section does not apply to:

(1) cogeneration or small power production facilities as defined in the Federal Power Act, United States Code, title 16, sections 796(18)(A) and 796(17)(A), and having a combined capacity at a single site of less than 80,000 kilowatts or to plants or facilities for the production of ethanol

or fuel alcohol nor in any case where the commission shall determine after being advised by the attorney general that its application has been preempted by federal law;

(2) a high voltage transmission line proposed primarily to distribute electricity to serve the demand of a single customer at a single location, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(3) the upgrade to a higher voltage of an existing transmission line that serves the demand of a single customer that primarily uses existing rights-of-way, unless the applicant opts to request that the commission determine need under this section or section 216B.2425;

(4) conversion of the fuel source of an existing electric generating plant to using natural gas; or

(5) modification of an existing electric generating plant to increase efficiency, as long as the capacity of the plant is not increased more than ten percent or more than 100 megawatts, whichever is greater.

Sec. 34. Minnesota Statutes 2000, section 216B.62, subdivision 5, is amended to read:

Subd. 5. [ASSESSING COOPERATIVES AND MUNICIPALS.] The commission and department may charge cooperative electric associations and municipal electric utilities their proportionate share of the expenses incurred in the review and disposition of resource plans, adjudication of service area disputes, proceedings under section 216B.2425, and the costs incurred in the adjudication of complaints over service standards, practices, and rates. Cooperative electric associations electing to become subject to rate regulation by the commission pursuant to section 216B.026, subdivision 4, are also subject to this section. Neither a cooperative electric association nor a municipal electric utility is liable for costs and expenses in a calendar year in excess of the limitation on costs that may be assessed against public utilities under subdivision 2. A cooperative electric association or municipal electric utility may object to and appeal bills of the commission and department as provided in subdivision 4.

The department shall assess cooperatives and municipalities for the costs of alternative energy engineering activities under section 216C.261. Each cooperative and municipality shall be assessed in proportion that its gross operating revenues for the sale of gas and electric service within the state for the last calendar year bears to the total of those revenues for all public utilities, cooperatives, and municipalities.

Sec. 35. [STATE ENERGY PLANNING REPORT.]

(a) The commissioner of the department of commerce shall prepare a state energy planning report and submit it to the legislature by December 15, 2001 and update the report by December 15, 2002. The report must identify important trends and issues in energy consumption, supply, technologies, conservation, environmental effects, and economics, and must recommend energy goals relating to the energy needs of the state. The report must recommend goals for the role of energy conservation, utilization of renewable energy resources, deployment of distributed generation resources, other modern energy technologies, and traditional energy technologies, and affordability of energy services for all Minnesotans. The report must recommend strategies to reach the recommended goals, including recommendations for amendments to state law.

(b) The report must address, among other issues:

(1) projected energy consumption over the next ten years;

(2) the need for new energy production and transportation facilities;

(3) options for streamlining of the procedures for certification of need, routing and siting, environmental review, and permitting of energy facilities;

(4) the potential role of energy conservation, modern and emerging energy technologies, and renewable generation;

(5) the role for traditional energy technologies;

(6) the environmental effects of energy consumption, including an analysis of the costs associated with reducing those effects; and

(7) projected energy costs over the next ten years.

(c) In preparing the report, the commissioner shall invite public participation and shall consult with other state agencies, including the environmental quality board staff, the public utilities commission staff, the pollution control agency, the department of health and other relevant agencies, local government units, regional energy planning groups, energy utilities, and other interested persons. Not later than October 1, 2001, the commissioner shall issue a draft report. The commissioner shall accept written comments and hold at least one public meeting to gather additional public input on the draft report.

Sec. 36. [REPEALER.]

Minnesota Statutes 2000, sections 116C.55, subdivisions 2 and 3; 116C.57, subdivisions 3, 5, and 5a; 116C.67; and 216B.2421, subdivision 3, are repealed.

Sec. 37. [EFFECTIVE DATE.]

This article is effective for certificates of need and route and site permits applied for on or after August 1, 2001.

ARTICLE 8

RENEWABLE ENERGY AND CONSERVATION

Section 1. Minnesota Statutes 2000, section 216B.1645, is amended to read:

216B.1645 [POWER PURCHASE CONTRACT OR INVESTMENT.]

Upon the petition of a public utility, the public utilities commission shall approve or disapprove power purchase contracts, investments, or expenditures entered into or made by the utility to satisfy the wind and biomass mandates contained in sections 216B.2423 ~~and~~, 216B.2424, and 216B.169, including reasonable investments and expenditures made to transmit the electricity generated from sources developed under those sections that is ultimately used to provide service to the utility's retail customers, or to develop renewable energy sources from the account required in section 116C.779. The expenses incurred by the utility over the duration of the approved contract or useful life of the investment and expenditures made pursuant to section 116C.779 shall be recoverable from the ratepayers of the utility, to the extent they are not offset by utility revenues attributable to the contracts, investments, or expenditures. Upon petition by a public utility, the commission shall approve or approve as modified a rate schedule providing for the automatic adjustment of charges to recover the expenses or costs approved by the commission, which, in the case of transmission expenditures, are limited to the portion of actual transmission costs that are directly allocable to the need to transmit power from the renewable sources of energy. The commission may not approve recovery of the costs for that portion of the power generated from sources governed by this section that the utility sells into the wholesale market. Nothing in this section shall be construed to determine the manner or extent to which revenues derived from other generation facilities of the utility may be considered in determining the recovery of the approved cost or expenses associated with the mandated contracts, investments, or expenditures in the event there is retail competition for electric energy.

Sec. 2. [216B.169] [RENEWABLE AND HIGH-EFFICIENCY ENERGY RATE OPTIONS.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them.

(a) "Utility" means a public utility, municipal utility, or cooperative electric association providing electric service at retail to Minnesota consumers.

(b) "Renewable energy" has the meaning given in section 216B.2422, subdivision 1, paragraph (c).

(c) "High-efficiency, low emissions, distributed generation" means a distributed generation facility of no more than ten megawatts of interconnected capacity that is certified by the commissioner under subdivision 3 as a high-efficiency, low emissions facility.

Subd. 2. [RENEWABLE AND HIGH-EFFICIENCY ENERGY RATE OPTIONS.] (a) Each utility shall offer its customers, and shall advertise the offer at least annually, one or more options that allow a customer to determine that a certain amount of the electricity generated or purchased on behalf of the customer is renewable energy or energy generated by high-efficiency, low emissions, distributed generation such as fuel cells and microturbines fueled by a renewable fuel.

(b) Each public utility shall file an implementation plan within 90 days of the effective date of this section to implement paragraph (a).

(c) Rates charged to customers must be calculated using the utility's cost of acquiring the energy for the customer and must:

(1) reflect the difference between the cost of generating or purchasing the renewable energy and the cost of generating or purchasing the same amount of nonrenewable energy; and

(2) be distributed on a per kilowatt-hour basis among all customers who choose to participate in the program.

(d) Implementation of these rate options may reflect a reasonable amount of lead time necessary to arrange acquisition of the energy. The utility may acquire the energy demanded by customers, in whole or in part, through procuring or generating the renewable energy directly, or through the purchase of credits from a provider that has received certification of eligible power supply pursuant to subdivision 3. If a utility is not able to arrange an adequate supply of renewable or high-efficiency energy to meet its customers' demand under this section, the utility must file a report with the commission detailing its efforts and reasons for its failure.

Subd. 3. [CERTIFICATION AND TRADEABLE CREDITS.] (a) The commissioner shall certify a power supply or supplies as eligible to satisfy customer requirements under this section upon finding:

(1) the power supply is renewable energy or energy generated by high-efficiency, low emissions, distributed generation; and

(2) the sales arrangements of energy from the supplies are such that the power supply is only sold once to retail consumers.

(b) To facilitate compliance with this section, the commission may, by order, establish a program for tradeable credits for eligible power supplies.

Sec. 3. [216B.1691] [RENEWABLE ENERGY OBJECTIVES.]

Subdivision 1. [DEFINITIONS.] (a) "Eligible energy technology" means:

(1) an energy technology that generates electricity from the following renewable energy sources: solar, wind, hydroelectric with a capacity of less than 60 megawatts, or biomass; and

(2) was not mandated by state law or commission order.

(b) "electric utility" means a public utility providing electric service, a generation and transmission cooperative electric association, or a municipal power agency.

Subd. 2. [ELIGIBLE ENERGY OBJECTIVES.] (a) Each electric utility shall make a good faith effort to generate or procure sufficient electricity generated by an eligible energy technology to provide its retail consumers, or the retail members of a distribution utility to which the electric utility provides wholesale electric service, so that:

(1) commencing in 2005, at least one percent of the electric energy provided to those retail customers is generated by eligible energy technologies;

(2) the amount provided under clause (1) is increased by one percent each year until 2015;

(3) ten percent of the electric energy provided to retail customers in Minnesota is generated by eligible energy technologies; and

(4) of the eligible energy technology generation required under clauses (1) and (2), at least 0.5 percent of the energy must be generated by biomass energy technologies by 2010 and one percent by 2015.

(b) Each electric utility shall report on its activities and progress with regard to these objectives in their filings under section 216B.2422.

(c) The commission, in consultation with the commissioner of commerce, shall compile the information provided to the commission under paragraph (b), and report to the chairs of the house of representatives and senate committees with jurisdiction over energy and environment policy issues as to the progress of utilities in the state in increasing the amount of renewable energy provided to retail customers, with any recommendations for regulatory or legislative action, by January 15, 2002.

Sec. 4. Minnesota Statutes 2000, section 216B.241, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section and section 216B.16, subdivision 6b, the terms defined in this subdivision have the meanings given them.

(a) "Commission" means the public utilities commission.

(b) "Commissioner" means the commissioner of public service.

(c) "Customer facility" means all buildings, structures, equipment, and installations at a single site.

(d) "Department" means the department of public service.

(e) "Energy conservation" means demand-side management of energy supplies resulting in a net reduction in energy use. Load management that reduces overall energy use is energy conservation.

(f) "Energy conservation improvement" means ~~the purchase or installation of a device, method, material, or project that:~~

~~(1) reduces consumption of or increases efficiency in the use of electricity or natural gas, including but not limited to insulation and ventilation, storm or thermal doors or windows, caulking and weatherstripping, furnace efficiency modifications, thermostat or lighting controls, awnings, or systems to turn off or vary the delivery of energy;~~

~~(2) creates, converts, or actively uses energy from renewable sources such as solar, wind, and biomass, provided that the device or method conforms with national or state performance and quality standards whenever applicable;~~

~~(3) seeks to provide energy savings through reclamation or recycling and that is used as part of the infrastructure of an electric generation, transmission, or distribution system within the state or a natural gas distribution system within the state; or~~

~~(4) provides research or development of new means of increasing energy efficiency or conserving energy or research or development of improvement of existing means of increasing energy efficiency or conserving energy~~ a project that results in energy conservation.

~~(f)~~ (g) "Investments and expenses of a public utility" includes the investments and expenses incurred by a public utility in connection with an energy conservation improvement, including but not limited to:

(1) the differential in interest cost between the market rate and the rate charged on a no-interest or below-market interest loan made by a public utility to a customer for the purchase or installation of an energy conservation improvement;

(2) the difference between the utility's cost of purchase or installation of energy conservation improvements and any price charged by a public utility to a customer for such improvements.

~~(g)~~ (h) "Large electric customer facility" means a customer facility that imposes a peak electrical demand on an electric utility's system of not less than 20,000 kilowatts, measured in the same way as the utility that serves the customer facility measures electrical demand for billing purposes, and for which electric services are provided at retail on a single bill by a utility operating in the state.

(i) "Load management" means an activity, service, or technology to change the timing or the efficiency of a customer's use of energy that allows a utility or a customer to respond to wholesale market fluctuations or to reduce the overall demand for energy or capacity.

Sec. 5. Minnesota Statutes 2000, section 216B.241, subdivision 1a, is amended to read:

Subd. 1a. [INVESTMENT, EXPENDITURE, AND CONTRIBUTION; PUBLIC UTILITY.] (a) For purposes of this subdivision and subdivision 2, "public utility" has the meaning given it in section 216B.02, subdivision 4. Each public utility shall spend and invest for energy conservation improvements under this subdivision and subdivision 2 the following amounts:

(1) for a utility that furnishes gas service, 0.5 percent of its gross operating revenues from service provided in the state;

(2) for a utility that furnishes electric service, 1.5 percent of its gross operating revenues from service provided in the state; and

(3) for a utility that furnishes electric service and that operates a nuclear-powered electric generating plant within the state, two percent of its gross operating revenues from service provided in the state.

For purposes of this paragraph (a), "gross operating revenues" do not include revenues from large electric customer facilities exempted by the commissioner ~~of the department of public service pursuant to~~ under paragraph (b).

(b) The owner of a large electric customer facility may petition the commissioner ~~of the department of public service~~ to exempt both electric and gas utilities serving the large energy customer facility from the investment and expenditure requirements of paragraph (a) with respect to retail revenues attributable to the facility. At a minimum, the petition must be supported by evidence relating to competitive or economic pressures on the customer and a showing by the customer of reasonable efforts to identify, evaluate, and implement cost-effective conservation improvements at the facility. If a petition is filed on or before October 1 of any year, the order of the commissioner to exempt revenues attributable to the facility can be effective no earlier than January 1 of the following year. The commissioner shall not grant an exemption if the commissioner determines that granting the exemption is contrary to the public interest. The commissioner may, after investigation, rescind any exemption granted under this paragraph upon a determination that cost-effective energy conservation improvements are available at the large electric customer facility. For the purposes of this paragraph, "cost-effective" means that the projected total cost of the energy conservation improvement at the large electric customer facility is less than the projected present value of the energy and demand savings resulting from the energy conservation improvement. For the purposes of investigations by the commissioner under this paragraph, the owner of any large electric customer facility shall, upon request, provide the commissioner with updated information comparable to that originally supplied in or with the owner's original petition under this paragraph.

(c) The commissioner may require investments or spending greater than the amounts required under this subdivision for a public utility whose most recent advance forecast required under section 216B.2422 or 216C.17 projects a peak demand deficit of 100 megawatts or greater within five years under mid-range forecast assumptions.

(d) A public utility or owner of a large electric customer facility may appeal a decision of the commissioner under paragraph (b) or (c) to the commission under subdivision 2. In reviewing a decision of the commissioner under paragraph (b) or (c), the commission shall rescind the decision if it finds that the required investments or spending will:

(1) not result in cost-effective energy conservation improvements; or

(2) otherwise not be in the public interest.

(e) Each utility shall determine what portion of the amount it sets aside for conservation improvement will be used for conservation improvements under subdivision 2 and what portion it will contribute to the energy and conservation account established in subdivision 2a. A public utility may propose to the commissioner to designate that all or a portion of funds contributed to the account established in subdivision 2a be used for research and development projects that can best be implemented on a statewide basis. Contributions must be remitted to the commissioner of public service by February 1 of each year. Nothing in this subdivision prohibits a public utility from spending or investing for energy conservation improvement more than required in this subdivision.

Sec. 6. Minnesota Statutes 2000, section 216B.241, subdivision 1b, is amended to read:

Subd. 1b. [CONSERVATION IMPROVEMENT BY COOPERATIVE ASSOCIATION OR MUNICIPALITY.] (a) This subdivision applies to:

(1) a cooperative electric association that ~~generates and transmits electricity to associations that provide electricity at retail including a cooperative electric association not located in this state that serves associations or others in the state~~ provides retail service to its members;

(2) a municipality that provides electric service to retail customers; and

(3) a municipality with gross operating revenues in excess of $5,000,000 from sales of natural gas to retail customers.

(b) Each cooperative electric association and municipality subject to this subdivision shall spend and invest for energy conservation improvements under this subdivision the following amounts:

(1) for a municipality, 0.5 percent of its gross operating revenues from the sale of gas and ~~one~~ 1.5 percent of its gross operating revenues from the sale of electricity ~~not purchased from a public utility governed by subdivision 1a or a cooperative electric association governed by this subdivision~~, excluding gross operating revenues from electric and gas service provided in the state to large electric customer facilities; and

(2) for a cooperative electric association, 1.5 percent of its gross operating revenues from service provided in the state, excluding gross operating revenues from service provided in the state to large electric customer facilities indirectly through a distribution cooperative electric association.

(c) Each municipality and cooperative electric association subject to this subdivision shall identify and implement energy conservation improvement spending and investments that are appropriate for the municipality or association, except that a municipality or association may not spend or invest for energy conservation improvements that directly benefit a large electric customer facility for which the commissioner has issued an exemption under subdivision 1a, paragraph (b).

(d) Each municipality and cooperative electric association subject to this subdivision may spend and invest annually up to ~~15~~ ten percent of the total amount required to be spent and invested on energy conservation improvements under this subdivision on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the municipality or cooperative electric association. ~~Load management may be used to meet the requirements of this subdivision if it reduces the demand for or increases the efficiency of electric services.~~

(e) Load management activities that do not reduce energy use but that increase the efficiency of the electric system may be used to meet the following percentage of the conservation investment and spending requirements of this subdivision:

(1) 2002 - 90 percent;

(2) 2003 - 80 percent;

(3) 2004 - 65 percent; and

(4) 2005 and thereafter - 50 percent.

(f) A generation and transmission cooperative electric association ~~may include as spending and investment required under this subdivision conservation improvement spending and investment by~~ that provides energy services to cooperative electric associations that provide electric service at retail to consumers ~~and that are served by the generation and transmission association~~ may invest in energy conservation improvements on behalf of the associations it serves and may fulfill the conservation, spending, reporting, and energy savings goals on an aggregate basis. A municipal power agency or other not-for-profit entity that provides energy service to municipal utilities that provide electric service at retail may invest in energy conservation improvements on behalf of the municipal utilities it serves and may fulfill the conservation, spending, reporting, and energy savings goals on an aggregate basis, under an agreement between the municipal power agency or not-for-profit entity and each municipal utility for funding the investments.

~~(d)~~ (g) By ~~February 1 of each year~~ June 1, 2002, and every two years thereafter, each municipality or cooperative shall ~~report~~ file an overview of its conservation improvement plan with the commissioner. With this overview, the municipality or cooperative shall also provide an evaluation to the commissioner detailing its energy conservation improvement spending and investments ~~with a brief analysis of effectiveness in reducing consumption of electricity or gas~~ for the previous period. The evaluation must briefly describe each conservation program and must specify the energy savings or increased efficiency in the use of energy within the service territory of the utility or association that is the result of the spending and investments. The evaluation must analyze the cost-effectiveness of the utility's or association's conservation programs, using a list of baseline energy and capacity savings assumptions developed in consultation with the department.

The commissioner shall review each ~~report~~ evaluation and make recommendations, where appropriate, to the municipality or association to increase the effectiveness of conservation improvement activities. Up to three percent of a utility's conservation spending obligation under this section may be used for program pre-evaluation, testing, and monitoring and program evaluation.

(h) The commissioner shall also review each ~~report~~ evaluation for whether a portion of the money spent on residential conservation improvement programs is devoted to programs that directly address the needs of renters and low-income persons unless an insufficient number of appropriate programs are available. For the purposes of this subdivision and subdivision 2, "low-income" means an income ~~of less than 185 percent of the federal poverty level~~ at or below 50 percent of the state median income.

~~(e)~~ (i) As part of its spending for conservation improvement, a municipality or association may contribute to the energy and conservation account. A municipality or association may propose to the commissioner to designate that all or a portion of funds contributed to the account be used for research and development projects that can best be implemented on a statewide basis. Any amount contributed must be remitted to the commissioner of public service by February 1 of each year.

Sec. 7. Minnesota Statutes 2000, section 216B.241, subdivision 2, is amended to read:

Subd. 2. [PROGRAMS.] (a) The commissioner may ~~by rule~~ require public utilities to make investments and expenditures in energy conservation improvements, explicitly setting forth the interest rates, prices, and terms under which the improvements must be offered to the customers. The required programs must cover a two-year period. Public utilities shall file conservation

improvement plans by June 1, on a schedule determined by order of the commissioner. Plans received by a public utility by June 1 must be approved or approved as modified by the commissioner by December 1 of that same year. The commissioner shall ~~require at least one public utility to establish a pilot program to make investments in and expenditures for energy from renewable resources such as solar, wind, or biomass and shall~~ give special consideration and encouragement to programs that bring about significant net savings through the use of energy-efficient lighting. The commissioner shall evaluate the program on the basis of cost-effectiveness and the reliability of technologies employed. The ~~rules of the department~~ commissioner's order must provide to the extent practicable for a free choice, by consumers participating in the program, of the device, method, material, or project constituting the energy conservation improvement and for a free choice of the seller, installer, or contractor of the energy conservation improvement, provided that the device, method, material, or project seller, installer, or contractor is duly licensed, certified, approved, or qualified, including under the residential conservation services program, where applicable.

(b) The commissioner may require a utility to make an energy conservation improvement investment or expenditure whenever the commissioner finds that the improvement will result in energy savings at a total cost to the utility less than the cost to the utility to produce or purchase an equivalent amount of new supply of energy. The commissioner shall nevertheless ensure that every public utility operate one or more programs under periodic review by the department. ~~Load management may be used to meet the requirements for energy conservation improvements under this section if it results in a demonstrable reduction in consumption of energy.~~

(c) Each public utility subject to subdivision 1a may spend and invest annually up to ~~15~~ ten percent of the total amount required to be spent and invested on energy conservation improvements under this section by the utility on research and development projects that meet the definition of energy conservation improvement in subdivision 1 and that are funded directly by the public utility.

(d) A public utility may not spend for or invest in energy conservation improvements that directly benefit a large electric customer facility for which the commissioner has issued an exemption pursuant to subdivision 1a, paragraph (b). The commissioner shall consider and may require a utility to undertake a program suggested by an outside source, including a political subdivision or a nonprofit or community organization.

~~(c) No utility may make an energy conservation improvement under this section to a building envelope unless:~~

~~(1) it is the primary supplier of energy used for either space heating or cooling in the building;~~

~~(2) the commissioner determines that special circumstances, that would unduly restrict the availability of conservation programs, warrant otherwise; or~~

~~(3) the utility has been awarded a contract under subdivision 2a.~~

~~(d)~~ (e) The commissioner may, by order, establish a list of programs that may be offered as energy conservation improvements by a public utility, municipal utility, cooperative electric association, or other entity providing conservation services pursuant to this section. The list of programs may include rebates for high-efficiency appliances, rebates or subsidies for high-efficiency lamps, small business energy audits, and building recommissioning. The commissioner may, by order, change this list to add or subtract programs as the commissioner determines is necessary to promote efficient and effective conservation programs.

(f) The commissioner shall ensure that a portion of the money spent on residential conservation improvement programs is devoted to programs that directly address the needs of renters and low-income persons, in proportion to the amount the utility has historically spent on such programs based on the most recent three-year average relative to the utility's total conservation spending under this section, unless an insufficient number of appropriate programs are available.

~~(e)~~ (g) A utility, a political subdivision, or a nonprofit or community organization that has

suggested a program, the attorney general acting on behalf of consumers and small business interests, or a utility customer that has suggested a program and is not represented by the attorney general under section 8.33 may petition the commission to modify or revoke a department decision under this section, and the commission may do so if it determines that the program is not cost-effective, does not adequately address the residential conservation improvement needs of low-income persons, has a long-range negative effect on one or more classes of customers, or is otherwise not in the public interest. ~~The person petitioning for commission review has the burden of proof.~~ The commission shall reject a petition that, on its face, fails to make a reasonable argument that a program is not in the public interest.

(h) The commissioner may order a public utility to include, with the filing of the utility's proposed conservation improvement plan under paragraph (a), the results of an independent audit of the utility's conservation improvement programs and expenditures performed by the department or an auditor with experience in the provision of energy conservation and energy efficiency services approved by the commissioner and chosen by the utility. The audit must specify the energy savings or increased efficiency in the use of energy within the service territory of the utility that is the result of the spending and investments. The audit must evaluate the cost-effectiveness of the utility's conservation programs.

Up to three percent of a utility's conservation spending obligation under this section may be used for program pre-evaluation, testing, and monitoring and program audit and evaluation.

Sec. 8. Minnesota Statutes 2000, section 216C.051, subdivision 6, is amended to read:

Subd. 6. [ASSESSMENT; APPROPRIATION.] On request by the cochairs of the legislative task force and after approval of the legislative coordinating commission, the commissioner of ~~the department of public service~~ commerce shall assess from ~~electric utilities~~ all public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing electric or natural gas services in Minnesota, in addition to assessments made under section 216B.62, the amount requested for the operation of the task force not to exceed ~~$700,000~~ $150,000 in a fiscal year. ~~This authority to assess continues until the commissioner has assessed a total of $700,000.~~ The amount assessed under this section is appropriated to the director of the legislative coordinating commission for those purposes, and is available until expended. The department shall apportion those costs among all energy utilities in proportion to their respective gross operating revenues from the sale of gas or electric service within the state during the last calendar year. For the purposes of administrative efficiency, the department shall assess energy utilities and issue bills in accordance with the billing and assessment procedures provided in section 216B.62, to the extent that these procedures do not conflict with this subdivision.

Sec. 9. Minnesota Statutes 2000, section 216C.051, subdivision 9, is amended to read:

Subd. 9. [EXPIRATION.] This section is repealed ~~March 15, 2001~~ June 30, 2005.

Sec. 10. [216C.052] [RELIABILITY ADMINISTRATOR.]

Subdivision 1. [RESPONSIBILITIES.] (a) There is established the position of reliability administrator in the department of commerce. The administrator shall act as a source of independent expertise and a technical advisor to the commissioner, the commission, the public, and the legislative electric energy task force on issues related to the reliability of the electric system. In conducting its work, the administrator shall:

(1) model and monitor the use and operation of the energy infrastructure in the state, including generation facilities, transmission lines, natural gas pipelines, and other energy infrastructure;

(2) develop and present to the commission and parties technical analyses of proposed infrastructure projects, and provide technical advice to the commission;

(3) present independent, factual, expert, and technical information on infrastructure proposals and reliability issues at public meetings hosted by the task force, the environmental quality board, the department, or the commission.

(b) Upon request and subject to resource constraints, the administrator shall provide technical assistance regarding matters unrelated to applications for infrastructure improvements to the task force, the department, or the commission.

(c) The administrator may not advocate for any particular outcome in a commission proceeding, but may give technical advice to the commission as to the impact on the reliability of the energy system of a particular project or projects. The administrator must not be considered a party or a participant in any proceeding before the commission.

Subd. 2. [ADMINISTRATIVE ISSUES.] (a) The commissioner may select the administrator who shall serve for a four-year term. The commissioner shall oversee and direct the work of the administrator, annually review the expenses of the administrator, and annually approve the budget of the administrator. The administrator may hire staff and may contract for technical expertise in performing duties when existing state resources are required for other state responsibilities or when special expertise is required. The salary of the administrator is governed by section 15A.0815, subdivision 2.

(b) Costs relating to a specific proceeding, analysis, or project are not general administrative costs. For purposes of this section, "energy utility" means public utilities, generation and transmission cooperative electric associations, and municipal power agencies providing natural gas or electric service in the state.

(c) The department of commerce shall pay:

(1) the general administrative costs of the administrator, not to exceed $1,500,000 in a fiscal year, and shall assess energy utilities for reimbursement for those administrative costs. These costs must be consistent with the budget approved by the commissioner under paragraph (a). The department shall apportion the costs among all energy utilities in proportion to their respective gross operating revenues from sales of gas or electric service within the state during the last calendar year, and shall then render a bill to each utility on a regular basis; and

(2) costs relating to a specific proceeding analysis or project and shall render a bill for reimbursement to the specific energy utility or utilities participating in the proceeding, analysis, or project directly, either at the conclusion of a particular proceeding, analysis, or project, or from time to time during the course of the proceeding, analysis, or project.

(d) For purposes of administrative efficiency, the department shall assess energy utilities and issue bills in accordance with the billing and assessment procedures provided in section 216B.62, to the extent that these procedures do not conflict with this subdivision. The amount of the bills rendered by the department under paragraph (c) must be paid by the energy utility into an account in the special revenue fund in the state treasury within 30 days from the date of billing and is appropriated to the commissioner for the purposes provided in this section. The commission shall approve or approve as modified a rate schedule providing for the automatic adjustment of charges to recover amounts paid by utilities under this section. All amounts assessed under this section are in addition to amounts appropriated to the commission and the department by other law.

Subd. 3. [EXPIRATION.] This section expires June 30, 2006.

Sec. 11. [CONSERVATION IMPROVEMENT PLAN; EVALUATION OF COOPERATIVE AND MUNICIPAL PROGRAMS.]

(a) In consultation with the department of commerce, cooperative electric associations and municipal utilities shall evaluate their energy and capacity conservation programs, develop plans for future programs, and report their findings and plans to the chairs of the house of representatives and senate committees with jurisdiction over energy issues by June 1, 2002. Evaluations may be conducted jointly with other entities subject to this section, and shall address:

(1) whether the utility or association has implemented and is implementing cost-effective energy conservation programs;

(2) the availability of basic conservation services and programs to customers;

(3) methodologies that best quantify energy savings, cost-effectiveness, and the potential for cost-effective conservation improvements;

(4) the role of capacity conservation in meeting utility planning needs and state energy goals; and

(5) the ability of energy conservation programs to avoid the need for construction of generation facilities and transmission lines.

(b) The evaluation must develop program and performance goals that recognize customer class, utility service area demographics, cost of program delivery, regional economic indicators, and utility load shape. The cost of the evaluation may be deducted from the utility's or association's conservation spending obligation under Minnesota Statutes 2000, section 216B.241.

Sec. 12. [COOPERATIVE CONSERVATION INVESTMENT INCREASE PHASE-IN.]

The increase in required conservation improvement expenditures by a cooperative electric association that results from the amendments in section 5 to Minnesota Statutes, section 216B.241, subdivision 1b, paragraph (a), clause (1), must be phased in as follows:

(1) at least 25 percent shall be effective in year 2002;

(2) at least 50 percent shall be effective in year 2003;

(3) at least 75 percent shall be effective in year 2004; and

(4) all of the increase shall be effective in year 2005 and thereafter.

Sec. 13. [DISTRIBUTED ENERGY RESOURCES.]

(a) To the extent that cost-effective projects are available in the service territory of a utility or association providing conservation services under Minnesota Statutes, section 216B.241, the utility or association shall use five percent of the total amount to be spent on energy conservation improvements under Minnesota Statutes, section 216B.241, on:

(1) projects to construct an electric generating facility that utilizes renewable fuels as defined in Minnesota Statutes, section 216B.2422, subdivision 1, such as methane or other combustible gases derived from the processing of plant or animal wastes, biomass fuels such as short-rotation woody or fibrous agricultural crops, or other renewable fuel, as its primary fuel source; or

(2) projects to install a distributed generation facility of ten megawatts or less of interconnected capacity that is fueled by natural gas, renewable fuels, or another similarly clean fuel.

(b) For public utilities, as defined under Minnesota Statutes, section 216B.02, subdivision 4, projects under this section must be considered energy conservation improvements as defined in Minnesota Statutes, section 216B.241. For cooperative electric associations and municipal utilities, projects under this section must be considered load management activities described in Minnesota Statutes, section 216B.241, subdivision 1, paragraph (i).

(c) This section expires May 30, 2006.

Sec. 14. [TRANSITION.]

The commission may provide an alternative recovery mechanism for the expense of continuing existing approved cost-effective projects by a rate-regulated distribution cooperative electric association.

Sec. 15. [CONSERVATION INVESTMENT PROGRAM STUDY.]

(a) The commissioner of commerce shall study the conservation investment program created under Minnesota Statutes, section 216B.241, and make recommendations to the legislature on changes in the program that will assist the program to obtain the maximum energy savings

possible from spending and investments under the program. The study must include, at a minimum:

(1) a review of administrative burdens imposed by the program with the goal to reduce them to the maximum extent consistent with ensuring that the program will meet its goal of maximum energy savings with program funds;

(2) identification of spending and investments with high potential for saving energy and suggestions for targeting the program at those expenditures and investments; and

(3) appropriate levels of spending and investment under the program.

(b) The commissioner shall solicit written public comment on the study and submit a report and a copy of the written comments to the committees of the legislature having principal jurisdiction on energy matters by November 15, 2001.

Sec. 16. [EXEMPTION EXTENDED.]

(a) The commissioner of commerce shall not review the exemption under Minnesota Statutes, section 216B.241, subdivision 1a, paragraph (b), of a large electric customer facility, as defined in Minnesota Statutes, section 216B.241, subdivision 1, paragraph (g), from the investment and expenditure requirements of Minnesota Statutes, section 216B.241, subdivision 1a, paragraph (b), for five years from the date the exemption was granted, provided the exemption was granted before April 15, 2001.

(b) A large electric customer facility as defined in Minnesota Statutes, section 216B.241, subdivision 1, that is exempt from the investment and expenditure requirements of Minnesota Statutes, section 216B.241, by virtue of a contract approved by the public utilities commission prior to April 15, 2001, under Minnesota Statutes, section 216B.162, shall remain exempt from those requirements until April 15, 2006.

(c) This section does not apply if the customer facility's monthly peak measured demand for three consecutive months exceeds 110 percent of the annual peak measured demand of the facility in the year the exemption was granted.

Sec. 17. [UNIVERSAL ENERGY SERVICE PROGRAM.]

The department of commerce shall report to the legislature by January 15, 2002, regarding the development of a universal energy service program. The purpose of the program is to provide energy bill payment and conservation assistance to low- and moderate-income energy customers. The report shall include proposals for implementing the program, including, but not limited to, proposals to establish income eligibility, estimate the percentage of income that eligible customers devote to energy costs, determine the level of funding required to significantly lower the energy burden of eligible customers, establish funding collection and distribution methods, and measure the impact of charges for the program on all Minnesota energy consumers.

Sec. 18. [APPROPRIATION.]

The commissioner of commerce shall transfer up to $500,000 annually of the amounts provided for in section 11, subdivision 2, to the commissioner of administration for the purposes provided in article 1, section 2, as needed to implement that section.

Sec. 19. [EFFECTIVE DATE.]

Sections 14, 15, and 16 are effective the day following final enactment. Sections 4 to 7, 10, 12, 13, and 18 are effective January 1, 2002. Section 9 is effective retroactively from March 1, 2001. Sector 8 is effective July 1, 2001."

Delete the title and insert:

"A bill for an act relating to energy; enacting the Minnesota Energy Security and Reliability Act; requiring an energy security blueprint and a state transmission plan; establishing position of

reliability administrator; providing for essential energy infrastructure; modifying provisions for siting, routing, and determining the need for large electric power facilities; regulating conservation expenditures by energy utilities and eliminating state pre-approval of conservation plans by public utilities; encouraging regulatory flexibility in supplying and obtaining energy; regulating interconnection of distributed utility resources; providing for safety and service standards from distribution utilities; clarifying the state cold weather disconnection requirements; authorizing municipal utilities, municipal power agencies, cooperative utilities, and investor-owned utilities to form joint ventures to provide utility services; eliminating the requirement for individual utility resource plans; requiring reports; making technical, conforming, and clarifying changes; appropriating money; amending Minnesota Statutes 2000, sections 16B.32, subdivision 2; 116C.52, subdivisions 4, 10; 116C.53, subdivisions 2, 3; 116C.57, subdivisions 1, 2, 4, by adding subdivisions; 116C.58; 116C.59, subdivisions 1, 4; 116C.60; 116C.61, subdivisions 1, 3; 116C.62; 116C.64; 116C.645; 116C.65; 116C.66; 116C.69; 216B.095; 216B.097, subdivision 1; 216B.16, subdivision 15; 216B.1645; 216B.241, subdivisions 1, 1a, 1b, 2; 216B.2421, subdivision 2; 216B.243, subdivisions 3, 4, 8; 216B.62, subdivision 5; 216C.051, subdivisions 6, 9; 216C.41, subdivisions 3, 5, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 16B; 116C; 216B; 216C; 452; repealing Minnesota Statutes 2000, sections 116C.55, subdivisions 2, 3; 116C.57, subdivisions 3, 5, 5a; 116C.67; 216B.2421, subdivision 3."

We request adoption of this report and repassage of the bill.

Senate Conferees: (Signed) James P. Metzen, Kenric J. Scheevel, Steve Kelley, Ellen R. Anderson, Dallas C. Sams

House Conferees: (Signed) Ken Wolf, Dennis Ozment, Bob Gunther, Mark William Holsten, Loren Jennings

Senator Metzen moved that the foregoing recommendations and Conference Committee Report on S.F. No. 722 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

S.F. No. 722 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 64 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Krentz	Olson	Sams
Bachmann	Hottinger	Langseth	Orfield	Samuelson
Belanger	Johnson, Dave	Larson	Ourada	Scheevel
Berg	Johnson, Dean	Lesewski	Pappas	Scheid
Betzold	Johnson, Debbie	Lessard	Pariseau	Schwab
Chaudhary	Johnson, Doug	Limmer	Pogemiller	Stevens
Cohen	Kelley, S.P.	Lourey	Price	Stumpf
Day	Kelly, R.C.	Marty	Ranum	Terwilliger
Dille	Kierlin	Metzen	Reiter	Tomassoni
Fischbach	Kinkel	Moe, R.D.	Rest	Vickerman
Foley	Kiscaden	Murphy	Ring	Wiener
Fowler	Kleis	Neuville	Robertson	Wiger
Frederickson	Knutson	Oliver	Robling	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Moe, R.D. moved that S.F. No. 2031 and the veto message thereon be taken from the table. The motion prevailed.

S.F. No. 2031: A bill for an act relating to contracts; regulating public works contracts; proposing coding for new law in Minnesota Statutes, chapter 15.

VETO RECONSIDERATION

Senator Knutson moved that S.F. No. 2031 be now reconsidered and repassed, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23, of the Constitution of the State of Minnesota.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 63 and nays 1, as follows:

Those who voted in the affirmative were:

Anderson	Higgins	Krentz	Orfield	Samuelson
Bachmann	Hottinger	Langseth	Ourada	Scheevel
Belanger	Johnson, Dave	Larson	Pappas	Scheid
Berg	Johnson, Dean	Lesewski	Pariseau	Schwab
Betzold	Johnson, Debbie	Limmer	Pogemiller	Stevens
Chaudhary	Johnson, Doug	Lourey	Price	Stumpf
Cohen	Kelley, S.P.	Marty	Ranum	Terwilliger
Day	Kelly, R.C.	Metzen	Reiter	Tomassoni
Dille	Kierlin	Moe, R.D.	Rest	Vickerman
Fischbach	Kinkel	Murphy	Ring	Wiener
Foley	Kiscaden	Neuville	Robling	Wiger
Fowler	Kleis	Oliver	Sabo	
Frederickson	Knutson	Olson	Sams	

Those who voted in the negative were:

Lessard

The motion prevailed. So the bill was repassed and its title was agreed to, the objections of the Governor to the contrary notwithstanding.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Moe, R.D. moved that S.F. No. 1821 and the veto message thereon be taken from the table. The motion prevailed.

S.F. No. 1821: A bill for an act relating to utilities; modifying provisions regulating utility facilities in railroad rights-of-way; amending Minnesota Statutes 2000, section 237.04.

VETO RECONSIDERATION

Senator Murphy moved that S.F. No. 1821 be now reconsidered and repassed, the objections of the Governor notwithstanding, pursuant to Article IV, Section 23, of the Constitution of the State of Minnesota.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 62 and nays 2, as follows:

Those who voted in the affirmative were:

Anderson	Cohen	Frederickson	Johnson, Doug	Kleis
Bachmann	Day	Higgins	Kelley, S.P.	Knutson
Belanger	Dille	Hottinger	Kelly, R.C.	Krentz
Berg	Fischbach	Johnson, Dave	Kierlin	Langseth
Betzold	Foley	Johnson, Dean	Kinkel	Larson
Chaudhary	Fowler	Johnson, Debbie	Kiscaden	Lesewski

Limmer	Oliver	Price	Samuelson	Tomassoni
Lourey	Olson	Ranum	Scheevel	Vickerman
Marty	Orfield	Rest	Scheid	Wiener
Metzen	Ourada	Ring	Schwab	Wiger
Moe, R.D.	Pappas	Robling	Stevens	
Murphy	Pariseau	Sabo	Stumpf	
Neuville	Pogemiller	Sams	Terwilliger	

Those who voted in the negative were:

Lessard	Reiter

The motion prevailed. So the bill was repassed and its title was agreed to, the objections of the Governor to the contrary notwithstanding.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Moe, R.D. moved that S.F. No. 2249 be withdrawn from the Committee on Rules and Administration, given a second reading and placed on General Orders. The motion prevailed.

S.F. No. 2249 was read the second time.

S.F. No. 2249: A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, ambiguities, unintended results, and technical errors; amending Minnesota Statutes 2000, section 383A.288, subdivision 4, as amended.

SUSPENSION OF RULES

Senator Moe, R.D. moved that an urgency be declared within the meaning of Article IV, Section 19, of the Constitution of Minnesota, with respect to S.F. No. 2249 and that the rules of the Senate be so far suspended as to give S.F. No. 2249, now on General Orders, its third reading and place it on its final passage. The motion prevailed.

Senator Betzold moved to amend S.F. No. 2249 as follows:

Page 2, after line 1, insert:

"Sec. 2. [CORRECTION 1.] Laws 2001, chapter 49, is effective the day following final enactment.

Sec. 3. [EFFECTIVE DATE.]

Unless provided otherwise, each section of this act takes effect at the time the provision being corrected takes effect."

The motion prevailed. So the amendment was adopted.