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HOUSE FILE No. 3902

FIRST COMMITTEE ENGROSSMENT

March 10, 2008

Authored by Juhnke, Otremba, Koenen, Finstad and Hamilton

The bill was read for the first time and referred to the Committee on Finance

Referred by Chair to Agriculture, Rural Economies and Veterans Affairs Finance Division.

March 26, 2008

Returned to the Committee on Finance as Amended.

A bill for an act
relating to the operation of state government; making certain changes in
agriculture, fuel, and veterans policy; establishing or changing certain programs,
requirements, and procedures; regulating certain activities; establishing a
planning group and a working group; amending Minnesota Statutes 2006,
sections 18B.065, subdivisions 2, 7; 18B.07, subdivision 2; 18D.305, subdivision
2; 18E.04, subdivision 2; 28A.03, by adding a subdivision; 28A.08; 28A.082,
by adding a subdivision; 28A.09, subdivision 1; 29.23; 31.05; 31.171; 41D.01,
subdivision 4; 97A.028, subdivision 3; 148.01, subdivision 1, by adding
subdivisions; 196.021; 196.03; 197.236; 198.32, subdivision 1; 239.77,
as amended; 609.115, by adding a subdivision; Minnesota Statutes 2007
Supplement, sections 18B.065, subdivisions 1, 2a; 18B.26, subdivision 3;
31.175; 35.244; 41A.105, subdivision 2; 197.791, subdivisions 1, 4, 5; 296A.01,
subdivision 8a; 349.12, subdivision 25; Laws 2007, chapter 45, article 1,
section 3, subdivisions 3, 4, 5; proposing coding for new law in Minnesota
Statutes, chapters 17; 32; 148; 196; repealing Minnesota Statutes 2006, sections
18C.60, subdivision 4; 197.236, subdivisions 7, 10; 198.001, subdivisions 6, 9;
198.002, subdivisions 1, 3, 6; 198.003, subdivisions 5, 6; 198.004, subdivision 2;
Minnesota Statutes 2007 Supplement, sections 41A.105, subdivision 5; 198.002,
subdivision 2; 198.004, subdivision 1; Minnesota Rules, part 9050.0040, subpart
15.

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

ARTICLE 1

AGRICULTURE POLICY

Section 1. [17.118] LIVESTOCK INVESTMENT GRANT PROGRAM.

Subdivision 1. **Establishment.** The commissioner may award a livestock investment grant to a person who raises livestock in this state equal to ten percent of the first \$500,000 of qualifying expenditures, provided the person makes qualifying expenditures of at least \$4,000. The commissioner may award multiple livestock investment grants to a person over the life of the program as long as the cumulative amount does not exceed \$50,000.

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

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

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

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

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

(i) raceways used by dairy cows returning from pasture to a central location for milking;

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

(iii) livestock stream crossing stabilization; or

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

(i) freestall barns;

(ii) watering facilities;

(iii) feed storage and handling equipment;

(iv) milking parlors;

(v) robotic equipment;

(vi) scales;

(vii) milk storage and cooling facilities;

(viii) bulk tanks;

(ix) computer hardware and software and associated equipment used to monitor the productivity and feeding of livestock;

(x) manure pumping and storage facilities;

(xi) swine farrowing facilities;

(xii) swine and cattle finishing barns;

(xiii) calving facilities;

(xiv) digesters;

(xv) equipment used to produce energy;

(xvi) on-farm processing facilities and equipment; and

(xvii) fences.

Except for qualifying pasture development expenditures under clause (2), qualifying expenditures only include amounts that are allowed to be capitalized and deducted under

either section 167 or 179 of the Internal Revenue Code in computing federal taxable income. Qualifying expenditures do not include an amount paid to refinance existing debt.

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

Subd. 3. **Eligibility.** (a) To be eligible for a livestock investment grant, a person must:

(1) be a resident of Minnesota or an entity authorized to farm in this state under section 500.24, subdivision 3;

(2) be the principal operator of the farm;

(3) hold an appropriate feedlot registration; and

(4) apply to the commissioner on forms prescribed by the commissioner including a statement of the qualifying expenditures made during the qualifying period along with any proof or other documentation the commissioner may require.

(b) The \$50,000 maximum grant applies at the entity level for partnerships, S corporations, C corporations, trusts, and estates as well as at the individual level. In the case of married individuals, the grant is limited to \$50,000 for a married couple.

Subd. 4. **Process.** The commissioner shall review completed applications and award grants to eligible applicants in the order in which applications were received by the commissioner. The commissioner shall certify eligible applications up to the amount appropriated for a fiscal year. The commissioner must place any additional eligible applications on a waiting list and, notwithstanding subdivision 2, paragraph (c), give them priority during the next fiscal year. The commissioner shall notify in writing any applicant who applies for a grant and is ineligible under the provisions of this section as well as any applicant whose application is received or reviewed after the fiscal year funding limit has been reached.

Subd. 5. **Livestock investment grant account.** A livestock investment grant account is hereby established in the agricultural fund to receive general fund appropriations and money transferred from other accounts. Any interest earned on money in the account accrues to the account. Money in the account is appropriated to the commissioner for the purposes of the livestock investment grant program, including costs incurred to administer the program.

Sec. 2. Minnesota Statutes 2007 Supplement, section 18B.065, subdivision 1, is amended to read:

Subdivision 1. **Collection and disposal.** The commissioner of agriculture shall establish and operate a program to collect and dispose of waste pesticides. The program must be made available to ~~agriculture~~ agricultural and residential pesticide end users whose waste generating activity occurs in this state.

EFFECTIVE DATE. This section is effective July 1, 2008, and applies to all cooperative agreements entered into by the commissioner of agriculture and local units of government for waste pesticide collection and disposal after that date.

Sec. 3. Minnesota Statutes 2006, section 18B.065, subdivision 2, is amended to read:

Subd. 2. **Implementation.** (a) The commissioner may obtain a United States Environmental Protection Agency hazardous waste identification number to manage the waste pesticides collected.

(b) The commissioner may not limit the type and quantity of waste pesticides accepted for collection and may not assess pesticide end users for portions of the costs incurred.

Sec. 4. Minnesota Statutes 2007 Supplement, section 18B.065, subdivision 2a, is amended to read:

Subd. 2a. **Disposal site requirement.** (a) For agricultural waste pesticides, the commissioner must designate a place in each county of the state that is available at least every other year for persons to dispose of unused portions of agricultural pesticides in accordance with subdivision 1. The commissioner shall consult with the person responsible for solid waste management and disposal in each county to determine an appropriate location and to advertise each collection event.

(b) For residential waste pesticides, the commissioner must provide periodic disposal opportunities each year in each county. As provided under subdivision 7, the commissioner may enter into agreements with county or regional solid waste management entities to provide these collections and shall provide these entities with funding for all costs incurred including, but not limited to, related supplies, transportation, advertising, and disposal costs as well as reasonable overhead costs.

(c) The person responsible for waste pesticide collections under paragraphs (a) and (b) shall record information on each waste pesticide product collected including, but not limited to, the product name, active ingredient or ingredients, and the quantity. The person must submit this information to the commissioner at least annually.

EFFECTIVE DATE. This section is effective July 1, 2008, and applies to all cooperative agreements entered into by the commissioner of agriculture and local units of government for waste pesticide collection and disposal after that date.

Sec. 5. Minnesota Statutes 2006, section 18B.065, subdivision 7, is amended to read:

Subd. 7. **Cooperative agreements.** The commissioner may enter into cooperative agreements with state agencies and local units of government for administration of the waste pesticide collection program. The commissioner shall ensure that the program is carried out in all counties. If the commissioner cannot contract with another party to administer the program in a county, the commissioner shall perform collections according to the provisions of this section.

Sec. 6. Minnesota Statutes 2006, section 18B.07, subdivision 2, is amended to read:

Subd. 2. **Prohibited pesticide use.** (a) A person may not use, store, handle, distribute, or dispose of a pesticide, rinsate, pesticide container, or pesticide application equipment in a manner:

(1) that is inconsistent with a label or labeling as defined by FIFRA;

(2) that endangers humans, damages agricultural products, food, livestock, fish, or wildlife; or

(3) that will cause unreasonable adverse effects on the environment.

(b) A person may not direct a pesticide onto property beyond the boundaries of the target site. A person may not apply a pesticide resulting in damage to adjacent property.

(c) A person may not directly apply a pesticide on a human by overspray or target site spray, except when:

(1) the pesticide is intended for use on a human;

(2) the pesticide application is for mosquito control operations;

(3) the pesticide application is for control of gypsy moth, forest tent caterpillar, or other pest species, as determined by the commissioner, and the pesticide used is a biological agent; or

(4) the pesticide application is for a public health risk, as determined by the commissioner of health, and the commissioner of health, in consultation with the commissioner of agriculture, determines that the application is warranted based on the commissioner's balancing of the public health risk with the risk that the pesticide application poses to the health of the general population, with special attention to the health of children.

(d) For pesticide applications under paragraph (c), clause (2), the following conditions apply:

- (1) no practicable and effective alternative method of control exists;
- (2) the pesticide is among the least toxic available for control of the target pest; and
- (3) notification to residents in the area to be treated is provided at least 24 hours before application through direct notification, posting daily on the treating organization's Web site, if any, and by sending a broadcast e-mail to those persons who request notification of such, of those areas to be treated by adult mosquito control techniques during the next calendar day. For control operations related to human disease, notice under this paragraph may be given less than 24 hours in advance.

(e) For pesticide applications under paragraph (c), clauses (3) and (4), the following conditions apply:

- (1) no practicable and effective alternative method of control exists;
- (2) the pesticide is among the least toxic available for control of the target pest; and
- (3) notification of residents in the area to be treated is provided by direct notification and through publication in a newspaper of general circulation within the affected area.

(f) For purposes of this subdivision, "direct notification" may include mailings, public meetings, posted placards, neighborhood newsletters, or other means of contact designed to reach as many residents as possible. Public meetings held to meet this requirement for adult mosquito control, under paragraph (d), must be held within each city or town where the pesticide treatments are to be made, at a time and location that is convenient for residents of the area where the treatments will occur.

(g) A person may not apply a pesticide in a manner so as to expose a worker in an immediately adjacent, open field.

(h) Except for public health purposes, it is a violation of this chapter to apply for hire a pesticide to the incorrect site or to a site where an application has not been requested, ordered, or contracted for by the property owner or lawful manager or property manager of the site, notwithstanding that the application is done in a manner consistent with the label or labeling.

Sec. 7. Minnesota Statutes 2007 Supplement, section 18B.26, subdivision 3, is amended to read:

Subd. 3. **Application fee.** (a) A registrant shall pay an annual application fee for each pesticide to be registered, and this fee is set at 0.4 percent of annual gross sales within the state and annual gross sales of pesticides used in the state, with a minimum nonrefundable fee of \$250. The registrant shall determine when and which pesticides

are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under paragraph (c), and fees shall be paid by the registrant based upon those reported sales. Sales of pesticides in the state for use outside of the state are exempt from the application fee in this paragraph if the registrant properly documents the sale location and distributors. A registrant paying more than the minimum fee shall pay the balance due by March 1 based on the gross sales of the pesticide by the registrant for the preceding calendar year. The fee for disinfectants and sanitizers shall be the minimum. The minimum fee is due by December 31 preceding the year for which the application for registration is made. ~~The commissioner shall spend at least \$400,000, not including the commissioner's administrative costs, per fiscal year from the pesticide regulatory account for the purposes of the waste pesticide collection program. In each~~ fiscal year, the commissioner shall allocate from the pesticide regulatory account a sum sufficient to collect and dispose of waste pesticides under section 18B.065.

(b) An additional fee of \$100 must be paid by the applicant for each pesticide to be registered if the application is a renewal application that is submitted after December 31.

(c) A registrant must annually report to the commissioner the amount and type of each registered pesticide sold, offered for sale, or otherwise distributed in the state. The report shall be filed by March 1 for the previous year's registration. The commissioner shall specify the form of the report and require additional information deemed necessary to determine the amount and type of pesticides annually distributed in the state. The information required shall include the brand name, amount, and formulation of each pesticide sold, offered for sale, or otherwise distributed in the state, but the information collected, if made public, shall be reported in a manner which does not identify a specific brand name in the report.

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

EFFECTIVE DATE. This section is effective July 1, 2008, and applies to all cooperative agreements entered into by the commissioner of agriculture and local units of government for waste pesticide collection and disposal after that date.

Sec. 8. Minnesota Statutes 2006, section 18D.305, subdivision 2, is amended to read:

Subd. 2. **Revocation and suspension.** (a) The commissioner may, after written notice and hearing, revoke, suspend, or refuse to grant or renew a registration, permit, license, or certification if a person violates a provision of this chapter or has a history within the last three years of violations of this chapter.

(b) The commissioner may refuse to accept an application for a registration, permit, license, or certification, and may revoke or suspend a previously issued registration, permit, license, or certification of a person from another state if that person has:

(1) had a registration, permit, license, or certification denied, revoked, or suspended by another state for an offense reasonably related to the requirements, qualifications, or duties of a registration, permit, license, or certification issued under chapter 18B or 18C; or

(2) been convicted of a violation, had a history of violations, or been subject to a final order imposing civil penalties authorized under the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA), as amended.

Sec. 9. Minnesota Statutes 2006, section 18E.04, subdivision 2, is amended to read:

Subd. 2. **Payment of corrective action costs.** (a) On request by an eligible person, the board may pay the eligible person for the reasonable and necessary cash disbursements for corrective action costs incurred by the eligible person as provided under subdivision 4 if the board determines:

(1) the eligible person pays the first \$1,000 of the corrective action costs;

(2) the eligible person provides the board with a sworn affidavit and other convincing evidence that the eligible person is unable to pay additional corrective action costs;

(3) the eligible person continues to assume responsibility for carrying out the requirements of corrective action orders issued to the eligible person or that are in effect;

(4) the incident was reported as required in chapters 18B, 18C, and 18D; and

(5) the eligible person submits an application for payment or reimbursement to the department, along with associated invoices, within three years of (i) ~~incurring eligible corrective action costs~~ performance of the eligible work, or (ii) approval of ~~a~~ the related corrective action design or plan for that work, whichever is later.

(b) The eligible person must submit an application for payment or reimbursement of eligible cost incurred prior to July 1, 2001, no later than June 1, 2004.

(c) An eligible person is not eligible for payment or reimbursement and must refund amounts paid or reimbursed by the board if false statements or misrepresentations are made in the affidavit or other evidence submitted to the commissioner to show an inability to pay corrective action costs.

(d) The board may pay the eligible person and one or more designees by multiparty check.

Sec. 10. Minnesota Statutes 2006, section 28A.03, is amended by adding a subdivision to read:

Subd. 10. **Vending machine.** "Vending machine" means a self-service device that, upon insertion of a coin, paper currency, token, card, or key, dispenses unit servings of food in bulk or in packages without the necessity of replenishing the device between each vending operation.

Sec. 11. Minnesota Statutes 2006, section 28A.08, is amended to read:

28A.08 LICENSE FEES; PENALTIES.

Subdivision 1. **General.** License fees, penalties for late renewal of licenses, and penalties for not obtaining a license before conducting business in food handling that are set in this section apply to the sections named except as provided under section 28A.09. Except as specified herein, bonds and assessments based on number of units operated or volume handled or processed which are provided for in said laws shall not be affected, nor shall any penalties for late payment of said assessments, nor shall inspection fees, be affected by this chapter. The penalties may be waived by the commissioner. Fees for all new licenses must be based on the anticipated future gross annual food sales. If a firm is found to be operating for multiple years without paying license fees, the state may collect the appropriate fees and penalties for each year of operation.

Subd. 3. **Fees effective July 1, 2003.**

Type of food handler	Penalties		
	License Fee Effective July 1, 2003	Late Renewal	No License
1. Retail food handler			
(a) Having gross sales of only prepackaged nonperishable food of less than \$15,000 for the immediately previous license or fiscal year and filing a statement with the commissioner	\$ 50	\$ 17	\$ 33

(b) Having under \$15,000 gross sales <u>or service</u> including food preparation or having \$15,000 to \$50,000 gross sales <u>or service</u> for the immediately previous license or fiscal year	\$ 77	\$ 25	\$ 51
(c) Having \$50,001 to \$250,000 gross sales <u>or service</u> for the immediately previous license or fiscal year	\$155	\$ 51	\$102
(d) Having \$250,001 to \$1,000,000 gross sales <u>or service</u> for the immediately previous license or fiscal year	\$276	\$ 91	\$ 182
(e) Having \$1,000,001 to \$5,000,000 gross sales <u>or service</u> for the immediately previous license or fiscal year	\$799	\$264	\$527
(f) Having \$5,000,001 to \$10,000,000 gross sales <u>or service</u> for the immediately previous license or fiscal year	\$1,162	\$383	\$767
(g) Having \$10,000,001 to \$15,000,000 gross sales <u>or service</u> for the immediately previous license or fiscal year	\$1,376	\$454	\$908
(h) Having \$15,000,001 to \$20,000,000 gross sales <u>or service</u> for the immediately previous license or fiscal year	\$1,607	\$530	\$1,061
(i) Having \$20,000,001 to \$25,000,000 gross sales <u>or service</u> for the immediately previous license or fiscal year	\$1,847	\$610	\$1,219
(j) Having over \$25,000,001 gross sales <u>or service</u> for the immediately previous license or fiscal year	\$2,001	\$660	\$1,321
2. Wholesale food handler			

(a) Having gross sales or service of less than \$25,000 for the immediately previous license or fiscal year	\$ 57	\$ 19	\$ 38
(b) Having \$25,001 to \$250,000 gross sales or service for the immediately previous license or fiscal year	\$284	\$ 94	\$187
(c) Having \$250,001 to \$1,000,000 gross sales or service from a mobile unit without a separate food facility for the immediately previous license or fiscal year	\$444	\$147	\$293
(d) Having \$250,001 to \$1,000,000 gross sales or service not covered under paragraph (c) for the immediately previous license or fiscal year	\$590	\$195	\$389
(e) Having \$1,000,001 to \$5,000,000 gross sales or service for the immediately previous license or fiscal year	\$769	\$254	\$508
(f) Having \$5,000,001 to \$10,000,000 gross sales <u>or service</u> for the immediately previous license or fiscal year	\$920	\$304	\$607
(g) Having \$10,000,001 to \$15,000,000 gross sales or service for the immediately previous license or fiscal year	\$990	\$327	\$653
(h) Having \$15,000,001 to \$20,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,156	\$381	\$763
(i) Having \$20,000,001 to \$25,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,329	\$439	\$877

	(j) Having over \$25,000,001 or more gross sales or service for the immediately previous license or fiscal year	\$1,502	\$496	\$991
3.	Food broker	\$150	\$ 50	\$ 99
4.	Wholesale food processor or manufacturer			
	(a) Having gross sales or service of less than \$125,000 for the immediately previous license or fiscal year	\$169	\$ 56	\$112
	(b) Having \$125,001 to \$250,000 gross sales or service for the immediately previous license or fiscal year	\$392	\$129	\$259
	(c) Having \$250,001 to \$1,000,000 gross sales or service for the immediately previous license or fiscal year	\$590	\$195	\$389
	(d) Having \$1,000,001 to \$5,000,000 gross sales or service for the immediately previous license or fiscal year	\$769	\$254	\$508
	(e) Having \$5,000,001 to \$10,000,000 gross sales or service for the immediately previous license or fiscal year	\$920	\$304	\$607
	(f) Having \$10,000,001 to \$15,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,377	\$454	\$909
	(g) Having \$15,000,001 to \$20,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,608	\$531	\$1,061
	(h) Having \$20,000,001 to \$25,000,000 gross sales or service for the immediately previous license or fiscal year	\$1,849	\$610	\$1,220

	(i) Having \$25,000,001 to \$50,000,000 gross sales or service for the immediately previous license or fiscal year	\$2,090	\$690	\$1,379
	(j) Having \$50,000,001 to \$100,000,000 gross sales or service for the immediately previous license or fiscal year	\$2,330	\$769	\$1,538
	(k) Having \$100,000,000 or more gross sales or service for the immediately previous license or fiscal year	\$2,571	\$848	\$1,697
5.	Wholesale food processor of meat or poultry products under supervision of the U.S. Department of Agriculture			
	(a) Having gross sales <u>or service</u> of less than \$125,000 for the immediately previous license or fiscal year	\$112	\$ 37	\$ 74
	(b) Having \$125,001 to \$250,000 gross sales <u>or service</u> for the immediately previous license or fiscal year	\$214	\$ 71	\$141
	(c) Having \$250,001 to \$1,000,000 gross sales <u>or service</u> for the immediately previous license or fiscal year	\$333	\$110	\$220
	(d) Having \$1,000,001 to \$5,000,000 gross sales <u>or service</u> for the immediately previous license or fiscal year	\$425	\$140	\$281
	(e) Having \$5,000,001 to \$10,000,000 gross sales <u>or service</u> for the immediately previous license or fiscal year	\$521	\$172	\$344
	(f) Having over \$10,000,001 gross sales <u>or service</u> for the immediately previous license or fiscal year	\$765	\$252	\$505

	(g) Having \$15,000,001 to \$20,000,000 gross sales <u>or service</u> for the immediately previous license or fiscal year	\$893	\$295	\$589
	(h) Having \$20,000,001 to \$25,000,000 gross sales <u>or service</u> for the immediately previous license or fiscal year	\$1,027	\$339	\$678
	(i) Having \$25,000,001 to \$50,000,000 gross sales <u>or service</u> for the immediately previous license or fiscal year	\$1,161	\$383	\$766
	(j) Having \$50,000,001 to \$100,000,000 gross sales <u>or service</u> for the immediately previous license or fiscal year	\$1,295	\$427	\$855
	(k) Having \$100,000,001 or more gross sales <u>or service</u> for the immediately previous license or fiscal year	\$1,428	\$471	\$942
6.	Wholesale food processor or manufacturer operating only at the State Fair	\$125	\$ 40	\$ 50
7.	Wholesale food manufacturer having the permission of the commissioner to use the name Minnesota Farmstead cheese	\$ 30	\$ 10	\$ 15
8.	Nonresident frozen dairy manufacturer	\$200	\$ 50	\$ 75
9.	Wholesale food manufacturer processing less than 700,000 pounds per year of raw milk	\$ 30	\$ 10	\$ 15
10.	A milk marketing organization without facilities for processing or manufacturing that purchases milk from milk producers for delivery to a licensed wholesale	\$ 50	\$ 15	\$ 25

food processor or
manufacturer

Sec. 12. Minnesota Statutes 2006, section 28A.082, is amended by adding a subdivision to read:

Subd. 3. **Disaster areas.** If the governor declares a disaster in an area of the state, the commissioner of agriculture may waive the plan review fee and direct agency personnel to expedite the plan review process.

Sec. 13. Minnesota Statutes 2006, section 28A.09, subdivision 1, is amended to read:

Subdivision 1. **Annual fee; exceptions.** Every ~~coin-operated~~ food vending machine is subject to an annual state inspection fee of \$25 for each nonexempt machine except nut vending machines which are subject to an annual state inspection fee of \$10 for each machine, provided that:

(a) Food vending machines may be inspected by either a home rule charter or statutory city, or a county, but not both, and if inspected by a home rule charter or statutory city, or a county they shall not be subject to the state inspection fee, but the home rule charter or statutory city, or the county may impose an inspection or license fee of no more than the state inspection fee. A home rule charter or statutory city or county that does not inspect food vending machines shall not impose a food vending machine inspection or license fee.

(b) Vending machines dispensing only gum balls, hard candy, unsorted candy, or ice manufactured and packaged by another ~~shall be~~, and water dispensing machines serviced by a cashier, are exempt from the state inspection fee, but may be inspected by the state. A home rule charter or statutory city may impose by ordinance an inspection or license fee of no more than the state inspection fee for nonexempt machines on the vending machines and water dispensing machines described in this paragraph. A county may impose by ordinance an inspection or license fee of no more than the state inspection fee for nonexempt machines on the vending machines and water dispensing machines described in this paragraph which are not located in a home rule charter or statutory city.

(c) Vending machines dispensing only bottled or canned soft drinks are exempt from the state, home rule charter or statutory city, and county inspection fees, but may be inspected by the commissioner or the commissioner's designee.

Sec. 14. Minnesota Statutes 2006, section 29.23, is amended to read:

29.23 GRADING.

Subdivision 1. **Grades, weight classes and standards for quality.** All eggs purchased on the basis of grade by the first licensed buyer shall be graded in accordance with grade and weight classes established by the commissioner. The commissioner shall establish, by rule, and from time to time, may amend or revise, grades, weight classes, and standards for quality. When grades, weight classes, and standards for quality have been fixed by the secretary of the Department of Agriculture of the United States, they ~~may~~ must be accepted and published by the commissioner as definitions or standards for eggs in interstate and intrastate commerce.

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 by a wholesale food handler 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 45 degrees Fahrenheit (7 degrees Celsius) or less.

Subd. 3. **Egg temperature.** Eggs must be held at a temperature not to exceed 45 degrees Fahrenheit (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 by a retail food handler must be held at a temperature not to exceed ~~45~~ 41 degrees Fahrenheit (7 degrees Celsius). Equipment in use prior to August 1, 1991, is not subject to this requirement. Shell eggs that have been frozen must not be offered for sale except as approved by the commissioner.

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

Sec. 15. Minnesota Statutes 2006, section 31.05, is amended to read:

31.05 EMBARGOES AND CONDEMNATIONS.

Subdivision 1. **Definitions.** As used in this section, "animals" means cattle; swine; sheep; goats; poultry; farmed cervidae, as defined in section 35.153, subdivision 3; llamas, as defined in section 17.455, subdivision 2; ratitae, as defined in section 17.453, subdivision 3; equines; and other large domesticated animals.

Subd. 1a. **Tag or notice.** A duly authorized agent of the commissioner who finds or has probable cause to believe that any food, animal, or consumer commodity is adulterated or so misbranded as to be dangerous or fraudulent, or is in violation of section 31.131

shall affix to such article or animal a tag or other appropriate marking giving notice that such article or animal is, or is suspected of being, adulterated or misbranded and has been detained or embargoed, and warning all persons not to remove or dispose of such article or animal by sale or otherwise until permission for removal or disposal is given by such agent or the court. It shall be unlawful for any person to remove or dispose of such detained or embargoed article or animal by sale or otherwise without such permission.

Subd. 2. **Action for condemnation.** When an article or animal detained or embargoed under subdivision 1 has been found by such agent to be adulterated, or misbranded, the agent shall petition the district court in the county in which the article or animal is detained or embargoed for an order and decree for the condemnation of such article or animal. Any such agent who has found that an article or animal so detained or embargoed is not adulterated or misbranded, shall remove the tag or other marking.

Subd. 3. **Remedies.** If the court finds that a detained or embargoed article or animal is adulterated or misbranded, such article or animal shall, after entry of the decree, be destroyed at the expense of the claimant thereof, under the supervision of such agent, and all court costs and fees, and storage and other proper expenses, shall be taxed against the claimant of such article or animal or the claimant's agent; provided, that when the adulteration or misbranding can be corrected by proper labeling or processing of the article or animal, the court, after entry of the decree and after such costs, fees, and expenses have been paid and a good and sufficient bond, conditioned that such article or animal shall be so labeled or processed, has been executed, may by order direct that such article or animal be delivered to claimant thereof for such labeling or processing under the supervision of an agent of the commissioner. The expense of such supervision shall be paid by claimant. The article or animal shall be returned to the claimant and the bond shall be discharged on the representation to the court by the commissioner that the article or animal is no longer in violation and that the expenses of such supervision have been paid.

Subd. 4. **Duties of commissioner.** Whenever the commissioner or any of the commissioner's authorized agents shall find in any room, building, vehicle of transportation or other structure, any meat, seafood, poultry, vegetable, fruit, or other perishable articles of food which are unsound, or contain any filthy, decomposed, or putrid substance, or that may be poisonous or deleterious to health or otherwise unsafe, the same being hereby declared to be a nuisance, the commissioner, or the commissioner's authorized agent, shall forthwith condemn or destroy the same, or in any other manner render the same unsalable as human food, and no one shall have any cause of action against the commissioner or the commissioner's authorized agent on account of such action.

18.1 Subd. 5. **Emergency response.** In the event of an emergency declared by the
18.2 governor's order under section 12.31, if the commissioner finds or has probable cause to
18.3 believe that ~~a~~ livestock, food, ~~or a~~ consumer commodity within a specific area is likely
18.4 to be adulterated because of the emergency or so misbranded as to be dangerous or
18.5 fraudulent, or is in violation of section 31.131, subdivision 1, the commissioner may
18.6 embargo a geographic area that is included in the declared emergency. The commissioner
18.7 shall provide notice to the public and to those with custody of the product in as thorough a
18.8 manner as is practical under the emergency circumstances.

18.9 Sec. 16. Minnesota Statutes 2006, section 31.171, is amended to read:

18.10 **31.171 EMPLOYMENT OF DISEASED PERSON.**

18.11 It shall be unlawful for any person to work in or about any place where any fruit
18.12 or any food products are manufactured, packed, stored, deposited, collected, prepared,
18.13 produced or sold, whose condition is such that disease may be spread to associates direct,
18.14 or through the medium of milk, cream, butter, other food or food products, likely to be
18.15 eaten without being cooked after handling, whether such condition be due to a contagious;
18.16 or infectious, or venereal disease, in its active or convalescent stage, or to the presence of
18.17 disease germs, whether accompanied by, or without, any symptoms of the disease itself.

18.18 It shall be the duty of the commissioner, or the commissioner's assistant, inspector, or
18.19 agent, to report to the state commissioner of health for investigation, any person suspected
18.20 to be dangerous to the public health, as provided for in this section, and immediately to
18.21 exclude such person from such employment pending investigation and during the period
18.22 of infectiousness, if such person is certified by the state commissioner of health, or an
18.23 authorized agent, to be dangerous to the public health.

18.24 Sec. 17. Minnesota Statutes 2007 Supplement, section 31.175, is amended to read:

18.25 **31.175 WATER, PLUMBING, AND SEWAGE.**

18.26 A person who is required by statutes administered by the Department of Agriculture,
18.27 or by rules adopted pursuant to those statutes, to provide a suitable water supply,
18.28 or plumbing or sewage disposal system, ~~may~~ shall not engage in the business of
18.29 manufacturing, processing, selling, handling, or storing food at wholesale or retail
18.30 unless the person's water supply is satisfactory ~~under plumbing codes~~ pursuant to rules
18.31 adopted by the Department of Health, the person's plumbing is satisfactory pursuant to
18.32 rules adopted by the Department of Labor and Industry, and the person's sewage disposal
18.33 system satisfies the rules of the Pollution Control Agency.

19.1 Sec. 18. **[32.416] SOMATIC CELL COUNT, GOAT MILK.**

19.2 Notwithstanding any federal standard incorporated by reference in this chapter, the
19.3 maximum allowable somatic cell count for raw goat milk is 1,500,000 cells per milliliter.

19.4 Sec. 19. Minnesota Statutes 2007 Supplement, section 35.244, is amended to read:

19.5 **35.244 RULES FOR CONTROL OF BOVINE TUBERCULOSIS.**

19.6 Subdivision 1. **Designation of zones.** The board has the authority to control
19.7 tuberculosis and the movement of cattle, bison, goats, and farmed cervidae within and
19.8 between tuberculosis zones in the state. Zones within the state may be designated
19.9 as accreditation preparatory, modified accredited, modified accredited advanced, or
19.10 accredited free as those terms are defined in Code of Federal Regulations, title 9, part 77.

19.11 Subd. 2. **Control within modified accredited zone.** In a modified accredited
19.12 zone, the board has the authority to:

19.13 (1) require owners of cattle, bison, goats, or farmed cervidae to report personal
19.14 contact information and location of livestock to the board;

19.15 (2) require a permit or movement certificates for all cattle, bison, goats, and farmed
19.16 cervidae moving between premises within the zone or leaving or entering the zone;

19.17 (3) require official identification of all cattle, bison, goats, and farmed cervidae
19.18 within the zone or leaving or entering the zone;

19.19 (4) require a negative tuberculosis test within 60 days prior to movement for any
19.20 individual cattle, bison, goats, or farmed cervidae leaving the zone with the exception of
19.21 cattle moving under permit directly to a slaughter facility under state or federal inspection;

19.22 (5) require a whole-herd tuberculosis test within 12 months prior to moving breeding
19.23 cattle out of the zone;

19.24 (6) require annual herd inventories on all cattle, bison, goat, or farmed cervidae
19.25 herds;

19.26 (7) require that a risk assessment be performed to evaluate the interaction of
19.27 free-ranging deer with cattle, bison, goat, and farmed cervidae herds and require the owner
19.28 to implement the recommendations of the risk assessment; and

19.29 (8) provide financial assistance to a person who fences a cattle feeding area.

19.30 Subd. 3. **Authority to adopt rules.** The board may adopt rules to provide for the
19.31 control of tuberculosis in cattle. The rules may include provisions for quarantine, tests,
19.32 and such other measures as the board deems appropriate. Federal regulations, as provided
19.33 by Code of Federal Regulations, title 9, part 77, and the Bovine Tuberculosis Eradication
19.34 Uniform Methods and Rules, are incorporated as part of the rules in this state.

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

20.2 Sec. 20. Minnesota Statutes 2007 Supplement, section 41A.105, subdivision 2, is
20.3 amended to read:

20.4 Subd. 2. **NextGen Energy Board.** There is created a NextGen Energy Board
20.5 consisting of the commissioners of agriculture, commerce, natural resources, the Pollution
20.6 Control Agency, and employment and economic development; the chairs of the house and
20.7 senate committees with jurisdiction over energy finance; the chairs of the house and senate
20.8 committees with jurisdiction over agriculture finance; one member of the second largest
20.9 political party in the house, as appointed by the chairs of the house committees with
20.10 jurisdiction over agriculture finance and energy finance; one member of the second largest
20.11 political party in the senate, as appointed by the chairs of the senate committees with
20.12 jurisdiction over agriculture finance and energy finance; and the executive director of the
20.13 Agricultural Utilization Research Institute. In addition, the governor shall appoint ~~seven~~
20.14 eight members: two representing statewide agriculture organizations; two representing
20.15 statewide environment and natural resource conservation organizations; one representing
20.16 the University of Minnesota; one representing the Minnesota Institute for Sustainable
20.17 Agriculture; ~~and~~ one representing the Minnesota State Colleges and Universities system;
20.18 and one representing the forest products industry.

20.19 Sec. 21. Minnesota Statutes 2006, section 41D.01, subdivision 4, is amended to read:

20.20 Subd. 4. **Expiration.** This section expires on June 30, ~~2008~~ 2013.

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

20.22 Sec. 22. Minnesota Statutes 2006, section 97A.028, subdivision 3, is amended to read:

20.23 Subd. 3. **Emergency deterrent materials assistance.** (a) For the purposes of this
20.24 subdivision, "cooperative damage management agreement" means an agreement between
20.25 a landowner or tenant and the commissioner that establishes a program for addressing the
20.26 problem of destruction of the landowner's or tenant's specialty crops or stored forage crops
20.27 by wild animals, or destruction of agricultural crops by flightless Canada geese.

20.28 (b) A landowner or tenant may apply to the commissioner for emergency deterrent
20.29 materials assistance in controlling destruction of the landowner's or tenant's specialty
20.30 crops or stored forage crops by wild animals, or destruction of agricultural crops by
20.31 flightless Canada geese. Subject to the availability of money appropriated for this purpose,
20.32 the commissioner shall provide suitable deterrent materials when the commissioner
20.33 determines that:

21.1 (1) immediate action is necessary to prevent significant damage from continuing
21.2 ~~or to prevent the spread of bovine tuberculosis; and~~

21.3 (2) a cooperative damage management agreement cannot be implemented
21.4 immediately.

21.5 (c) A person may receive emergency deterrent materials assistance under this
21.6 subdivision more than once, but the cumulative total value of deterrent materials provided
21.7 to a person, or for use on a parcel, may not exceed \$3,000 for specialty crops, ~~\$5,000 for~~
21.8 ~~measures to prevent the spread of bovine tuberculosis within a five-mile radius of a cattle~~
21.9 ~~herd that is infected with bovine tuberculosis as determined by the Board of Animal~~
21.10 ~~Health~~, \$750 for protecting stored forage crops, or \$500 for agricultural crops damaged by
21.11 flightless Canada geese. If a person is a co-owner or cotenant with respect to the specialty
21.12 crops for which the deterrent materials are provided, the deterrent materials are deemed to
21.13 be "provided" to the person for the purposes of this paragraph.

21.14 (d) As a condition of receiving emergency deterrent materials assistance under this
21.15 subdivision, a landowner or tenant shall enter into a cooperative damage management
21.16 agreement with the commissioner. Deterrent materials provided by the commissioner may
21.17 include repellents, fencing materials, or other materials recommended in the agreement
21.18 to alleviate the damage problem. If requested by a landowner or tenant, any fencing
21.19 materials provided must be capable of providing long-term protection of specialty crops.
21.20 A landowner or tenant who receives emergency deterrent materials assistance under
21.21 this subdivision shall comply with the terms of the cooperative damage management
21.22 agreement.

21.23 Sec. 23. Minnesota Statutes 2006, section 148.01, subdivision 1, is amended to read:

21.24 Subdivision 1. **Definitions.** For the purposes of sections 148.01 to 148.10;

21.25 (1) "chiropractic" is defined as the science of adjusting any abnormal articulations of
21.26 the human body, especially those of the spinal column, for the purpose of giving freedom
21.27 of action to impinged nerves that may cause pain or deranged function; and

21.28 (2) "animal chiropractic diagnosis and treatment" means treatment that includes,
21.29 but is not limited to, identifying and resolving vertebral subluxation complexes, spinal
21.30 manipulation, and manipulation of the extremity articulations of nonhuman vertebrates.
21.31 Animal chiropractic diagnosis and treatment does not include:

21.32 (i) performing surgery;

21.33 (ii) dispensing or administering of medications; or

21.34 (iii) performing traditional veterinary care and diagnosis.

22.1 Sec. 24. Minnesota Statutes 2006, section 148.01, is amended by adding a subdivision
22.2 to read:

22.3 Subd. 1a. **Animal chiropractic practice.** A licensed chiropractor may engage in the
22.4 practice of animal chiropractic diagnosis and treatment if registered to do so by the board.

22.5 Sec. 25. Minnesota Statutes 2006, section 148.01, is amended by adding a subdivision
22.6 to read:

22.7 Subd. 1b. **Scope of practice; animal chiropractic.** Criteria for registration
22.8 to engage in the practice of animal chiropractic diagnosis and treatment must be set
22.9 by the board, and must include, but are not limited to: active chiropractic license;
22.10 education and training in the field of animal chiropractic from an American Veterinary
22.11 Chiropractic Association, International Veterinary Chiropractic Association, or higher
22.12 institution-approved course consisting of no less than 210 hours, meeting continuing
22.13 education requirements; and other conditions and rules set by the board.

22.14 Sec. 26. Minnesota Statutes 2006, section 148.01, is amended by adding a subdivision
22.15 to read:

22.16 Subd. 1c. **Titles.** Notwithstanding the limitations established in section 156.12,
22.17 subdivision 4, a doctor of chiropractic properly registered to provide chiropractic care to
22.18 animals in accordance with this chapter and rules of the board may use the title "animal
22.19 chiropractor."

22.20 Sec. 27. Minnesota Statutes 2006, section 148.01, is amended by adding a subdivision
22.21 to read:

22.22 Subd. 1d. **Provisional interim statute.** Upon approval by the board, a licensed
22.23 chiropractor who has already taken and passed the education and training requirement
22.24 set forth in subdivision 1b may engage in the practice of animal chiropractic during the
22.25 time that the rules are being promulgated by the board. Enforcement actions may not
22.26 be taken against persons who have completed the approved program of study by the
22.27 American Veterinary Chiropractic Association or the International Veterinary Chiropractic
22.28 Association until the rules have been adopted by the board.

22.29 Sec. 28. **[148.032] EDUCATIONAL CRITERIA FOR LICENSURE IN ANIMAL**
22.30 **CHIROPRACTIC DIAGNOSIS AND TREATMENT; RECORDS; TREATMENT**
22.31 **NOTES.**

- 23.1 (a) The following educational criteria must be applied to any licensed chiropractor
23.2 who requests registration in animal chiropractic diagnosis and treatment. The criteria must
23.3 include education and training in the following subjects:
- 23.4 (1) anatomy;
23.5 (2) anatomy laboratory;
23.6 (3) biomechanics and gait;
23.7 (4) chiropractic educational basics;
23.8 (5) animal chiropractic diversified adjusting technique, including:
23.9 (i) lecture cervical;
23.10 (ii) thoracic;
23.11 (iii) lumbosacral;
23.12 (iv) pelvic; and
23.13 (v) extremity;
23.14 (6) animal chiropractic diversified adjusting technique, including:
23.15 (i) laboratory cervical;
23.16 (ii) thoracic;
23.17 (iii) lumbosacral;
23.18 (iv) pelvic; and
23.19 (v) extremity;
23.20 (7) case management and case studies;
23.21 (8) chiropractic philosophy;
23.22 (9) ethics and legalities;
23.23 (10) neurology, neuroanatomy, and neurological conditions;
23.24 (11) pathology;
23.25 (12) radiology;
23.26 (13) research in current chiropractic and veterinary topics;
23.27 (14) rehabilitation, current topics, evaluation, and assessment;
23.28 (15) normal foot anatomy and normal foot care;
23.29 (16) saddle fit and evaluation, lecture, and laboratory;
23.30 (17) veterinary educational basics;
23.31 (18) vertebral subluxation complex; and
23.32 (19) zoonotic diseases.
- 23.33 (b) A licensed chiropractor requesting registration in animal chiropractic diagnosis
23.34 and treatment must have completed and passed a course of study from an American
23.35 Veterinary Chiropractic Association, International Veterinary Chiropractic Association, or

24.1 higher institution-approved program, consisting of no less than 210 hours of education
24.2 and training as set forth in paragraph (a).

24.3 (c) A licensed chiropractor engaged in the practice of animal chiropractic diagnosis
24.4 and treatment must maintain complete and accurate records and patient files in the
24.5 chiropractor's office for at least three years.

24.6 (d) A licensed chiropractor engaged in the practice of animal chiropractic diagnosis
24.7 and treatment must make treatment notes and records available to the patient's owner
24.8 upon request and must communicate their findings and treatment plan with the referring
24.9 veterinarian, or the animal's veterinarian if the animal has not been referred by a
24.10 veterinarian.

24.11 Sec. 29. **[148.033] ANIMAL CHIROPRACTIC CONTINUING EDUCATION**
24.12 **HOURS.**

24.13 Any chiropractor engaged in the practice of animal chiropractic diagnosis and
24.14 treatment applying for renewal of a registration related to animal chiropractic diagnosis
24.15 and treatment must have completed a minimum of six hours annually of continuing
24.16 education in animal chiropractic diagnosis and treatment, in addition to the required 20
24.17 hours annually of continuing education in human chiropractic under this chapter. The
24.18 continuing education course attended for purposes of complying with this section must be
24.19 approved by the board prior to attendance by the chiropractor.

24.20 Sec. 30. Laws 2007, chapter 45, article 1, section 3, subdivision 3, is amended to read:

24.21 Subd. 3. **Agricultural Marketing and**
24.22 **Development**

8,547,000

5,157,000

24.23 \$186,000 the first year and \$186,000 the
24.24 second year are for transfer to the Minnesota
24.25 grown account and may be used as grants
24.26 for Minnesota grown promotion under
24.27 Minnesota Statutes, section 17.102. Grants
24.28 may be made for one year. Notwithstanding
24.29 Minnesota Statutes, section 16A.28, the
24.30 appropriations encumbered under contract on
24.31 or before June 30, 2009, for Minnesota grown
24.32 grants in this paragraph are available until
24.33 June 30, 2011. \$50,000 of the appropriation
24.34 in each year is for efforts that identify

25.1 and promote Minnesota grown products
25.2 in retail food establishments including but
25.3 not limited to restaurants, grocery stores,
25.4 and convenience stores. The balance in the
25.5 Minnesota grown matching account in the
25.6 agricultural fund is canceled to the Minnesota
25.7 grown account in the agricultural fund and
25.8 the Minnesota grown matching account is
25.9 abolished.

25.10 \$160,000 the first year and \$160,000 the
25.11 second year are for grants to farmers for
25.12 demonstration projects involving sustainable
25.13 agriculture as authorized in Minnesota
25.14 Statutes, section 17.116. Of the amount
25.15 for grants, up to \$20,000 may be used for
25.16 dissemination of information about the
25.17 demonstration projects. Notwithstanding
25.18 Minnesota Statutes, section 16A.28, the
25.19 appropriations encumbered under contract
25.20 on or before June 30, 2009, for sustainable
25.21 agriculture grants in this paragraph are
25.22 available until June 30, 2011.

25.23 \$100,000 the first year and \$100,000
25.24 the second year are to provide training
25.25 and technical assistance to county and
25.26 town officials relating to livestock siting
25.27 issues and local zoning and land use
25.28 planning, including a checklist template that
25.29 would clarify the federal, state, and local
25.30 government requirements for consideration
25.31 of an animal agriculture modernization
25.32 or expansion project. In developing
25.33 the training and technical assistance
25.34 program, the commissioner shall seek
25.35 guidance, advice, and support of livestock
25.36 producer organizations, general agricultural

26.1 organizations, local government associations,
26.2 academic institutions, other government
26.3 agencies, and others with expertise in land
26.4 use and agriculture.

26.5 \$103,000 the first year and \$106,000 the
26.6 second year are for additional integrated pest
26.7 management activities.

26.8 \$2,500,000 the first year is for the agricultural
26.9 best management practices loan program. At
26.10 least \$2,000,000 is available for pass-through
26.11 to local governments and lenders for
26.12 low-interest loans. Any unencumbered
26.13 balance does not cancel at the end of the first
26.14 year and is available for the second year.

26.15 \$1,000,000 the first year is for the agricultural
26.16 best management practices loan program for
26.17 capital equipment loans for persons using
26.18 native, perennial cropping systems for energy
26.19 or seed production. This appropriation is
26.20 available until spent. * (The preceding text
26.21 beginning "\$1,000,000 the first year" was
26.22 indicated as vetoed by the governor.)

26.23 \$100,000 the first year and \$100,000 the
26.24 second year are for annual cost-share
26.25 payments to resident farmers or persons
26.26 who sell, process, or package agricultural
26.27 products in this state for the costs of organic
26.28 certification. Annual cost-share payments
26.29 per farmer must be two-thirds of the cost
26.30 of the certification or \$350, whichever is
26.31 less. In any year that a resident farmer or
26.32 person who sells, processes, or packages
26.33 agricultural products in this state receives
26.34 a federal organic certification cost-share
26.35 payment, that resident farmer or person is

27.1 not eligible for state cost-share payments.

27.2 A certified farmer is eligible to receive

27.3 annual certification cost-share payments for

27.4 up to five years. \$15,000 each year is for

27.5 organic market and program development.

27.6 The commissioner may allocate any excess

27.7 appropriation in either fiscal year for organic

27.8 producer education efforts, assistance for

27.9 persons transitioning from conventional

27.10 to organic agriculture, or sustainable

27.11 agriculture demonstration grants authorized

27.12 under Minnesota Statutes, section 17.116,

27.13 and pertaining to organic research or

27.14 demonstration. Any unencumbered balance

27.15 does not cancel at the end of the first year

27.16 and is available for the second year.

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

27.18 Sec. 31. Laws 2007, chapter 45, article 1, section 3, subdivision 4, is amended to read:

27.19 Subd. 4. **Bioenergy and Value-Added**

27.20 **Agricultural Products**

19,918,000

15,168,000

27.21 \$15,168,000 the first year and \$15,168,000

27.22 the second year are for ethanol producer

27.23 payments under Minnesota Statutes, section

27.24 41A.09. If the total amount for which all

27.25 producers are eligible in a quarter exceeds

27.26 the amount available for payments, the

27.27 commissioner shall make payments on a

27.28 pro rata basis. If the appropriation exceeds

27.29 the total amount for which all producers

27.30 are eligible in a fiscal year for scheduled

27.31 payments and for deficiencies in payments

27.32 during previous fiscal years, the balance

27.33 in the appropriation is available to the

27.34 commissioner for value-added agricultural

27.35 programs including the value-added

28.1 agricultural product processing and
28.2 marketing grant program under Minnesota
28.3 Statutes, section 17.101, subdivision 5. The
28.4 appropriation remains available until spent.
28.5 \$3,000,000 the first year is for grants to
28.6 bioenergy projects. The NextGen Energy
28.7 Board shall make recommendations to
28.8 the commissioner on grants for owners of
28.9 Minnesota facilities producing bioenergy,
28.10 organizations that provide for on-station,
28.11 on-farm field scale research and outreach to
28.12 develop and test the agronomic and economic
28.13 requirements of diverse stands of prairie
28.14 plants and other perennials for bioenergy
28.15 systems, or certain nongovernmental
28.16 entities. For the purposes of this paragraph,
28.17 "bioenergy" includes transportation fuels
28.18 derived from cellulosic material as well as
28.19 the generation of energy for commercial heat,
28.20 industrial process heat, or electrical power
28.21 from cellulosic material via gasification
28.22 or other processes. The board must give
28.23 priority to a bioenergy facility that is at
28.24 least 60 percent owned and controlled by
28.25 farmers, as defined in Minnesota Statutes,
28.26 section 500.24, subdivision 2, paragraph
28.27 (n), or natural persons residing in the
28.28 county or counties contiguous to where the
28.29 facility is located. Grants are limited to 50
28.30 percent of the cost of research, technical
28.31 assistance, or equipment related to bioenergy
28.32 production or \$500,000, whichever is less.
28.33 Grants to nongovernmental entities for the
28.34 development of business plans and structures
28.35 related to community ownership of eligible
28.36 bioenergy facilities together may not exceed

29.1 \$150,000. The board shall make a good
29.2 faith effort to select projects that have
29.3 merit and when taken together represent a
29.4 variety of bioenergy technologies, biomass
29.5 feedstocks, and geographic regions of the
29.6 state. Projects must have a qualified engineer
29.7 certification on the technology and fuel
29.8 source. Grantees shall provide reports at
29.9 the request of the commissioner and must
29.10 actively participate in the Agricultural
29.11 Utilization Research Institute's Renewable
29.12 Energy Roundtable. No later than February
29.13 1, 2009, the commissioner shall report on
29.14 the projects funded under this appropriation
29.15 to the house and senate committees with
29.16 jurisdiction over agriculture finance. The
29.17 commissioner's costs in administering the
29.18 program may be paid from the appropriation.
29.19 Any unencumbered balance does not cancel
29.20 at the end of the first year and is available in
29.21 the second year.

29.22 \$350,000 the first year is for grants to
29.23 the Minnesota Institute for Sustainable
29.24 Agriculture at the University of Minnesota
29.25 to provide funds for on-station and on-farm
29.26 field scale research and outreach to develop
29.27 and test the agronomic and economic
29.28 requirements of diverse stands of prairie
29.29 plants and other perennials for bioenergy
29.30 systems including, but not limited to,
29.31 multiple species selection and establishment,
29.32 ecological management between planting
29.33 and harvest, harvest technologies, financial
29.34 and agronomic risk management, farmer
29.35 goal setting and adoption of technologies,
29.36 integration of wildlife habitat into

30.1 management approaches, evaluation of
30.2 carbon and other benefits, and robust policies
30.3 needed to induce farmer conversion on
30.4 marginal lands. * (The preceding text
30.5 beginning "\$350,000 the first year" was
30.6 indicated as vetoed by the governor.)
30.7 \$200,000 the first year is for a grant to the
30.8 Minnesota Turf Seed Council for basic
30.9 and applied agronomic research on native
30.10 plants, including plant breeding, nutrient
30.11 management, pest management, disease
30.12 management, yield, and viability. The grant
30.13 recipient may subcontract with a qualified
30.14 third party for some or all of the basic
30.15 or applied research. The grant recipient
30.16 must actively participate in the Agricultural
30.17 Utilization Research Institute's Renewable
30.18 Energy Roundtable and no later than
30.19 February 1, 2009, must report to the house
30.20 and senate committees with jurisdiction
30.21 over agriculture finance. This is a onetime
30.22 appropriation and is available until spent.
30.23 \$200,000 the first year is for a grant to a joint
30.24 venture combined heat and power energy
30.25 facility located in Scott or LeSueur County
30.26 for the creation of a centrally located biomass
30.27 fuel supply depot with the capability of
30.28 unloading, processing, testing, scaling, and
30.29 storing renewable biomass fuels. The grant
30.30 must be matched by at least \$3 of nonstate
30.31 funds for every \$1 of state funds. The grant
30.32 recipient must actively participate in the
30.33 Agricultural Utilization Research Institute's
30.34 Renewable Energy Roundtable and no
30.35 later than February 1, 2009, must report
30.36 to the house and senate committees with

31.1 jurisdiction over agriculture finance. This is
31.2 a onetime appropriation and is available until
31.3 spent.

31.4 \$300,000 the first year is for a grant to the
31.5 Bois Forte Band of Chippewa for a feasibility
31.6 study of a renewable energy biofuels
31.7 demonstration facility on the Bois Forte
31.8 Reservation in St. Louis and Koochiching
31.9 Counties. The grant shall be used by the Bois
31.10 Forte Band to conduct a detailed feasibility
31.11 study of the economic and technical viability
31.12 of developing a multistream renewable
31.13 energy biofuels demonstration facility
31.14 on Bois Forte Reservation land to utilize
31.15 existing forest resources, woody biomass,
31.16 and cellulosic material to produce biofuels or
31.17 bioenergy. The grant recipient must actively
31.18 participate in the Agricultural Utilization
31.19 Research Institute's Renewable Energy
31.20 Roundtable and no later than February 1,
31.21 2009, must report to the house and senate
31.22 committees with jurisdiction over agriculture
31.23 finance. This is a onetime appropriation and
31.24 is available until spent.

31.25 \$300,000 the first year is for a grant to
31.26 the White Earth Band of Chippewa for a
31.27 feasibility study of a renewable energy
31.28 biofuels production, research, and production
31.29 facility on the White Earth Reservation in
31.30 Mahnomen County. The grant must be used
31.31 by the White Earth Band and the University
31.32 of Minnesota to conduct a detailed feasibility
31.33 study of the economic and technical viability
31.34 of (1) developing a multistream renewable
31.35 energy biofuels demonstration facility on
31.36 White Earth Reservation land to utilize

32.1 existing forest resources, woody biomass,
32.2 and cellulosic material to produce biofuels or
32.3 bioenergy, and (2) developing, harvesting,
32.4 and marketing native prairie plants and seeds
32.5 for bioenergy production. The grant recipient
32.6 must actively participate in the Agricultural
32.7 Utilization Research Institute's Renewable
32.8 Energy Roundtable and no later than
32.9 February 1, 2009, must report to the house
32.10 and senate committees with jurisdiction
32.11 over agriculture finance. This is a onetime
32.12 appropriation and is available until spent.

32.13 \$200,000 the first year is for a grant to the Elk
32.14 River Economic Development Authority for
32.15 upfront engineering and a feasibility study
32.16 of the Elk River renewable fuels facility.
32.17 The facility must use a plasma gasification
32.18 process to convert primarily cellulosic
32.19 material, but may also use plastics and other
32.20 components from municipal solid waste, as
32.21 feedstock for the production of methanol
32.22 for use in biodiesel production facilities.

32.23 Any unencumbered balance in fiscal year
32.24 2008 does not cancel but is available for
32.25 fiscal year 2009. Notwithstanding Minnesota
32.26 Statutes, section 16A.285, the agency must
32.27 not transfer this appropriation. The grant
32.28 recipient must actively participate in the
32.29 Agricultural Utilization Research Institute's
32.30 Renewable Energy Roundtable and no
32.31 later than February 1, 2009, must report
32.32 to the house and senate committees with
32.33 jurisdiction over agriculture finance. This is
32.34 a onetime appropriation and is available until
32.35 spent.

33.1 \$200,000 the first year is for a grant to
33.2 Chisago County to conduct a detailed
33.3 feasibility study of the economic and
33.4 technical viability of developing a
33.5 multistream renewable energy biofuels
33.6 demonstration facility in Chisago, Isanti,
33.7 or Pine County to utilize existing forest
33.8 resources, woody biomass, and cellulosic
33.9 material to produce biofuels or bioenergy.
33.10 Chisago County may expend funds to Isanti
33.11 and Pine Counties and the University of
33.12 Minnesota for any costs incurred as part
33.13 of the study. The feasibility study must
33.14 consider the capacity of: (1) the seed bank
33.15 at Wild River State Park to expand the
33.16 existing prairie grass, woody biomass, and
33.17 cellulosic material resources in Chisago,
33.18 Isanti, and Pine Counties; (2) willing and
33.19 interested landowners in Chisago, Isanti, and
33.20 Pine Counties to grow cellulosic materials;
33.21 and (3) the Minnesota Conservation Corps,
33.22 the sentence to serve program, and other
33.23 existing workforce programs in east central
33.24 Minnesota to contribute labor to these efforts.
33.25 The grant recipient must actively participate
33.26 in the Agricultural Utilization Research
33.27 Institute's Renewable Energy Roundtable and
33.28 no later than February 1, 2009, must report
33.29 to the house and senate committees with
33.30 jurisdiction over agriculture finance. This is
33.31 a onetime appropriation and is available until
33.32 spent.

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

33.34 Sec. 32. Laws 2007, chapter 45, article 1, section 3, subdivision 5, is amended to read:

34.1 Subd. 5. **Administration and Financial**
34.2 **Assistance**

7,338,000

6,751,000

34.3 \$1,005,000 the first year and \$1,005,000
34.4 the second year are for continuation of
34.5 the dairy development and profitability
34.6 enhancement and dairy business planning
34.7 grant programs established under Laws 1997,
34.8 chapter 216, section 7, subdivision 2, and
34.9 Laws 2001, First Special Session chapter 2,
34.10 section 9, subdivision 2 . The commissioner
34.11 may allocate the available sums among
34.12 permissible activities, including efforts to
34.13 improve the quality of milk produced in the
34.14 state in the proportions that the commissioner
34.15 deems most beneficial to Minnesota's dairy
34.16 farmers. The commissioner must submit a
34.17 work plan detailing plans for expenditures
34.18 under this program to the chairs of the
34.19 house and senate committees dealing with
34.20 agricultural policy and budget on or before
34.21 the start of each fiscal year. If significant
34.22 changes are made to the plans in the course
34.23 of the year, the commissioner must notify the
34.24 chairs.

34.25 \$50,000 the first year and \$50,000 the
34.26 second year are for the Northern Crops
34.27 Institute. These appropriations may be spent
34.28 to purchase equipment.

34.29 \$19,000 the first year and \$19,000 the
34.30 second year are for a grant to the Minnesota
34.31 Livestock Breeders Association.

34.32 \$250,000 the first year and \$250,000 the
34.33 second year are for grants to the Minnesota
34.34 Agricultural Education Leadership Council

35.1 for programs of the council under Minnesota
35.2 Statutes, chapter 41D.

35.3 \$600,000 the first year is for grants for
35.4 fertilizer research as awarded by the
35.5 Minnesota Agricultural Fertilizer Research
35.6 and Education Council under Minnesota
35.7 Statutes, section 18C.71. ~~No later than~~
35.8 ~~February 1, 2009;~~ The amount available to
35.9 the commissioner pursuant to Minnesota
35.10 Statutes, section 18C.70, subdivision 2, for
35.11 administration of this activity is available
35.12 until February 1, 2009, by which time the
35.13 commissioner shall report to the house and
35.14 senate committees with jurisdiction over
35.15 agriculture finance. The report must include
35.16 the progress and outcome of funded projects
35.17 as well as the sentiment of the council
35.18 concerning the need for additional research
35.19 funded through an industry checkoff fee.

35.20 \$465,000 the first year and \$465,000 the
35.21 second year are for payments to county and
35.22 district agricultural societies and associations
35.23 under Minnesota Statutes, section 38.02,
35.24 subdivision 1. Aid payments to county and
35.25 district agricultural societies and associations
35.26 shall be disbursed not later than July 15 of
35.27 each year. These payments are the amount of
35.28 aid owed by the state for an annual fair held
35.29 in the previous calendar year.

35.30 \$65,000 the first year and \$65,000 the second
35.31 year are for annual grants to the Minnesota
35.32 Turf Seed Council for basic and applied
35.33 research on the improved production of
35.34 forage and turf seed related to new and
35.35 improved varieties. The grant recipient may

36.1 subcontract with a qualified third party for
36.2 some or all of the basic and applied research.
36.3 \$500,000 the first year and \$500,000 the
36.4 second year are for grants to Second Harvest
36.5 Heartland on behalf of Minnesota's six
36.6 Second Harvest food banks for the purchase
36.7 of milk for distribution to Minnesota's food
36.8 shelves and other charitable organizations
36.9 that are eligible to receive food from the food
36.10 banks. Milk purchased under the grants must
36.11 be acquired from Minnesota milk processors
36.12 and based on low-cost bids. The milk must be
36.13 allocated to each Second Harvest food bank
36.14 serving Minnesota according to the formula
36.15 used in the distribution of United States
36.16 Department of Agriculture commodities
36.17 under The Emergency Food Assistance
36.18 Program (TEFAP). Second Harvest
36.19 Heartland must submit quarterly reports
36.20 to the commissioner on forms prescribed
36.21 by the commissioner. The reports must
36.22 include, but are not limited to, information
36.23 on the expenditure of funds, the amount
36.24 of milk purchased, and the organizations
36.25 to which the milk was distributed. Second
36.26 Harvest Heartland may enter into contracts
36.27 or agreements with food banks for shared
36.28 funding or reimbursement of the direct
36.29 purchase of milk. Each food bank receiving
36.30 money from this appropriation may use up to
36.31 two percent of the grant for administrative
36.32 expenses.
36.33 \$100,000 the first year and \$100,000 the
36.34 second year are for transfer to the Board of
36.35 Trustees of the Minnesota State Colleges and
36.36 Universities for mental health counseling

37.1 support to farm families and business
37.2 operators through farm business management
37.3 programs at Central Lakes College and
37.4 Ridgewater College.

37.5 \$18,000 the first year and \$18,000 the
37.6 second year are for grants to the Minnesota
37.7 Horticultural Society.

37.8 \$50,000 is for a grant to the University of
37.9 Minnesota, Department of Horticultural
37.10 Science, Enology Laboratory, to upgrade
37.11 and purchase instrumentation to allow
37.12 rapid and accurate measurement of enology
37.13 components. This is a onetime appropriation
37.14 and is available until expended.

37.15 Sec. 33. **INDUSTRIAL HEMP DEVELOPMENT AND REGULATION.**

37.16 (a) The Agricultural Utilization Research Institute, in consultation with the
37.17 commissioner of agriculture shall create a detailed proposal for establishing industrial
37.18 hemp as a cash crop option for Minnesota's agricultural producers. Commercial industrial
37.19 hemp production would not be allowed and the commissioner would not promulgate any
37.20 administrative rules until the United States Department of Justice, Drug Enforcement
37.21 Administration, authorizes a person to commercially grow industrial hemp in the United
37.22 States, at which time the commissioner shall evaluate industrial hemp laws in other states
37.23 and propose a system of licensure and regulation that does not interfere with the strict
37.24 regulation of controlled substances in this state.

37.25 (b) No later than January 15, 2009, the commissioner shall present the proposal in
37.26 paragraph (a) to the house and senate committees with jurisdiction over agriculture and
37.27 public safety policy and finance.

37.28 Sec. 34. **VIRAL HEMORRHAGIC SEPTICEMIA TESTING.**

37.29 The commissioners of agriculture, health, and natural resources shall form a work
37.30 group and develop a plan for detecting and responding to the presence of the fish virus
37.31 Viral Hemorrhagic Septicemia (VHS) in Minnesota. The plan must cover how the joint
37.32 laboratory facility at the Departments of Agriculture and Health may be used to provide
37.33 testing needed to diagnose and respond to VHS. No later than January 5, 2009, the

38.1 commissioners shall present the plan to the chairs of the house and senate committees with
38.2 jurisdiction over agriculture, health, and natural resources policy and finance.

38.3 Sec. 35. **REPEALER.**

38.4 Minnesota Statutes 2006, section 18C.60, subdivision 4, is repealed.

38.5 Minnesota Statutes 2007 Supplement, section 41A.105, subdivision 5, is repealed.

38.6 **ARTICLE 2**

38.7 **BIODIESEL FUEL CONTENT**

38.8 Section 1. Minnesota Statutes 2006, section 239.77, as amended by Laws 2007, chapter
38.9 62, sections 3 and 4, is amended to read:

38.10 **239.77 BIODIESEL CONTENT MANDATE.**

38.11 Subdivision 1. **Biodiesel fuel.** "Biodiesel fuel" means a renewable, biodegradable,
38.12 mono alkyl ester combustible liquid fuel that is derived from agricultural or other
38.13 plant oils or animal fats ~~and~~; that meets American Society For Testing and Materials
38.14 specification D6751-07 for Biodiesel Fuel (B100) Blend Stock for Distillate Fuels;
38.15 and that is manufactured by a person certified by the BQ-9000 National Biodiesel
38.16 Accreditation Program.

38.17 Subd. 2. **Minimum content.** (a) Except as otherwise provided in this section, all
38.18 diesel fuel sold or offered for sale in Minnesota for use in internal combustion engines
38.19 must contain at least ~~2.0 percent~~ the stated percentage of biodiesel fuel oil by volume
38.20 on and after the following dates:

38.21	(1)	<u>September 29, 2005</u>	<u>2 percent</u>
38.22	(2)	<u>May 1, 2009</u>	<u>5 percent</u>
38.23	(3)	<u>May 1, 2012</u>	<u>10 percent</u>
38.24	(4)	<u>May 1, 2015</u>	<u>20 percent</u>

38.25 The minimum content levels in clauses (3) and (4) are effective during the
38.26 months of April, May, June, July, August, September, and October only. The minimum
38.27 content for the remainder of the year is five percent. However, if the commissioners of
38.28 agriculture, commerce, and the Pollution Control Agency determine, after consultation
38.29 with the Biodiesel Task Force and other technical experts, that an American Society for
38.30 Testing and Materials specification or equivalent federal standard exists for the specified
38.31 biodiesel blend level in those clauses that adequately addresses technical issues associated
38.32 with Minnesota's cold weather and publish a notice in the State Register to that effect,
38.33 the commissioners may allow the specified biodiesel blend level in those clauses to be
38.34 effective year round.

39.1 (b) The minimum content levels in paragraph (a), clauses (3) and (4), become
39.2 effective on the date specified only if the commissioners of agriculture, commerce, and the
39.3 Pollution Control Agency publish notice in the State Register and provide written notice
39.4 to the chairs of the house of representatives and senate committees with jurisdiction over
39.5 agriculture, commerce, and transportation policy and finance, at least 270 days prior to the
39.6 date of each scheduled increase, that all of the following conditions have been met and the
39.7 state is prepared to move to the next scheduled minimum content level:

39.8 (1) an American Society for Testing and Materials specification or equivalent federal
39.9 standard exists for the next minimum diesel-biodiesel blend;

39.10 (2) a sufficient supply of biodiesel is available and the amount of biodiesel produced
39.11 in this state is equal to at least 50 percent of anticipated demand at the next minimum
39.12 content level; and

39.13 (3) adequate blending infrastructure and regulatory protocol are in place in order to
39.14 promote biodiesel quality and avoid any potential economic disruption.

39.15 (c) The commissioners of agriculture, commerce, and the Pollution Control Agency
39.16 must consult with the Biodiesel Task Force when assessing and certifying conditions in
39.17 paragraph (b), and in general must seek the guidance of the Biodiesel Task Force regarding
39.18 biodiesel labeling, enforcement, and other related issues.

39.19 (d) During a period of biodiesel fuel shortage or a problem with biodiesel quality
39.20 that negatively affects the availability of biodiesel fuel, the commissioner of commerce
39.21 may temporarily suspend the minimum content requirements in this subdivision until there
39.22 is sufficient biodiesel fuel, as defined in subdivision 1, available to fulfill the minimum
39.23 content requirements.

39.24 (e) By February 1, 2012, and periodically thereafter, the commissioner of commerce
39.25 shall determine the wholesale diesel price at various pipeline and refinery terminals in
39.26 the region, and the biodiesel price at biodiesel plants in the region after any applicable
39.27 per gallon federal tax credit is subtracted. The commissioner shall report wholesale price
39.28 differences to the governor who, after consultation with the commissioners of commerce
39.29 and agriculture, may by executive order adjust the biodiesel mandate if a price disparity
39.30 reported by the commissioner will cause economic hardship to retailers of diesel fuel
39.31 in this state. Any adjustment must be for a specified period of time, after which the
39.32 percentage of biodiesel fuel to be blended into diesel fuel returns to the amount required in
39.33 this subdivision. The biodiesel mandate must not be adjusted to less than five percent.

39.34 Subd. 3. **Exceptions.** (a) The minimum content ~~requirement~~ requirements of
39.35 subdivision 2 ~~does~~ do not apply to fuel used in the following equipment:

(1) motors located at an electric generating plant regulated by the Nuclear Regulatory Commission;

(2) railroad locomotives; ~~and~~

(3) off-road taconite and copper mining equipment and machinery;

(4) off-road logging equipment and machinery; and

(5) vehicles and equipment used exclusively on an aircraft landing field.

(b) The exemption in paragraph (a), clause (1), expires 30 days after the Nuclear Regulatory Commission has approved the use of biodiesel fuel in motors at electric generating plants under its regulation.

(c) This subdivision expires on May 1, 2012.

Subd. 4. **Disclosure.** A refinery or terminal shall provide, at the time diesel fuel is sold or transferred from the refinery or terminal, a bill of lading or shipping manifest to the person who receives the fuel. For biodiesel-blended products, the bill of lading or shipping manifest must disclose biodiesel content, stating volume percentage, gallons of biodiesel per gallons of petroleum diesel base-stock, or an ASTM "Bxx" designation where "xx" denotes the volume percent biodiesel included in the blended product. This subdivision does not apply to sales or transfers of biodiesel blend stock between refineries, between terminals, or between a refinery and a terminal.

Subd. 5. **Annual report.** Beginning in 2009, the commissioner of agriculture must report by January 15 of each year to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance regarding the implementation of the minimum content requirements in subdivision 2, including information about the price and supply of biodiesel fuel. The report must include any written comments received from members of the Biodiesel Fuel Task Force by January 1 of that year.

Sec. 2. Minnesota Statutes 2007 Supplement, section 296A.01, subdivision 8a, is amended to read:

Subd. 8a. **Biodiesel fuel.** ~~"Biodiesel fuel" means a renewable, biodegradable, monoalkyl ester combustible liquid fuel derived from agricultural plant oils or animal fats and that meets American Society for Testing and Materials specification D6751-07 for Biodiesel Fuel (B100) Blend Stock for Distillate Fuels~~ has the meaning given in section 239.77, subdivision 1.

Sec. 3. **PROPOSAL; PETROLEUM INSPECTION FEE REVENUE.**

The commissioners of finance, commerce, and the Pollution Control Agency must develop and submit to the legislature as part of their next biennial budget request a proposal for eliminating, to the extent feasible, redundant fuel inspections and dedicating, to the extent feasible, all revenue from the petroleum inspection fee levied on petroleum products under Minnesota Statutes, section 239.101, subdivision 3, to the Weights and Measures Division of the Department of Commerce. All additional funding appropriated to the Weights and Measures Division under this proposal must be used for increased and enhanced fuel quality assurance enforcement activities and equipment and for educational activities focused on the handling, distribution, and use of biodiesel fuel.

Sec. 4. **BIO-BASED DIESEL ALTERNATIVES.**

(a) By January 1, 2011, the commissioners of agriculture, commerce, and the Pollution Control Agency shall jointly review the technology, economics, and operational characteristics associated with bio-based diesel alternatives and shall make recommendations concerning their use in Minnesota to the governor and the chairs of the house of representatives and senate committees with jurisdiction over agriculture and energy finance.

(b) For the purposes of this section, "bio-based diesel alternatives" means alternatives to petroleum diesel fuel that are warrantied for use in a standard diesel engine without modification and derived from a biological resource.

Sec. 5. **TECHNICAL COLD WEATHER ISSUES.**

The commissioners of agriculture and commerce shall convene technical stakeholders who are experts in cold weather biodiesel and petroleum diesel issues to consider and make recommendations regarding improvements in the production, blending, handling, and distribution of biodiesel blends to further ensure the performance of these fuels in cold weather. The commissioners shall issue a report on these issues by January 15, 2009, to the chairs of the house of representatives and senate committees with jurisdiction over agriculture and commerce policy and finance.

ARTICLE 3

VETERANS AFFAIRS POLICY

Section 1. Minnesota Statutes 2006, section 196.021, is amended to read:

196.021 DEPUTY COMMISSIONERS; DUTIES.

Subdivision 1. **Appointment.** The commissioner shall appoint a deputy commissioner for veteran services ~~as provided in subdivision 2, and the board of directors~~

of the Minnesota Veterans Homes may appoint a deputy commissioner for veteran health care as provided in section 198.004. Both deputy commissioners serve in the unclassified service, the deputy for veteran services at the pleasure of the commissioner and the deputy for veteran health care at the pleasure of the board. Both deputies ~~shall~~ must be residents of Minnesota, citizens of the United States, and veterans as defined in section 197.447.

Subd. 2. ~~Deputy for veteran services; Powers and duties.~~ The deputy commissioner for veteran services ~~has~~ and the deputy commissioner for veteran health care have those powers delegated by the commissioner ~~that have not otherwise been delegated to the deputy commissioner for veteran health care by the commissioner or assigned to that deputy commissioner by law.~~ A delegation must be in writing, signed by the commissioner, and filed with the secretary of state.

Sec. 2. Minnesota Statutes 2006, section 196.03, is amended to read:

196.03 OFFICERS AND EMPLOYEES.

~~Except as provided in chapter 198,~~ All officers and employees of the department shall be appointed by the commissioner and they shall perform such duties as may be assigned to them by the commissioner.

Sec. 3. [196.30] VETERANS HEALTH CARE ADVISORY COUNCIL.

Subdivision 1. **Creation.** The Veterans Health Care Advisory Council is established to provide the Department of Veterans Affairs with advice and recommendations on providing veterans with quality long-term care and the anticipated future needs of Minnesota veterans.

Subd. 2. **Membership.** (a) The council consists of nine public members appointed by the governor. The council members are:

(1) seven members with extensive expertise in health care delivery, long-term care, and veterans services;

(2) one licensed clinician who may be either a physician, physician's assistant, or a nurse practitioner; and

(3) one additional member.

(b) The governor shall designate a member to serve as the chair.

(c) The commissioner of veterans affairs, or the commissioner's designee, is an ex officio member of the council and shall provide necessary and appropriate administrative and technical support to the council.

(d) Membership terms, removal of members, and the filling of vacancies are as provided in section 15.059, subdivisions 2 and 4. Members shall not receive compensation

43.1 or per diem payments, but may receive reimbursement for expenses pursuant to section
43.2 15.059, subdivision 3.

43.3 Subd. 3. **Duties.** The council is an advisory group with the responsibility of
43.4 providing the commissioner of veterans affairs with information and professional expertise
43.5 on the delivery of quality long-term care to veterans. The council's duties include:

43.6 (1) developing a new vision and strategic plan for the veterans homes that
43.7 complements the Department of Veterans Affairs overall veterans service programs;

43.8 (2) providing recommendations and advice on matters including clinical
43.9 performance, systemwide quality improvement efforts, culture and working environment
43.10 of the veterans homes, and other operational and organizational functions of the veterans
43.11 homes;

43.12 (3) studying and reviewing current issues and trends in the long-term care industry
43.13 and the veterans community;

43.14 (4) providing recommendations to the commissioner on alternative options for the
43.15 delivery of long-term care to veterans so that veterans and their families can determine
43.16 appropriate services under models similar to those available in the community;

43.17 (5) establishing, as appropriate, subcommittees or ad hoc task forces of council
43.18 members, stakeholders, and other individuals with expertise or experience to address
43.19 specific issues; and

43.20 (6) reviewing and providing advice on any other matter at the request of the
43.21 commissioner.

43.22 Subd. 4. **Continuation.** To ensure continued accountability and the active
43.23 involvement of healthcare experts and stakeholders in the governance structure of the
43.24 veterans homes, the governor may appoint a panel of experts to review the continuing
43.25 effectiveness of the council. The commissioner may disband the council at any time.

43.26 Sec. 4. Minnesota Statutes 2006, section 197.236, is amended to read:

43.27 **197.236 VETERANS CEMETERY STATE VETERANS CEMETERIES.**

43.28 Subd. 3. **Operation and maintenance.** The commissioner of veterans affairs shall
43.29 supervise and control the veterans ~~cemeteries~~ cemeteries established under this section. The
43.30 cemeteries are to be maintained and operated in accordance with the operational standards
43.31 and measures of the National Cemetery Administration. The commissioner may contract
43.32 for the maintenance ~~and operation~~ of the ~~cemeteries~~ cemeteries. All personnel, equipment,
43.33 and support necessary for maintenance and operation of the ~~cemeteries~~ cemeteries must be
43.34 included in the department's budget.

44.1 Subd. 5. **Rules.** The commissioner of veterans affairs may adopt rules regarding the
44.2 operation of the ~~cemetery~~ cemeteries. ~~If practicable,~~ The commissioner shall require that
44.3 upright granite markers supplied by the United States Department of Veterans Affairs be
44.4 used to mark all gravesites.

44.5 Subd. 6. **Permanent development and maintenance account.** A veterans
44.6 cemetery development and maintenance account is established in the special revenue
44.7 fund of the state treasury. Receipts for burial fees, ~~earnings from the veterans cemetery~~
44.8 ~~trust account~~ plot or interment allowance claims, designated appropriations, and any
44.9 other cemetery receipts must be deposited into this account. The money in the account,
44.10 including interest earned, is appropriated to the commissioner to be used for the
44.11 development, operation, maintenance, and improvement of the ~~cemetery~~ cemeteries.
44.12 To the extent practicable, the commissioner of veterans affairs must apply for available
44.13 federal grants ~~for the development and operation of the cemetery~~ to establish, expand, or
44.14 improve the cemeteries.

44.15 ~~Subd. 7. **Permanent trust account.** A veterans cemetery trust account is~~
44.16 ~~established in the special revenue fund of the state treasury. All designated appropriations~~
44.17 ~~and monetary donations to the cemetery must be placed in this account. The principal of~~
44.18 ~~this account must be invested by the State Board of Investment and may not be spent. The~~
44.19 ~~income from this account must be transferred as directed by the account manager to the~~
44.20 ~~veterans cemetery development and maintenance account.~~

44.21 Subd. 8. **Eligibility.** ~~Any person who is eligible for burial in a national veterans~~
44.22 ~~cemetery is eligible for burial in the State Veterans Cemetery~~ Cemeteries must be operated
44.23 solely for the burial of service members who die on active duty, eligible veterans, and
44.24 their spouses and dependent children, as defined in United States Code, title 38, section
44.25 101, paragraph (2).

44.26 Subd. 9. **Burial fees.** The commissioner of veterans affairs shall establish a fee
44.27 schedule, which may be adjusted from time to time, for the interment of eligible ~~family~~
44.28 ~~members~~ spouses and dependent children. The fees shall cover as nearly as practicable
44.29 the actual costs of interment, excluding the value of the plot. ~~The department may accept~~
44.30 ~~the Social Security burial allowance, if any, of the eligible family members in an amount~~
44.31 ~~not to exceed the actual cost of the interment.~~ The commissioner may waive the fee
44.32 in the case of an indigent eligible person.

44.33 No plot or interment fees may be charged for the burial of ~~eligible veterans, members~~
44.34 ~~of the National Guard, or military reservists, except that funds available from the Social~~
44.35 ~~Security or veterans burial allowances, if any, must be paid to the commissioner in an~~
44.36 ~~amount not to exceed the actual cost of the interment, excluding the value of the plot~~

45.1 service members who die on active duty or eligible veterans, as defined in United States
45.2 Code, title 38, section 101, paragraph (2).

45.3 ~~Prior to the interment of an eligible person, the commissioner shall request the~~
45.4 ~~cooperation of the eligible person's next of kin in applying to the appropriate federal~~
45.5 ~~agencies for payment to the cemetery of any allowable interment allowance.~~

45.6 ~~Subd. 10. **Allocation of plots.** A person, or survivor of a person, eligible for~~
45.7 ~~interment in the State Veterans Cemetery may apply for a burial plot for the eligible~~
45.8 ~~person by submitting a request to the commissioner of veterans affairs on a form supplied~~
45.9 ~~by the department. The department shall allot plots on a first-come, first-served basis. To~~
45.10 ~~the extent that it is practical, plots must be allocated in a manner permitting the burial of~~
45.11 ~~eligible family members above, below, or adjacent to the eligible veteran, member of~~
45.12 ~~the National Guard, or military reservist.~~

45.13 Subd. 11. **Plot allowance claims.** The commissioner of veterans affairs must apply
45.14 to the Veterans Benefits Administration for a plot or interment allowance payable to the
45.15 state for expenses incurred by the state in the burial of eligible veterans in cemeteries
45.16 owned and operated by the state if the burial is performed at no cost to the veteran's
45.17 next of kin.

45.18 Subd. 12. **No staff.** No staff may be hired for or allocated to any new veterans
45.19 cemetery without explicit legislative approval.

45.20 Sec. 5. Minnesota Statutes 2007 Supplement, section 197.791, subdivision 1, is
45.21 amended to read:

45.22 Subdivision 1. **Definitions.** (a) The definitions in this subdivision apply to this
45.23 section.

45.24 (b) "Commissioner" means the commissioner of veterans affairs, unless otherwise
45.25 specified.

45.26 (c) "Cost of attendance" for ~~both graduate and~~ undergraduate students has the
45.27 meaning given in section 136A.121, subdivision 6, multiplied by a factor of ~~1.1~~ 1.2.
45.28 ~~The~~ Cost of attendance for graduate students has the meaning given in section 136A.121,
45.29 subdivision 6, multiplied by a factor of 1.2, using the tuition and fee maximum established
45.30 by law for four-year programs ~~shall be used to calculate the tuition and fee maximum~~
45.31 ~~under section 136A.121, subdivision 6, for a graduate student.~~

45.32 (d) "Child" means a natural or adopted child of a person described in subdivision 4,
45.33 paragraph (a), clause (1), item (i) or (ii).

(e) "Eligible institution" means a postsecondary institution under section 136A.101, subdivision 4, or a graduate school licensed or registered with the state of Minnesota serving only graduate students.

(f) "Program" means the Minnesota GI Bill program established in this section, unless otherwise specified.

(g) "Time of hostilities" means any action by the armed forces of the United States that is recognized by the issuance of a presidential proclamation or a presidential executive order in which the armed forces expeditionary medal or other campaign service medals are awarded according to presidential executive order, and any additional period or place that the commissioner determines and designates, after consultation with the United States Department of Defense, to be a period or place where the United States is in a conflict that places persons at such a risk that service in a foreign country during that period or in that place should be considered to be included.

(h) "Veteran" has the meaning given in section 197.447. Veteran also includes a service member who has received an honorable discharge after leaving each period of federal active duty service and has:

(1) served 90 days or more of federal active duty ~~in a foreign country during a time of hostilities in that country~~ or been awarded one or more of the following medals:

(i) Armed Forces Expeditionary Medal;

(ii) Kosovo Campaign Medal;

(iii) Afghanistan Campaign Medal;

(iv) Iraq Campaign Medal;

(v) Global War on Terrorism Expeditionary Medal; or

(vi) other campaign medals authorized for service after September 11, 2001; or

(2) received a service-related medical discharge from any period of service in a foreign country during a time of hostilities in that country.

A service member who has fulfilled the requirements for being a veteran under this paragraph but is still serving actively in the United States armed forces is also a veteran for the purposes of this section.

Sec. 6. Minnesota Statutes 2007 Supplement, section 197.791, subdivision 4, is amended to read:

Subd. 4. **Eligibility.** (a) A person is eligible for educational assistance under this section if:

(1) the person is:

(i) a veteran who is serving or has served honorably in any branch or unit of the United States armed forces at any time on or after September 11, 2001;

(ii) a nonveteran who has served honorably for a total of five years or more cumulatively as a member of the Minnesota National Guard or any other active or reserve component of the United States armed forces, and any part of that service occurred on or after September 11, 2001;

(iii) the surviving spouse or child of a person who has served in the military at any time on or after September 11, 2001, and who has died as a direct result of that military service; or

(iv) the spouse or child of a person who has served in the military at any time on or after September 11, 2001, and who has a total and permanent service-connected disability as rated by the United States Veterans Administration;

~~(2) the person providing the military service described in clause (1), items (i) to (iv), was a Minnesota resident within six months of the time of the person's initial enlistment or any reenlistment in the United States armed forces;~~

~~(3)~~ (2) the person receiving the educational assistance is a Minnesota resident, as defined in section 136A.101, subdivision 8; and

~~(4)~~ (3) the person receiving the educational assistance:

(i) is an undergraduate or graduate student at an eligible institution;

(ii) is maintaining satisfactory academic progress as defined by the institution for students participating in federal Title IV programs;

(iii) is enrolled in an education program leading to a certificate, diploma, or degree at an eligible institution;

(iv) has applied for educational assistance under this section prior to the end of the academic term for which the assistance is being requested;

(v) is in compliance with child support payment requirements under section 136A.121, subdivision 2, clause (5); and

(vi) ~~if an undergraduate student, has applied for the federal Pell Grant and the Minnesota State Grant~~ has completed the Free Application for Federal Student Aid (FAFSA).

(b) A person's eligibility terminates when the person becomes eligible for benefits under section 135A.52.

(c) To determine eligibility, the commissioner may require official documentation, including the person's federal form DD-214 or other official military discharge papers; correspondence from the United States Veterans Administration; birth certificate; marriage certificate; proof of enrollment at an eligible institution; signed affidavits; proof of

residency; proof of identity; or any other official documentation the commissioner considers necessary to determine eligibility.

(d) The commissioner may deny eligibility or terminate benefits under this section to any person who has not provided sufficient documentation to determine eligibility for the program. An applicant may appeal the commissioner's eligibility determination or termination of benefits in writing to the commissioner at any time. The commissioner must rule on any application or appeal within 30 days of receipt of all documentation that the commissioner requires. The decision of the commissioner regarding an appeal is final. However, an applicant whose appeal of an eligibility determination has been rejected by the commissioner may submit an additional appeal of that determination in writing to the commissioner at any time that the applicant is able to provide substantively significant additional information regarding the applicant's eligibility for the program. An approval of an applicant's eligibility by the commissioner following an appeal by the applicant is not retroactively effective for more than one year or the semester of the person's original application, whichever is later.

(e) Upon receiving an application with insufficient documentation to determine eligibility, the commissioner must notify the applicant within 30 days of receipt of the application that the application is being suspended pending receipt by the commissioner of sufficient documentation from the applicant to determine eligibility.

Sec. 7. Minnesota Statutes 2007 Supplement, section 197.791, subdivision 5, is amended to read:

Subd. 5. **Benefit amount.** (a) On approval by the commissioner of eligibility for the program, the applicant shall be awarded, on a funds-available basis, the educational assistance under the program for use at any time according to program rules at any eligible institution.

(b) The amount of educational assistance in any semester or term for an eligible person must be determined by subtracting from the eligible person's cost of attendance the amount the person received or was eligible to receive in that semester or term from:

(1) the federal Pell Grant;

(2) the state grant program under section 136A.121; and

(3) any federal military or veterans educational benefits including but not limited to the Montgomery GI Bill, GI Bill Kicker, the federal tuition assistance program, vocational rehabilitation benefits, and any other federal benefits associated with the person's status as a veteran, except veterans disability payments from the United States Veterans Administration.

(c) The amount of educational assistance for any eligible person who is a full-time student must not exceed the following:

- (1) \$1,000 per semester or term of enrollment;
- (2) ~~\$2,000~~ \$3,000 per state fiscal year; and
- (3) \$10,000 in a lifetime.

For a part-time student, the amount of educational assistance must not exceed \$500 per semester or term of enrollment. For the purpose of this paragraph, a part-time undergraduate student is a student taking fewer than 12 credits for a semester or term of enrollment and a part-time graduate student is a student considered part time by the eligible institution the graduate student is attending. The minimum award for undergraduate and graduate students is \$50 per term.

Sec. 8. Minnesota Statutes 2006, section 198.32, subdivision 1, is amended to read:

Subdivision 1. **Resident's rights.** A resident of a Minnesota veterans home has the right to complain and otherwise exercise freedom of expression and assembly which is guaranteed by amendment I of the United States Constitution. The administrator of the home shall inform each resident in writing at the time of admission of the right to complain to the administrator about home accommodations and services. A notice of the right to complain shall be posted in the home. The administrator shall also inform each resident of the right to complain to the ~~board or to the~~ commissioner of veterans affairs. Each resident of a home shall be encouraged and assisted, throughout the period of stay in the home, to understand and exercise the rights of freedom of expression and assembly as a resident and as a citizen, and, to this end, the resident may voice grievances and recommend changes in policies and services to home staff, other residents, and outside representatives of the resident's choice, free from restraint, interference, coercion, discrimination, or reprisal, including retaliatory eviction.

Sec. 9. Minnesota Statutes 2007 Supplement, section 349.12, subdivision 25, is amended to read:

Subd. 25. **Lawful purpose.** (a) "Lawful purpose" means one or more of the following:

(1) any expenditure by or contribution to a 501(c)(3) or festival organization, as defined in subdivision 15a, provided that the organization and expenditure or contribution are in conformity with standards prescribed by the board under section 349.154, which standards must apply to both types of organizations in the same manner and to the same extent;

50.1 (2) a contribution to or expenditure for goods and services for an individual or
50.2 family suffering from poverty, homelessness, or disability, which is used to relieve the
50.3 effects of that suffering;

50.4 (3) a contribution to a program recognized by the Minnesota Department of Human
50.5 Services for the education, prevention, or treatment of problem gambling;

50.6 (4) a contribution to or expenditure on a public or private nonprofit educational
50.7 institution registered with or accredited by this state or any other state;

50.8 (5) a contribution to an individual, public or private nonprofit educational institution
50.9 registered with or accredited by this state or any other state, or to a scholarship fund of a
50.10 nonprofit organization whose primary mission is to award scholarships, for defraying the
50.11 cost of education to individuals where the funds are awarded through an open and fair
50.12 selection process;

50.13 (6) activities by an organization or a government entity which recognize military
50.14 service to the United States, the state of Minnesota, or a community, subject to rules
50.15 of the board, provided that the rules must not include mileage reimbursements in the
50.16 computation of the per diem reimbursement limit and must impose no aggregate annual
50.17 limit on the amount of reasonable and necessary expenditures made to support:

50.18 (i) members of a military marching or color guard unit for activities conducted
50.19 within the state;

50.20 (ii) members of an organization solely for services performed by the members at
50.21 funeral services;

50.22 (iii) members of military marching, color guard, or honor guard units may be
50.23 reimbursed for participating in color guard, honor guard, or marching unit events within
50.24 the state or states contiguous to Minnesota at a per participant rate of up to \$35 per diem; ~~or~~

50.25 (iv) active military personnel and their immediate family members in need of
50.26 support services; or

50.27 (v) a newsletter published periodically by the veterans organization for the purpose
50.28 of providing news and information to members of the organization;

50.29 (7) recreational, community, and athletic facilities and activities intended primarily
50.30 for persons under age 21, provided that such facilities and activities do not discriminate on
50.31 the basis of gender and the organization complies with section 349.154;

50.32 (8) payment of local taxes authorized under this chapter, taxes imposed by the
50.33 United States on receipts from lawful gambling, the taxes imposed by section 297E.02,
50.34 subdivisions 1, 4, 5, and 6, and the tax imposed on unrelated business income by section
50.35 290.05, subdivision 3;

51.1 (9) payment of real estate taxes and assessments on permitted gambling premises
51.2 owned by the licensed organization paying the taxes, or wholly leased by a licensed
51.3 veterans organization under a national charter recognized under section 501(c)(19) of the
51.4 Internal Revenue Code;

51.5 (10) a contribution to the United States, this state or any of its political subdivisions,
51.6 or any agency or instrumentality thereof other than a direct contribution to a law
51.7 enforcement or prosecutorial agency;

51.8 (11) a contribution to or expenditure by a nonprofit organization which is a church
51.9 or body of communicants gathered in common membership for mutual support and
51.10 edification in piety, worship, or religious observances;

51.11 (12) payment of the reasonable costs of an audit required in section 297E.06,
51.12 subdivision 4, provided the annual audit is filed in a timely manner with the Department of
51.13 Revenue and paid prior to June 30, 2006;

51.14 (13) a contribution to or expenditure on projects or activities approved by the
51.15 commissioner of natural resources for:

51.16 (i) wildlife management projects that benefit the public at large;

51.17 (ii) grant-in-aid trail maintenance and grooming established under sections 84.83
51.18 and 84.927, and other trails open to public use, including purchase or lease of equipment
51.19 for this purpose; and

51.20 (iii) supplies and materials for safety training and educational programs coordinated
51.21 by the Department of Natural Resources, including the Enforcement Division;

51.22 (14) conducting nutritional programs, food shelves, and congregate dining programs
51.23 primarily for persons who are age 62 or older or disabled;

51.24 (15) a contribution to a community arts organization, or an expenditure to sponsor
51.25 arts programs in the community, including but not limited to visual, literary, performing,
51.26 or musical arts;

51.27 (16) an expenditure by a licensed fraternal organization or a licensed veterans
51.28 organization for payment of water, fuel for heating, electricity, and sewer costs for a
51.29 building wholly owned or wholly leased by and used as the primary headquarters of the
51.30 licensed veterans organization or fraternal organization;

51.31 (17) expenditure by a licensed veterans organization of up to \$5,000 in a calendar
51.32 year in net costs to the organization for meals and other membership events, limited to
51.33 members and spouses, held in recognition of military service. No more than \$5,000 can be
51.34 expended in total per calendar year under this clause by all licensed veterans organizations
51.35 sharing the same veterans post home;

52.1 (18) payment of fees authorized under this chapter imposed by the state of Minnesota
52.2 to conduct lawful gambling in Minnesota; or

52.3 (19) a contribution or expenditure to honor an individual's humanitarian service
52.4 as demonstrated through philanthropy or volunteerism to the United States, this state,
52.5 or local community.

52.6 (b) Notwithstanding paragraph (a), "lawful purpose" does not include:

52.7 (1) any expenditure made or incurred for the purpose of influencing the nomination
52.8 or election of a candidate for public office or for the purpose of promoting or defeating a
52.9 ballot question;

52.10 (2) any activity intended to influence an election or a governmental decision-making
52.11 process;

52.12 (3) the erection, acquisition, improvement, expansion, repair, or maintenance of real
52.13 property or capital assets owned or leased by an organization, unless the board has first
52.14 specifically authorized the expenditures after finding that (i) the real property or capital
52.15 assets will be used exclusively for one or more of the purposes in paragraph (a); (ii)
52.16 with respect to expenditures for repair or maintenance only, that the property is or will
52.17 be used extensively as a meeting place or event location by other nonprofit organizations
52.18 or community or service groups and that no rental fee is charged for the use; (iii) with
52.19 respect to expenditures, including a mortgage payment or other debt service payment,
52.20 for erection or acquisition only, that the erection or acquisition is necessary to replace
52.21 with a comparable building, a building owned by the organization and destroyed or
52.22 made uninhabitable by fire or catastrophe, provided that the expenditure may be only
52.23 for that part of the replacement cost not reimbursed by insurance; (iv) with respect to
52.24 expenditures, including a mortgage payment or other debt service payment, for erection or
52.25 acquisition only, that the erection or acquisition is necessary to replace with a comparable
52.26 building a building owned by the organization that was acquired from the organization by
52.27 eminent domain or sold by the organization to a purchaser that the organization reasonably
52.28 believed would otherwise have acquired the building by eminent domain, provided
52.29 that the expenditure may be only for that part of the replacement cost that exceeds the
52.30 compensation received by the organization for the building being replaced; or (v) with
52.31 respect to an expenditure to bring an existing building into compliance with the Americans
52.32 with Disabilities Act under item (ii), an organization has the option to apply the amount of
52.33 the board-approved expenditure to the erection or acquisition of a replacement building
52.34 that is in compliance with the Americans with Disabilities Act;

52.35 (4) an expenditure by an organization which is a contribution to a parent
52.36 organization, foundation, or affiliate of the contributing organization, if the parent

53.1 organization, foundation, or affiliate has provided to the contributing organization within
53.2 one year of the contribution any money, grants, property, or other thing of value;

53.3 (5) a contribution by a licensed organization to another licensed organization unless
53.4 the board has specifically authorized the contribution. The board must authorize such a
53.5 contribution when requested to do so by the contributing organization unless it makes an
53.6 affirmative finding that the contribution will not be used by the recipient organization for
53.7 one or more of the purposes in paragraph (a); or

53.8 (6) a contribution to a statutory or home rule charter city, county, or town by a
53.9 licensed organization with the knowledge that the governmental unit intends to use the
53.10 contribution for a pension or retirement fund.

53.11 **EFFECTIVE DATE.** This section is effective July 1, 2008.

53.12 Sec. 10. Minnesota Statutes 2006, section 609.115, is amended by adding a subdivision
53.13 to read:

53.14 **Subd. 10. Veterans mental health status.** (a) When a defendant is convicted of a
53.15 crime, the court shall inquire whether the defendant is currently serving in or is a veteran
53.16 of the armed forces of the United States.

53.17 (b) If the defendant is currently serving in the military or is a veteran and has been
53.18 diagnosed by a qualified psychiatrist or clinical psychologist or physician with a mental
53.19 illness, the court may:

53.20 (1) order that the officer preparing the report under subdivision 1 consult with the
53.21 United States Department of Veterans Affairs, Minnesota Department of Veterans Affairs,
53.22 or another agency or person with suitable knowledge or experience, for the purpose
53.23 of providing the court with information regarding treatment options available to the
53.24 defendant including federal, state, and local programming; and

53.25 (2) consider the treatment recommendations of any diagnosing or treating mental
53.26 health professionals together with the treatment options available to the defendant in
53.27 imposing sentence.

53.28 Sec. 11. **RULES TRANSFER.**

53.29 Minnesota Rules, chapter 9050, is transferred from the Veterans Homes Board of
53.30 Directors to the commissioner of veterans affairs. The commissioner shall administer and
53.31 enforce those rules and may amend or repeal them.

53.32 Sec. 12. **APPOINTMENTS.**

54.1 Notwithstanding Minnesota Statutes, section 196.30, subdivision 2, paragraph (d),
54.2 the governor may make the initial appointments to the Veterans Health Care Advisory
54.3 Council under Executive Order 07-20 without complying with the appointment process in
54.4 Minnesota Statutes, section 15.0597.

54.5 **Sec. 13. PARTNERING IN DELIVERY OF VETERANS SERVICES.**

54.6 The commissioner must seek input from a broad range of experienced
54.7 nongovernmental social service and health care providers, including both secular and
54.8 faith-based service organizations, from throughout the state regarding the feasibility of
54.9 public-private collaboration in providing services to Minnesota Veterans. The services
54.10 may include home health care, psychological counseling, life-skills rehabilitation
54.11 counseling, home hospice care, respite care, and other types of home-based health
54.12 care as judged necessary by the commissioner to enable veterans to recover from
54.13 service-connected injuries, illnesses, and disabilities. The commissioner must report to
54.14 the legislature by January 15, 2009, on its findings and recommendations for establishing
54.15 such service-delivery partnerships.

54.16 **Sec. 14. VETERANS HOMES STRATEGIC PLANNING GROUP.**

54.17 Subdivision 1. **Creation.** An intergovernmental and veterans study group shall be
54.18 appointed for the purpose of conducting strategic planning for existing and future state
54.19 veterans homes, including in-depth strategic planning for the Minneapolis veterans home.
54.20 This group is designated the "Veterans Homes Strategic Planning Group." The Veterans
54.21 Homes Strategic Planning Group shall consist of the following 17 members:

54.22 (1) three senators, including two members of the majority party and one member
54.23 of the minority party, at least one of whom represents a Minneapolis legislative district
54.24 and one of whom represents a greater-Minnesota legislative district, appointed by the
54.25 Subcommittee on Committees of the Committee on Rules and Administration of the
54.26 senate;

54.27 (2) three members of the house of representatives, including two members of the
54.28 majority party and one member of the minority party, at least one of whom represents
54.29 a Minneapolis legislative district and one of whom represents a greater-Minnesota
54.30 legislative district, appointed by the speaker of the house;

54.31 (3) the commissioner and two deputy commissioners of the Minnesota Department
54.32 of Veterans Affairs (MDVA), or the commissioner's designees;

54.33 (4) the president and legislative chair person of the Minnesota Association of County
54.34 Veteran Service Officers (CVSOs), or the president's designees;

55.1 (5) the chair of the Commanders Task Force of Minnesota's congressionally-chartered
55.2 veterans service organizations, or the chair's designee;

55.3 (6) the mayor of Minneapolis, or the mayor's designee, and one Minneapolis city
55.4 planner designated by the mayor;

55.5 (7) the chair of the Twin Cities Metropolitan Council, or the chair's designee;

55.6 (8) one person from the Minnesota Inter-County Association (MICA), as designated
55.7 by the association board; and

55.8 (9) one person from the Association of Minnesota Counties (AMC), as designated
55.9 by the Association board.

55.10 Subd. 2. **Duties.** (a) The Veterans Homes Strategic Planning Group must meet
55.11 periodically to conduct strategic planning for the state veterans homes, both existing and
55.12 future, and with special focus on the current Minnesota veterans home in Minneapolis.
55.13 The planning process must encompass a 25-year future time span, and must include:

55.14 (1) current and projected figures for the number of Minnesota veterans within broad
55.15 age categories, by gender and geographic region of the state;

55.16 (2) current and projected needs of Minnesota veterans for skilled nursing care,
55.17 domiciliary care and outpatient services, as being currently provided by the state veterans
55.18 homes, and as may be needed in the future;

55.19 (3) current and projected capital expenditure, plant maintenance, and operational
55.20 costs for each existing Minnesota veterans home, both per-facility and per-veteran-served,
55.21 with discussion of factors determining cost differences among the homes;

55.22 (4) identification and discussion of the feasibility of alternative methods for meeting
55.23 at least some of the various future needs of veterans, including:

55.24 (i) the possibility of partnering for home-based services for veterans with
55.25 nongovernmental nonprofit or faith-based social service and healthcare delivery
55.26 organizations, as a means of reducing some of the future needs of veterans for domiciliary
55.27 or skilled nursing care in veterans homes;

55.28 (ii) reliance on private, veterans-only nursing homes for handling part or all of the
55.29 future growth in veterans skilled nursing or domiciliary needs, possibly supplemented by
55.30 some state-provided veterans services not currently available in private nursing homes; or

55.31 (iii) any other feasible alternative service delivery methods;

55.32 (5) current and projected capital expenditure, plant maintenance, and operational
55.33 costs for meeting future veterans needs under:

55.34 (i) the veterans-homes-only model; and

55.35 (ii) the combined veterans-homes and home-based partnering model (or any other
55.36 feasible service delivery model that the group identifies); and

56.1 (6) discussion and recommendations regarding:

56.2 (i) the types and levels of veterans home care judged feasible for the state to attempt
56.3 to provide in the near-term and long-term future; and

56.4 (ii) the optimal locations and timing for construction of any future state veterans
56.5 homes and other service delivery facilities in Minnesota.

56.6 (b) In addition to the duties described in paragraph (a), the Veterans Homes
56.7 Strategic Planning Group must provide specific addition analysis of the projected capital,
56.8 maintenance, and operating costs of the current Minnesota veterans home in Minneapolis,
56.9 and must assess the feasibility of alternative operational models at that home or at locations
56.10 within the seven-county metropolitan area. Discussion must include the feasibility, and
56.11 estimation of any cost-savings from the razing or remodeling and converting of some of the
56.12 infrastructure of the current campus for alternative uses and other pertinent items, such as:

56.13 (i) construction of rental housing for veterans and family members of veterans
56.14 receiving medical care at the nearby US/VA Medical Center or other nearby medical
56.15 institutions;

56.16 (ii) conducting a land use study including a highest and best use analysis for the
56.17 existing site and all improvements;

56.18 (iii) investigating opportunities for public/private partnerships in strategic land
56.19 use; and

56.20 (iv) any other purpose judged feasible by the strategic planning group.

56.21 Subd. 3. **Report required.** (a) By January 15, 2009, the Veterans Homes Strategic
56.22 Planning Group must report its proposed recommendations to the chairs of the senate and
56.23 house committees with jurisdiction over veterans affairs, state governmental operations,
56.24 and local government affairs. The strategic planning group may suggest draft legislation
56.25 for legislative consideration.

56.26 (b) The strategic planning group may continue its strategic planning activities and
56.27 by January 15, 2010, may issue a second report to the same legislative chairs containing
56.28 follow-up recommendations for legislative consideration.

56.29 Subd. 4. **Administrative provisions.** (a) The commissioner of veterans affairs, or
56.30 the commissioner's designee, must convene the initial meeting of the Veterans Homes
56.31 Strategic Planning Group. Upon request of the group, the commissioner must provide
56.32 meeting space and administrative services for the group. The members of the group must
56.33 elect a chair or co-chairs from the legislative members of the group at the initial meeting.
56.34 Each subsequent meeting of the group is at the call of the chair or co-chairs.

56.35 (b) Public members of the strategic planning group serve without special
56.36 compensation or special payment of expenses from the group.

57.1 (c) The strategic planning group expires on June 30, 2010, unless an extension is
57.2 authorized by law by that date.

57.3 Subd. 5. **Deadline for appointments and designations.** The appointments and
57.4 designations authorized by this section must be completed by August 1, 2008. The
57.5 strategic planning group must convene its initial meeting no later than September 1, 2008.

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

57.7 **Sec. 15. COUNTY VETERANS SERVICES WORKING GROUP.**

57.8 Subdivision 1. **Creation.** The County Veteran Services Working Group shall consist
57.9 of the following 13 members:

57.10 (1) two senators, including one member from the majority party and one member
57.11 from the minority party, appointed by the Subcommittee on Committees of the Committee
57.12 on Rules and Administration of the senate;

57.13 (2) two members of the house of representatives, one member from the majority
57.14 party and one member from the minority party, appointed by the speaker of the house;

57.15 (3) the commissioner and two deputy commissioners of the Minnesota Department
57.16 of Veterans Affairs (MDVA), or the commissioner's designees;

57.17 (4) the president, vice president, and legislative chair person of the Minnesota
57.18 Association of County Veteran Service Officers (CVSOs);

57.19 (5) the chair of the Commanders Task Force of Minnesota's congressionally-chartered
57.20 veterans service organizations, or the chair's designee;

57.21 (6) one person from the Minnesota Inter-County Association (MICA), as designated
57.22 by the association board; and

57.23 (7) one person from the Association of Minnesota Counties (AMC), as designated
57.24 by the association board.

57.25 Subd. 2. **Duties.** The working group must meet periodically to review the findings
57.26 and recommendations of the 2008 report of the Office of the Legislative Auditor (OLA)
57.27 on Minnesota's county veterans service offices, and make written recommendations to the
57.28 legislature regarding whether and how each of that report's recommendations should be
57.29 implemented. The working group may also provide additional recommendations on how
57.30 to enhance the current services provided by the county veteran service offices.

57.31 The working group may suggest draft legislation for legislative consideration. By
57.32 January 15, 2009, the working group must report its proposed recommendations to the
57.33 chairs of the senate and house committees with jurisdiction over veterans affairs, state
57.34 governmental operations, and local government affairs.

58.1 Subd. 3. **Administrative provisions.** (a) The commissioner of veterans affairs, or
58.2 the commissioner's designee, must convene the initial meeting of the working group.
58.3 Upon request of the working group, the commissioner must provide meeting space and
58.4 administrative services for the group. The members of the working group must elect a
58.5 chair or co-chairs from the legislative members of the working group at the initial meeting.
58.6 Each subsequent meeting is at the call of the chair or co-chairs.

58.7 (b) Public members of the working group serve without special compensation or
58.8 special payment of expenses from the working group.

58.9 (c) The working group expires on June 30, 2009, unless an extension is authorized
58.10 by law by that date.

58.11 Subd. 4. **Deadline for appointments and designations.** The appointments and
58.12 designations authorized by this section must be completed by August 1, 2008. The
58.13 working group must convene its initial meeting no later than September 1, 2008.

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

58.15 Sec. 16. **REVISOR'S INSTRUCTION.**

58.16 (a) The revisor shall change "board," "board of directors," or "Veterans Homes
58.17 Board of Directors" to "commissioner" wherever it is used in Minnesota Statutes, sections
58.18 198.003; 198.005; 198.006; 198.007; 198.022; 198.03; 198.05; 198.065; 198.066; 198.16;
58.19 198.23; 198.261; 198.265; 198.266; 198.31; 198.33; 198.34; 198.35; 198.36; and 198.37;
58.20 and shall change "board rules" to "rules adopted under this chapter" wherever it appears in
58.21 Minnesota Statutes, sections 198.007 and 198.022.

58.22 (b) In Minnesota Rules, chapter 9050, the revisor shall:

58.23 (1) change the terms "executive director," "executive director of the board,"
58.24 "executive director of the Veterans Homes Board," "Minnesota Veterans Homes Board,"
58.25 and "board" to "commissioner of veterans affairs" except where the term "board" is used
58.26 with a different meaning in Minnesota Rules, part 9050.0040, subpart 16;

58.27 (2) change the term "board-operated facility" to "facility operated by the
58.28 commissioner of veterans affairs" and change the term "non-board-operated facility" to
58.29 "facility not operated by the commissioner of veterans affairs";

58.30 (3) change the term "board-approved" to "approved by the commissioner of veterans
58.31 affairs"; and

58.32 (4) eliminate the term "board" where it is used in the third paragraph of Minnesota
58.33 Rules, part 9050.1070, subpart 9.

59.1 (c) The revisor shall change any of the terms in paragraph (a) or (b) to "commissioner
59.2 of veterans affairs" if they are used to refer to the Veterans Homes Board of Directors or
59.3 its executive director anywhere else in Minnesota Statutes or Minnesota Rules.

59.4 Sec. 17. **REPEALER.**

59.5 Minnesota Statutes 2006, sections 197.236, subdivisions 7 and 10; 198.001,
59.6 subdivisions 6 and 9; 198.002, subdivisions 1, 3, and 6; 198.003, subdivisions 5 and 6;
59.7 and 198.004, subdivision 2, and Minnesota Statutes 2007 Supplement, sections 198.002,
59.8 subdivision 2; and 198.004, subdivision 1, are repealed.

59.9 (b) Minnesota Rules, part 9050.0040, subpart 15, is repealed.