

Chapter 126

2024 Regular Session

Subject State Government (Agriculture, Broadband, Climate, and Energy)

Bill S.F. 4942

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Date June 3, 2024

Overview

This act contains budget and policy provisions that pertain to agriculture, broadband, climate, and energy. It appropriates supplemental funding for the fiscal year 2024-2025 budget biennium to the Department of Agriculture, the Agricultural Utilization Research Institute, the Department of Commerce, and the Public Utilities Commission. Governor Tim Walz signed this act into law on May 24, 2024.

Article 1: Agriculture Appropriations

This article modifies certain appropriations that were enacted in last session's agriculture and broadband finance and policy act (Laws 2023, chapter 43) and provides supplemental funding to the Minnesota Department of Agriculture (MDA) and the Agricultural Utilization Research Institute.

Section Description - Article 1: Agriculture Appropriations

1 Department of Agriculture.

Modifies existing appropriations to MDA for fiscal years 2024 and 2025 and provides supplemental funding in certain areas.

Subd. 1. Total appropriation. Lowers the total fiscal year 2024 general fund appropriation and increases the 2025 total general fund appropriation.

Subd. 2. Protection services. Appropriates supplemental funding for: soil health financial assistance grants to eligible recipients located in specified southeastern Minnesota counties; pollinator research; assistance to owners of private drinking water wells located in specified southeastern Minnesota counties when the owner's well water nitrate level exceeds 10 milligrams per liter; and identifying options to address crop and fence destruction caused by deer, elk, and other cervids.

Section Description - Article 1: Agriculture Appropriations

Subd. 3. Agricultural marketing and development. Increases the general fund base for fiscal year 2026 and later, providing for a larger operating adjustment in the Agricultural Marketing and Development Division (a corresponding reduction is made to the operating adjustment for administration and financial assistance in subdivision 5). Modifies rider language that governs a farmers' market grant program.

Subd. 4. Agriculture, bioenergy, and bioproduct advancement. Designates a total of \$450,000 in fiscal year 2025 for wild rice research. Deletes, then reappropriates with certain modifications, the funding for the Agricultural Growth, Research, and Innovation (AGRI) Program in fiscal year 2025. Among other things, the new appropriation language moves the \$4 million DAIRI program funding from fiscal year 2024 to fiscal year 2025; expands eligible recipients of AGRI Farm to School grants to include all early childhood education and child care providers that participate in the federal National School Lunch Program or Child and Adult Care Food Program; increases funding for AGRI Farm to School grants; and extends the availability of the entire fiscal year 2025 AGRI appropriation until June 30, 2027, with an additional three years of availability provided for any portion of the appropriation that is encumbered under contract by that date. Increases the AGRI base funding level in fiscal year 2026 and beyond.

Subd. 5. Administration and financial assistance. Decreases the general fund base amount in fiscal year 2026 and later for an operating adjustment in this area. Modifies prioritization for farm down payment assistance grants during fiscal year 2025. Appropriates onetime money for beginning farmer equipment and infrastructure grants in fiscal year 2025 and a credit market report in fiscal year 2024.

Effective date: This section takes effect the day following final enactment.

2 Agricultural Utilization Research Institute.

Appropriates an additional \$225,000 on a onetime basis to the Agricultural Utilization Research Institute for food business support.

Effective date: This section takes effect the day following final enactment.

Article 2: Agriculture Policy

This article modifies or establishes various programs administered by MDA or the Rural Finance Authority (RFA). Among other things, this article modifies pesticide control statutes and a program that provides compensation for damage caused by wild elk; extends and modifies a

fertilizer research program and associated 40 cent/ton fertilizer fee; authorizes expedited permanent rulemaking for industrial hemp licensing and oversight; and allows RFA to participate in Disaster Recovery Loans that help farmers impacted by drought purchase feed for their livestock.

Section Description - Article 2: Agriculture Policy

- 1 Definitions.**

Defines key terms for purposes of an existing MDA program that provides compensation to farmers when wild elk damage or destroy crops and/or fencing.
- 2 Claim form and reporting.**

Eliminates a requirement that elk damage claim forms be filed with MDA. Requires owners to promptly notify an approved agent of suspected elk damage. Requires claimants to complete the required portions of the claim form and provide an approved agent with all information required to investigate the damage.
- 3 Investigation and crop valuation.**

Requires approved agents to promptly investigate damage reports and make written findings regarding whether the damage was caused by elk. Specifies the physical and circumstantial evidence upon which an approved agent must base their findings. Allows the owner to choose between two methods (claim submission at time of damage, or claim submission at time of harvest) when elk damaged the owner's standing crop. Specifies information an approved agent must record on a claim form when elk cause damage to stored crops or fencing.
- 4 Claim form.**

Requires the owner and approved agent to sign a completed claim form. Requires the agent to submit the form to MDA and specifies how MDA must handle incomplete forms.
- 5 Compensation.**

Provides that the owner is entitled to the estimated value of the damaged or destroyed crop or fence. Under current law, the owner is entitled to the larger of a crop's target or market price plus yield loss adjustments. Eliminates the option for owners to verify fence damage by, in part, submitting a statement from an independent witness. Eliminates the requirement that eligible owners must have followed normal harvest procedures in their area. Lowers maximum compensation for damaged fencing from \$20,000 to \$1,800 per year, per owner.

Section Description - Article 2: Agriculture Policy

- 6 **Beginning farmer equipment and infrastructure grants.**
Replaces existing grant preference for emerging farmers with preference for farmers experiencing limited land access or limited market access, as defined in the next section.
- 7 **Eligibility.**
Expands eligibility for an existing sustainable agriculture demonstration grant program to include farms, agricultural cooperatives, Tribal governments, and local units of government.
- 8 **Definitions.**
Modifies eligibility criteria for Farm Down Payment Assistance Grants by disqualifying any applicant who is related to the person from whom the applicant intends to purchase farmland. This change applies beginning with the fiscal year 2025 round of grants. Defines the terms “incubator farm,” “limited land access,” and “limited market access.”
- 9 **Report to legislature.**
Requires MDA to report to the legislature the number of Farm Down Payment Assistance grant recipients who were experiencing limited land access or limited market access.
- 10 **Grant eligibility.**
Requires MDA to give preference under the soil health financial assistance program to farmer-applicants who are certified or pursuing certification under MDA’s Minnesota Agricultural Water Quality Certification Program.
- 11 **Equipment sales limitation.**
Requires any farmer who receives a soil health financial assistance grant to certify to MDA that the farmer will not sell the equipment for at least ten years.
- 12 **Agricultural contracts.**
Expands the prohibition against certain nondisclosure provisions in agricultural production contracts to also apply to agricultural marketing contracts, including marketing contracts between a farmer and their cooperative.
- 13 **Application or use of a pesticide.**
Specifies that for purposes of Minnesota Statutes, chapter 18B (Pesticide Control), application or use of a pesticide includes the dispersal of a pesticide, preapplication activities that involve the mixing or loading of a restricted-use pesticide (RUP), and other RUP-related activities including but not limited to transporting and storing

Section Description - Article 2: Agriculture Policy

- opened containers, cleaning equipment, and disposing of excess pesticide and materials that contain pesticide.
- 14 **Discontinuance or cancellation of registration.**
Grants MDA authority to immediately cancel a pesticide product registration upon request. When requesting immediate cancellation, the registrant would be required to submit to MDA a statement that the product is no longer in distribution, along with certain supporting documentation.
- 15 **Advisory panel.**
Requires MDA to convene and consider the recommendations of a panel of outside experts before approving a pesticide registrant's application for an experimental use pesticide product. Specifies that the panel must include scientific and public health experts, including representatives of the Minnesota Department of Health, the Minnesota Department of Natural Resources, the Minnesota Pollution Control Agency, and the University of Minnesota.
- 16 **Training manual and examination development.**
Requires MDA to revise and update applicator training materials and examinations to meet or exceed the competency standards established by the United States Environmental Protection Agency in federal regulations. Requires MDA to publish these competency standards on the agency's website.
- 17 **Requirement.**
Requires licensed structural pest control applicators to be at least 18 years old.
- 18 **Application.**
Revokes MDA's ability to require structural pest control applicator license applicants to perform a practical demonstration.
- 19 **Renewal.**
Requires MDA's recertification workshops for structural pest control applicators to meet or exceed the competency standards established by the United States Environmental Protection Agency in federal regulations. Requires MDA to publish these competency standards on the agency's website. Authorizes MDA to require a structural pest control applicator to pass a reexamination test if the applicator does not attend an MDA-required recertification workshop.
- 20 **Financial responsibility.**
Eliminates language prohibiting MDA from issuing a structural pest control applicator's license if the applicant fails to furnish proof of financial responsibility (i.e., net worth of at least \$50,000, or a performance bond or insurance in the

Section Description - Article 2: Agriculture Policy

- amount required by MDA). Authorizes MDA to instead suspend or revoke a structural pest control applicator's license if the applicator fails to provide proof of financial responsibility upon request.
- 21 **Requirement.**
Prohibits MDA from issuing a commercial applicator license to someone younger than 18 years of age.
- 22 **Renewal application.**
Allows MDA to require commercial applicators seeking license renewal to complete a recertification workshop annually, biennially, or once every three years depending upon the applicator's license category. Authorizes MDA to require the licensee to pass a reexamination test if the licensee does not attend an MDA-required recertification workshop. Requires MDA's recertification workshops for commercial applicators to meet or exceed the competency standards established by the United States Environmental Protection Agency in federal regulations. Requires MDA to publish these competency standards on the agency's website.
- 23 **Financial responsibility.**
Eliminates language that prohibits MDA from issuing a commercial applicator's license if the applicant fails to furnish proof of financial responsibility. Authorizes MDA to instead suspend or revoke a commercial applicator's license if the applicator fails to provide adequate proof of financial responsibility upon request.
- 24 **Requirement.**
Prohibits MDA from issuing a noncommercial applicator license to someone younger than 18 years of age.
- 25 **Renewal.**
Allows MDA to require noncommercial applicator licensees seeking license renewal to complete a recertification workshop annually, biennially, or once every three years depending upon the applicator's license category. Authorizes MDA to require a licensee to pass a reexamination test if the licensee does not attend an MDA required recertification workshop. Requires MDA's recertification workshops for noncommercial applicators to meet or exceed the competency standards established by the United States Environmental Protection Agency in federal regulations. Requires MDA to publish these competency standards on the agency's website.
- 26 **Establishment.**
Requires MDA's pesticide applicator license and certification categories to be consistent with and to meet or exceed the competency standards established by the

Section Description - Article 2: Agriculture Policy

- United States Environmental Protection Agency in federal regulations. Requires MDA to publish these competency standards on the agency's website.
- 27 **Requirement.**
Prohibits MDA from issuing a private applicator certification to someone younger than 18 years of age.
- 28 **Certification.**
Requires MDA's private applicator certification requirements and training to meet or exceed the competency standards established by the United States Environmental Protection Agency in federal regulations. Requires MDA to publish these competency standards on the agency's website.
- 29 **Commercial and noncommercial applicators.**
Requires licensed commercial and noncommercial applicators to create and maintain application records that meet or exceed requirements established by the United States Environmental Protection Agency in federal regulations.
- 30 **Structural pest control applicators.**
Requires licensed structural pest control applicators to create and maintain application records that meet or exceed requirements established by the United States Environmental Protection Agency in federal regulations.
- 31 **Beneficial substance.**
Defines this term for purposes of fertilizer law as certain substances or compounds capable of being demonstrated by scientific research as beneficial to plants, soil, or media.
- 32 **Soil amendment.**
Modifies the definition of "soil amendment" for purposes of fertilizer law to include substances intended to improve the chemical or biochemical characteristics of soil.
- 33 **Adoption of national standards.**
Authorizes MDA to adopt applicable national standards contained in the latest official publication of the Association of American Plant Food Control Officials.
- 34 **Packaged fertilizers.**
Modifies labeling requirements for packaged fertilizers to require, where applicable, the product's volume.

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- 35 **Fertilizer plant food content.**
Specifies that when determining the commercial index value for a fertilizer that is deficient in plant food content, MDA must determine the amount of available phosphate, not the amount of available phosphoric acid.
- 36 **Payment of inspection fee.**
Extends the 40 cent/ton Agricultural Fertilizer Research and Education Council (AFREC) fee for five additional years.

Effective date: This section takes effect the day following final enactment.
- 37 **Establishment; membership.**
Modifies membership of the AFREC Council by decreasing the number of members who represent the Minnesota Crop Production Retailers and adding four new members with specified expertise or affiliation.
- 38 **Expiration.**
Extends the AFREC Council by five years.
- 39 **Eligible projects.**
Expands the universe of research projects eligible for selection by the AFREC Council to include those pertaining to regenerative agriculture or the protection of clean water.
- 40 **Priorities and guidance.**
Requires the AFREC Council to develop or update research priorities and request guidance related to specified topics.
- 41 **Awarding grants.**
Coinciding with the increase in AFREC Council membership required under section 37, this section increases the number of affirmative Council member votes required to fund a project.
- 42 **Expiration.**
Extends the statute governing the AFREC fertilizer research grant program by five years.
- 43 **Expiration.**
Extends the statute establishing the dedicated AFREC account and appropriation by five years.

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44 Enforcement required.

Specifies that MDA may use the administrative, civil, and criminal enforcement authorities provided under Minnesota Statutes, chapter 18D, to enforce MDA's Groundwater Protection Rule. (Adopted in 2019, the Groundwater Protection Rule restricts the application of nitrogen fertilizer in the fall and on frozen soils in vulnerable groundwater areas and establishes a process to address elevated nitrate levels in public water supply wells.)

45 Rulemaking.

Authorizes MDA to adopt or amend permanent rules for the industrial hemp licensing program without undergoing the full rulemaking process typically required by Minnesota Statutes, chapter 14. Under this section, MDA's rules would have the force and effect of law if the Revisor of Statutes approves the form of the rules, the commissioner of agriculture signs an order adopting them, the Office of Administrative Hearings approves their legality within 14 days, and MDA publishes the rules in the State Register.

46 Posting of license; rules.

Eliminates language requiring MDA to deposit food handler license fee and penalty revenue in the general fund.

47 Definitions.

Modifies definitions of "farmers' market" and "food product sampling" that apply to an existing food handler license exemption for those who provide food samples or perform food demonstration projects at farmers' markets or community events.

48 Food sampling and demonstration.

Establishes additional requirements for meat, poultry, and fish offered or used for license-exempt food sampling or demonstration.

49 Food required to be provided at no cost.

Modifies an existing requirement that license-exempt food provided as a sample or for demonstration must be provided at no cost.

50 Food safety and equipment standards.

States that the person conducting license-exempt food product sampling or demonstration is not required to have a handwashing device when offering only prepackaged food samples.

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- 51 **Signage.**
Requires those providing license-exempt food product sampling or demonstration to have a legible sign or placard listing the food’s ingredients and any major food allergens.
- 52 **Expiration.**
Extends the expiration date for the Food Safety and Defense Task Force by ten years.
- 53 **Honey.**
Specifies certain label requirements for food sold in Minnesota that looks like honey but contains both honey and another sweetener. Specifies that consistent with the Federal Food, Drug, and Cosmetic Act and state prohibitions against deceptive food labeling, the label for such products must include a statement that accurately identifies or describes the food, and an ingredient statement that includes the common or usual name of each ingredient listed in descending order of predominance by weight.
- 54 **Organic agriculture; commissioner duties.**
Extends the expiring Organic Advisory Task Force by 10 years, to June 30, 2034. (By law, this task force must advise MDA and the University of Minnesota regarding policies and programs that will improve organic agriculture in the state.)
- 55 **Dairy development and profitability enhancement.**
Modifies MDA’s Dairy Development and Profitability Enhancement Program. Removes references to profitability enhancement teams. Authorizes MDA to provide assistance to the dairy industry beyond profitability enhancement and dairy business planning grants. Eliminates a requirement that the program provide one-on-one assistance to dairy farms and authorizes instead that the program may provide assistance individually, via teams, or through other specified methods. Authorizes MDA to award dairy business planning grants to dairy processors and expands the eligible uses for which a dairy producer or processor may use these grants.
- 56 **State participation.**
Increases the RFA’s maximum participation in a beginning farmer real estate loan from \$400,000 to \$500,000.
- 57 **State participation.**
Increases the RFA’s maximum participation in a restructure loan from \$525,000 to \$625,000.

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- 58 **Participation limit; interest.**
Increases the RFA’s maximum participation in a seller-sponsored loan from \$400,000 to \$500,000.
- 59 **Loan participation.**
Increases the RFA’s maximum participation in an agricultural improvement loan from \$400,000 to \$500,000.
- 60 **Loan participation.**
Increases the RFA’s maximum participation in a livestock expansion and modernization loan from \$525,000 to \$625,000.
- 61 **Establishment.**
Expands loan-eligible purposes under the RFA’s Disaster Recovery Loan Program to include feed purchased by a farmer when drought is the cause of the purchase.
- 62 **Commissioner.**
Specifies that “commissioner” means the MDA commissioner or the commissioner’s designee for purposes of the Grain Storage Act.
- 63 **Grain.**
Modifies the definition of “grain” for purposes of the Grain Storage Act to include specified crops as well as any other product that is commonly referred to as grain and ordinarily stored in a grain warehouse.
- 64 **Producer.**
Modifies the definition of “producer” for purposes of the Grain Storage Act to mean anyone who grows grain on land owned or leased by the person.
- 65 **Public grain warehouse operator.**
Modifies the definition of “public grain warehouse operator” for purposes of the Grain Storage Act to mean anyone operating a grain warehouse, whether licensed or not.
- 66 **Scale ticket.**
Modifies the definition of “scale ticket” for purposes of the Grain Storage Act to mean a memo issued by a grain elevator or warehouse operator at the time of grain delivery. Eliminates a provision that defines scale tickets under current law as those that show the grade of grain deposited.

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- 67 **Finder to give notice.**
Requires a person who finds a stray animal to take certain specified actions, with these required actions differing based on whether the person knows the animal’s owner or not.
- 68 **Dairy law.**
Combined with the following section, this section revives and reenacts a provision repealed during the 2023 legislative session. The revived provision provides that all financial and production data that MDA collects from dairy processors, wholesalers, and retailers is classified as private and nonpublic data.
- 69 **Revival and reenactment.**
See the previous section.
- 70 **Report required; cooperative financial reporting.**
Requires MDA to convene stakeholders and develop and report recommendations regarding requirements for cooperatives to report on their financial condition.
- 71 **Commercial applicator license examination language requirements.**
Requires MDA to make commercial pesticide applicator license exams available in Spanish no later than January 1, 2025, and requires MDA to notify applicants that the exams may be taken in Spanish. Specifies that MDA’s costs must be paid from the pesticide regulatory account in the agricultural fund.
- 72 **Credit market report required.**
Requires MDA to convene stakeholders and develop a report regarding the potential establishment of a state credit market for Minnesota farmers. Requires MDA to submit the report to the legislature by February 1, 2025, and allow participating stakeholder to submit written testimony for inclusion in this report.
- 73 **Repealer.**
Repeals the following statutes and rules.
- Minnesota Statutes, section 3.7371, subdivision 7 – This section requires MDA to adopt administrative rules for the elk damage compensation program.
 - Minnesota Statutes, section 34.07 – This section creates a dedicated beverage inspection account in the Agricultural Fund, requires MDA to deposit into this account all fees and penalties collected from those who manufacture, mix, or compound soft drinks or other nonalcoholic beverages for sale, and appropriates this revenue to MDA for inspection and supervision of these same entities.

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- Minnesota Rules, chapter 1506 – These are the existing administrative rules promulgated by MDA for the elk damage compensation program.

Article 3: Broadband

This article provides the Department of Employment and Economic Development’s Office of Broadband Development limited authority to transfer appropriated dollars based on demand and requires the Office to apply for certain federal broadband dollars.

Section Description - Article 3: Broadband

1 Transfer.

Grants the Department of Employment and Economic Development (DEED) standing authority to transfer up to \$5 million of appropriated dollars each fiscal year between three programs administered by DEED’s Office of Broadband Development—the Border-to-Border Broadband Development Grant Program, the Low-Density Population Broadband Development Program, and the Broadband Line Extension Connection Program. DEED could transfer money as needed to meet demand. Requires DEED to report to the legislature whenever it exercises this new authority.

2 Broadband development; application for federal funding; appropriation.

Requires DEED to apply to the federal government for State Digital Equity Capacity Grant Funding made available to the states in 2021’s federal Infrastructure Investment and Jobs Act. Appropriates any federal money received by the state via DEED’s application to DEED for purposes of the agency’s Minnesota Digital Opportunity Plan.

Article 4: Climate and Energy Finance

Appropriates money from the general fund for climate and energy programs and requires reports to the legislature from the commissioner of commerce regarding the cost of administering competitive grants awarded from those appropriations.

Article 5: Renewable Development Account Appropriations

Appropriates money from the renewable development account for climate and energy programs.

Article 6: Energy Policy

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- 1 **[103I.621] Permits for groundwater thermal exchange devices.**
 Subd. 1. Permit. Establishes conditions that may be included in permits issued under this section.

- 2 **[103I.621] Permits for groundwater thermal exchange devices.**
 Subd. 2. Water-use requirements apply. Technical.

- 3 **[116C.779] Funding for renewable development.**
 Strikes language requiring an annual report on fund balances and obligations.

- 4 **[116C.7792] Solar energy production incentive.**
 Allocates \$5,000,000 annually from Xcel Energy’s contribution to the renewable development account in 2026 through 2035 for production incentives under the utility’s Solar Rewards program.

- 5 **[216B.098] Residential customer protections.**
 Subd. 7. Social Security number and individual taxpayer identification number. Requires a utility to accept an individual taxpayer identification number from a new customer in lieu of a Social Security number.

- 6 **[216B.16] Rate change; procedure; hearing.**
 Subd. 6c. Incentive plan for energy conservation and efficient fuel-switching. Authorizes the commission to order utilities to develop conservation incentive plans that include fuel-switching.

- 7 **[216B.16] Rate change; procedure; hearing.**
 Subd. 8. Advertising expense. Allows rate recovery of expenses designed to encourage efficient use of energy.

- 8 **[216B.2402] Definitions.**
 Subd. 3a. Data mining facility. Adds a definition of “data mining facility.”

- 9 **[216B.2402] Definitions.**
 Subd. 4. Efficient fuel-switching improvement. Strikes language to make this subdivision consistent with the requirement of section 216B.241, subdivision 11, that an efficient fuel-switching alternative must reduce greenhouse gas emissions.

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- 10 **[216B.2402] Definitions.**
 Subd. 10. Gross annual retail energy sales. Excludes electricity sales to a data mining facility from the definition of gross annual retail energy sales (which is used as a base for calculating a utility’s energy savings goal) under certain conditions.
- 11 **[216B.2403] Consumer-owned utilities; energy conservation and optimization.**
 Subd. 2. Consumer-owned utility; energy savings goal. Reduces the annual energy-savings goal required of a consumer-owned natural gas utility from 1.5 to 1.0 percent. Strikes language limiting, until July 1, 2026, spending by a consumer-owned utility on efficient fuel-switching improvements to 0.55 percent of its gross annual retail energy sales.
- 12 **[216B.2403] Consumer-owned utilities; energy conservation and optimization.**
 Subd. 3. Consumer-owned utility; energy conservation and optimization plans. Authorizes the commissioner of commerce to recommend a consumer-owned utility to implement an efficient fuel-switching program suggested by a political subdivision, nonprofit, or community organization. Allows a consumer-owned utility to allocate up to ten percent of its total conservation spending for research and development on efficient fuel-switching projects.
- 13 **[216B.2403] Consumer-owned utilities; energy conservation and optimization.**
 Subd. 5. Energy conservation programs for low-income households. Specifies that a consumer-owned electric utility’s conservation spending in a low-income household whose primary heat source is not provided by a public utility may be counted towards the consumer-owned utility’s annual low-income spending requirement.
- 14 **[216B.2403] Consumer-owned utilities; energy conservation and optimization.**
 Subd. 8. Criteria for efficient fuel-switching improvements. Amends the method used to measure whether a fuel-switching improvement is efficient, and hence, whether its energy savings may be counted towards the consumer-owned utility’s annual energy-savings goal. Strikes language requiring efficient fuel-switching improvements to be installed and operated so as to improve the utility’s load factor.
- 15 **[216B.241] Public utilities; energy conservation and optimization.**
 Subd. 1c. Public utility; energy-saving goals. Strikes language limiting, until July 1, 2026, spending by a public utility on efficient fuel-switching improvements to 0.35 percent of its gross annual retail energy sales.

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- 16 **[216B.241] Public utilities; energy conservation and optimization.**
 Subd. 2. Public utility; energy conservation and optimization plans. Authorizes the commissioner of commerce to recommend a public utility to implement an efficient fuel-switching program suggested by a political subdivision, nonprofit, or community organization.
- 17 **[216B.241] Public utilities; energy conservation and optimization.**
 Subd. 11. Programs for efficient fuel-switching improvements; electric utilities. Authorizes a public utility to include a goal for efficient fuel-switching improvements in its energy conservation and optimization plan. Strikes language requiring the department to consider, in deciding whether to approve fuel-switching improvement projects, whether the project facilitates the integration of variable renewable energy sources into the electric system. Allows net benefits from efficient fuel-switching improvements integrated with an energy efficiency program to be counted towards a public utility's overall net conservation benefits. Amends the method used to measure whether a fuel-switching improvement is efficient, and hence, whether its energy savings may be counted towards the utility's annual energy-savings goal.
- 18 **[216B.241] Public Utilities; energy conservation and optimization.**
 Subd. 12. Programs for efficient fuel-switching improvements; natural gas utilities. Strikes language making a public utility ineligible for a financial incentive for efficient fuel-switching in a year in which it does not achieve energy savings of 1.0 percent of its gross annual retail energy sales.
- 19 **[216B.2425] State transmission and distribution plan.**
 Subd. 1. List. Directs the commission to maintain a list of certified grid-enhancing technology projects.
- 20 **[216B.2425] State transmission and distribution plan.**
 Subd. 1a. Definitions. Defines grid enhancing technologies and other terms.
- 21 **[216B.2425] State transmission and distribution plan.**
 Subd. 2. List development transmission and grid enhancing technology projects. Requires utilities and transmission owners to identify grid enhancing technologies that address transmission inadequacies in the biennial state transmission plan.
- 22 **[216B.2427] Natural gas utility innovation plans.**
 Subd. 1. Definitions. Adds definitions of "disadvantaged community" and "thermal energy network."

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- 23 **[216B.2427] Natural gas utility innovation plans.**
Requires innovation plans filed after July 1, 2024, by a utility with more than 800,000 customers to spend at least 15 percent of its total incremental plan costs on thermal energy network projects.
- 24-26 **[216C.08-216C.10]**
Extends the commissioner of commerce’s jurisdiction over the entirety of chapter 216C.
- 27 **[216C.331] Energy benchmarking.**
 Subd. 1. Definitions. Amends definitions in energy benchmarking statute.
- 28-44 **[216C.435-216C.436]**
Broadens the scope of the commercial Property Assessed Clean Energy (PACE) loan program, which allows energy loans to be repaid over time as a surcharge on a property owner’s property tax bill, to allow for loans to projects that improve a property’s resilience (resistance to wind, fire, and flooding; improvements to indoor air quality; mitigating stormwater runoff), conserve a property’s water use, or improve its water quality.

The bill also extends the maximum loan term from 20 to 30 years; increases the maximum loan amount from 20 to 30 percent of a property’s assessed value; removes the requirement that projects be cost-effective; allows the financing of energy projects that include fuel-switching; and no longer requires an energy project to lower net energy consumption, provided that greenhouse gas emissions are reduced.
- 45 **[216C.47] Geothermal planning grants.**
Establishes a program in the Department of Commerce to award grants to cities, counties, towns, and the Metropolitan Council to defray the cost of analysis to determine the feasibility of and design options for installing a geothermal energy system. A maximum grant award of \$150,000 may be applied to the cost of drilling test wells to analyze the geology of potential sites, determining heating and cooling demand, and conducting a financial analysis.
- 46 **[216C.48] Standardized solar plan review software; technical assistance; financial incentive.**
Establishes a program in the Department of Commerce to provide financial incentives to local permitting authorities to deploy federally developed software that automates and streamlines the permit reviewing and issuing process for residential solar projects. Incentives may range from \$5,000 to \$20,000.

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- 47 **Laws 2023, ch. 60, art. 10, § 2, subd. 2.**
Extends the date for submission of a feasibility study of upgrading iron ore to battery storage specifications.
- 48 **Ultraefficient vehicle development grants.**
Establishes a grant program to finance developers and producers of ultraefficient vehicles.
- 49 **Thermal energy network deployment group.**
Directs the Public Utilities Commission to establish a working group to examine how current state regulations affect the ability of natural gas utilities to deploy thermal energy networks. A report to the legislature is due by the end of 2025.
- 50 **Study; carbon dioxide pipelines.**
Requires the Public Utilities Commission to contract for a study of the health and environmental impacts of siting carbon dioxide pipelines in the state.
- 51 **Thermal energy network site suitability study.**
Directs the Department of Commerce to identify areas throughout the state that are suitable for the deployment of thermal energy networks. A report to the legislature is due by January 15, 2026.
- 52 **Grid enhancing technologies report; Public Utilities Commission order.**
Requires electric transmission line owners with more than 750 miles operating in Minnesota to include in the State Transmission Report due November 2025 information on (1) the extent and cost of congestion on its transmission lines; (2) the feasibility and cost of installing grid enhancing technologies to address congestion issues; and (3) a plan to implement cost-effective grid enhancing technologies. The commission is to review the plans and issue an order to implement those approved.
- 53 **Interconnection docket; Public Utilities Commission.**
Directs the commission to open a proceeding before September 1, 2024, to develop a process that enables owners of distributed generation facilities (solar and storage) to share the cost of necessary upgrades to public utility distribution lines to allow those facilities to interconnect, and to issue an order implementing those procedures. Lists issues that such a process must address.
- 54 **Position established; Public Utilities Commission.**
Establishes the position of interconnection ombudsperson at the commission, whose duties are to facilitate the resolution of interconnection disputes and review utility

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interconnection policies to assess opportunities to reduce the number of disputes. The position is funded by a surcharge on interconnection applications.

Article 7: Minnesota Energy Infrastructure Permitting Act

Section Description - Article 7: Minnesota Energy Infrastructure Permitting Act

- 1 **[216I.01] Citation.**
Specifies that this chapter is cited as the Minnesota Energy Infrastructure Permitting Act.
- 2 **[216I.02] Definitions.**
Defines terms.
- 3 **[216I.03] Siting authority.**
Authorizes the Public Utilities Commission to provide for site and route selection and to issue permits for large energy infrastructure facilities. Provides that the scope of environmental review under this chapter does not include issues regarding need.
- 4 **[216I.04] Applicability determination.**
Establishes criteria for aggregating the capacities of multiple solar, wind, or energy storage projects to determine whether a permit is required, and under which review process it should be considered.
- 5 **[216I.05] Designating sites and routes.**
Requires a site or route permit for qualifying energy projects. An applicant must propose only a single site or route. Specifies environmental data that must be included in an application. Describes application procedures, including notice, review, public meetings, and the commission's final decision. Requires permits to require that employees constructing projects are paid at least the state prevailing wage rate.
- 6 **[216I.06] Applications; major review.**
Requires the commission to prepare an environmental impact statement for a project. Specifies that a public hearing must be conducted by an administrative law judge, and that a portion may be conducted as a contested case hearing. The commission must make a final permit decision within 60 days of receiving the administrative law judge's report, and within one year of determining an application is complete.

Section Description - Article 7: Minnesota Energy Infrastructure Permitting Act

- 7 **[216I.07] Applications; standard review.**
Lists projects that qualify for standard review. Requires applicants to prepare an environmental assessment of the proposed project, and allows the commission to prepare an environmental addendum at its discretion. The commission must make a final permit decision within 60 days of the end of the comment period following the public hearing, and within six months of determining an application is complete.
- 8 **[216I.08] Applications; local review.**
Allows an applicant for certain types of projects to apply to a local unit of government for a site or route permit, and describes the application and review process.
- 9 **[216I.09] Permit amendments.**
Specifies the application and review process governing amendments to a site or route permit.
- 10 **[216I.10] Exempt projects.**
Lists types of projects for which site or route permits are not required.
- 11 **[216I.11] Permitting requirement; exceptions for certain facilities.**
Lists additional types of projects for which site or route permits are not required.
- 12 **[216I.12] Permit transfer.**
Specifies the process governing a permit transfer.
- 13 **[216I.13] Permit revocation or suspension.**
Specifies the process governing suspension or revocation of a permit.
- 14 **Revisor instructions.**
Technical.
- 15 **Repealer.**
Specifies existing statutes and rules that are repealed.

Article 8: Certificates of Need

Section Description - Article 8: Certificates of Need

- 1 **[216B.2421] Definition of large energy facility.**
Specifies that in order to qualify as a large energy facility, and hence require a certificate of need, a high-voltage transmission line must be at least one mile long in this state and have a capacity of 300 kilovolts or greater.
- 2 **[216B.243] Certificate of need for large energy facility.**
Subd. 3. Showing required for construction. Specifies conditions under which the commission may require the evaluation of alternative end points for a high-voltage transmission line that is a large energy facility.
- 3 **[216B.243] Certificate of need for large energy facility.**
Subd. 3a. Use of nonrenewable resource. Technical.
- 4 **[216B.243] Certificate of need for large energy facility.**
Subd. 4. Application for certificate; hearing. Technical.
- 5 **[216B.243] Certificate of need for large energy facility.**
Subd. 8. Exemptions. Exempts from the requirement to obtain a certificate of need wind projects whose capacity exceeds five megawatts, solar energy projects, energy storage systems, and transmission lines that connect any of these projects to the transmission system.
- 6 **[216B.243] Certificate of need for large energy facility.**
Subd. 9. Renewable energy standard and carbon-free energy standard facilities. Exempts from the requirement to obtain a certificate of need solar and wind projects contributing to meeting a utility's renewable energy standard or carbon-free energy standard.
- 7 **[216B.246] Federally approved transmission lines; incumbent transmission lineowner rights.**
Reduces from 90 to 60 days the deadline for an incumbent transmission owner to indicate to the commission its intent to construct a transmission line approved by the Midcontinent Independent System Operator. Reduces from 18 to 12 months after a positive notice of intent the deadline for an incumbent transmission owner to submit a certificate of need application to the commission.

Article 9: Conforming Changes

Section Description - Article 9: Conforming Changes

- 1- 16 Conforming and technical changes in accord with article 8.
- 17 **[216G.025] Routing permit; environmental review; carbon dioxide pipelines.**
Requires an owner of a carbon dioxide pipeline to obtain a route permit from the commission. Requires the commission to prepare an environmental impact statement for a carbon dioxide pipeline project.
- 18 **Transfer of duties; environmental analysis of large energy infrastructure facilities.**
Transfers the responsibility of administering the environmental analysis of large energy infrastructure facilities from the Department of Commerce to the Public Utilities Commission on July 1, 2025, and specifies that the provisions of section 15.039 apply to the transfer.
- 19 **Administrative rulemaking.**
Requires the commission to adopt rules, using the expedited rule process, to conform with the changes made in this act.
- 20 **Appropriation; Public Utilities Commission.**
Appropriates \$5,000 from the general fund to the commission for rulemaking required in this article.
- 21 **Appropriation; Department of Commerce.**
Appropriates \$1,200,000 in fiscal year 2025 from the general fund to the Department of Commerce to facilitate participation in siting and routing permit proceedings at the commission. The base in fiscal year 2026 and thereafter is \$2,400,000.
- 22 **Effective date.**
Specifies that sections 3 and 5 to 16 are effective July 1, 2025.



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