$332,000 is appropriated from the trunk highway fund for the fiscal year ending June 30, 1993, for the purpose of implementing sections 1 to 32. This appropriation is available during the fiscal year ending June 30, 1992. Of this amount, $307,000 is appropriated to the commissioner of transportation and $25,000 is appropriated to the transportation regulation board. The complement of the department of transportation is increased by seven positions.

Sec. 34. **REPEALER.**

Minnesota Statutes 1990, section 221.011, subdivision 11, is repealed.

Sec. 35. **EFFECTIVE DATE.**

Sections 1 to 30 and 34 are effective January 1, 1993. Sections 31 and 32 are effective the day following final enactment. Section 33 is effective July 1, 1992.

Presented to the governor April 17, 1992

Signed by the governor April 29, 1992, 8:38 a.m.

CHAPTER 601—H.F.No. 1453

An act relating to the environment; modifying procedures for creating sanitary districts; requiring governmental subdivisions to evaluate annually their wastewater disposal system needs; establishing a program of supplemental financial assistance for the construction of municipal wastewater disposal systems; expanding the authority of the public facilities authority to set and collect fees; requiring a study and report; authorizing bonds for the city of Cloquet for a water line extension; allocating appropriations; amending Minnesota Statutes 1990, sections 115.03, subdivision 1; 115.19; 115.20, subdivisions 1, 2, 3, 4, 5, and 6; 446A.04, subdivision 5; and 446A.07, subdivision 8; Minnesota Statutes 1991 Supplement, section 103G.271, subdivision 6; Laws 1991, chapter 183, section 1; proposing coding for new law in Minnesota Statutes, chapters 116; and 446A.

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

Section 1. Minnesota Statutes 1991 Supplement, section 103G.271, subdivision 6, is amended to read:

Subd. 6. **WATER USE PERMIT PROCESSING FEE.** (a) Except as described in paragraphs (b) to (f), a water use permit processing fee must be prescribed by the commissioner in accordance with the following schedule of fees for each water use permit in force at any time during the year:

(1) 0.05 cents per 1,000 gallons for the first 50,000,000 gallons per year;

(2) 0.10 cents per 1,000 gallons for amounts greater than 50,000,000 gallons but less than 100,000,000 gallons per year;

(3) 0.15 cents per 1,000 gallons for amounts greater than 100,000,000 gallons but less than 150,000,000 gallons per year; and

(4) 0.20 cents per 1,000 gallons for amounts greater than 150,000,000 gallons but less than 200,000,000 gallons per year;

(5) 0.25 cents per 1,000 gallons for amounts greater than 200,000,000 gallons but less than 250,000,000 gallons per year;

(6) 0.30 cents per 1,000 gallons for amounts greater than 250,000,000 gallons but less than 300,000,000 gallons per year;

(7) 0.35 cents per 1,000 gallons for amounts greater than 300,000,000 gallons but less than 350,000,000 gallons per year;

(8) 0.40 cents per 1,000 gallons for amounts greater than 350,000,000 gallons but less than 400,000,000 gallons per year; and

(9) 0.45 cents per 1,000 gallons for amounts greater than 400,000,000 gallons per year.

(b) For once-through cooling systems, a water use processing fee must be prescribed by the commissioner in accordance with the following schedule of fees for each water use permit in force at any time during the year:

(1) for nonprofit corporations and school districts:

(i) 5.0 cents per 1,000 gallons until December 31, 1991;

(ii) 10.0 cents per 1,000 gallons from January 1, 1992, until December 31, 1996; and

(iii) 15.0 cents per 1,000 gallons after January 1, 1997; and

(2) for all other users, 20 cents per 1,000 gallons.

(c) The fee is payable based on the amount of water appropriated during the year and, except as provided in paragraph (f), the minimum fee is $50.

(d) For water use processing fees other than once-through cooling systems:

(1) the fee for a city of the first class may not exceed $175,000 per year;

(2) the fee for other entities for any permitted use may not exceed:

(i) $35,000 per year for an entity holding three or fewer permits;

(ii) $50,000 per year for an entity holding four or five permits;

(iii) $175,000 per year for an entity holding more than five permits;

(3) the fee for agricultural irrigation may not exceed $750 per year; and

(4) the fee for a municipality that furnishes electric service and cogenerates steam for home heating may not exceed $10,000 for its permit for water use related to the cogeneration of electricity and steam.

(e) Failure to pay the fee is sufficient cause for revoking a permit. A penalty of two percent per month calculated from the original due date must be imposed on the unpaid balance of fees remaining 30 days after the sending of a second notice of fees due. A fee may not be imposed on an agency, as defined in section 16B.01, subdivision 2, or federal governmental agency holding a water appropriation permit.

(f) The minimum water use processing fee for a permit issued for irrigation of agricultural land is $10 for years in which:

(1) there is no appropriation of water under the permit; or

(2) the permit is suspended for more than seven consecutive days between May 1 and October 1.

(g) For once-through systems fees payable after July 1, 1993, ~~at least 50~~ 75 percent of the ~~fee deposited in the general fund shall be used for grants, loans, or other financial assistance as appropriated by the legislature to assist in financing retrofitting of permitted once-through systems until December 31, 1999. The commissioner shall adopt rules for determining eligibility and criteria for the issuance of grants, loans, or other financial assistance for retrofitting according to chapter 14, by July 1, 1993~~ fees must be credited to a special account and are appropriated to the Minnesota public facilities authority for loans under section 446A.21.

Sec. 2. Minnesota Statutes 1990, section 115.03, subdivision 1, is amended to read:

Subdivision 1. The agency is hereby given and charged with the following powers and duties:

(a) To administer and enforce all laws relating to the pollution of any of the waters of the state;

(b) To investigate the extent, character, and effect of the pollution of the waters of this state and to gather data and information necessary or desirable in the administration or enforcement of pollution laws, and to make such classification of the waters of the state as it may deem advisable;

(c) To establish and alter such reasonable pollution standards for any waters of the state in relation to the public use to which they are or may be put as it shall deem necessary for the purposes of this chapter and, with respect to the pollution of waters of the state, chapter 116;

(d) To encourage waste treatment, including advanced waste treatment, instead of stream low-flow augmentation for dilution purposes to control and prevent pollution;

(e) To adopt, issue, reissue, modify, deny, or revoke, enter into or enforce reasonable orders, permits, variances, standards, rules, schedules of compliance, and stipulation agreements, under such conditions as it may prescribe, in order to prevent, control or abate water pollution, or for the installation or operation of disposal systems or parts thereof, or for other equipment and facilities;

(1) Requiring the discontinuance of the discharge of sewage, industrial waste or other wastes into any waters of the state resulting in pollution in excess of the applicable pollution standard established under this chapter;

(2) Prohibiting or directing the abatement of any discharge of sewage, industrial waste, or other wastes, into any waters of the state or the deposit thereof or the discharge into any municipal disposal system where the same is likely to get into any waters of the state in violation of this chapter and, with respect to the pollution of waters of the state, chapter 116, or standards or rules promulgated or permits issued pursuant thereto, and specifying the schedule of compliance within which such prohibition or abatement must be accomplished;

(3) Prohibiting the storage of any liquid or solid substance or other pollutant in a manner which does not reasonably assure proper retention against entry into any waters of the state that would be likely to pollute any waters of the state;

(4) Requiring the construction, installation, maintenance, and operation by any person of any disposal system or any part thereof, or other equipment and facilities, or the reconstruction, alteration, or enlargement of its existing disposal system or any part thereof, or the adoption of other remedial measures to prevent, control or abate any discharge or deposit of sewage, industrial waste or other wastes by any person;

(5) Establishing, and from time to time revising, standards of performance for new sources taking into consideration, among other things, classes, types, sizes, and categories of sources, processes, pollution control technology, cost of achieving such effluent reduction, and any nonwater quality environmental impact and energy requirements. Said standards of performance for new sources shall encompass those standards for the control of the discharge of pollutants which reflect the greatest degree of effluent reduction which the agency determines to be achievable through application of the best available demonstrated control technology, processes, operating methods, or other alternatives, including, where practicable, a standard permitting no discharge of pollutants. New sources shall encompass buildings, structures, facilities, or installations from which there is or may be the discharge of pollutants, the construction of which is commenced after the publication by the agency of proposed rules prescribing a standard of performance which will be applicable to such source. Notwithstanding any other provision of the law of this state, any point source the construction of which is commenced after May 20, 1973, and which is so constructed as to meet all applicable standards of performance for new sources shall, consistent with and subject to the provisions of section 306(d) of the

Amendments of 1972 to the Federal Water Pollution Control Act, not be subject to any more stringent standard of performance for new sources during a ten-year period beginning on the date of completion of such construction or during the period of depreciation or amortization of such facility for the purposes of section 167 or 169, or both, of the Federal Internal Revenue Code of 1954, whichever period ends first. Construction shall encompass any placement, assembly, or installation of facilities or equipment, including contractual obligations to purchase such facilities or equipment, at the premises where such equipment will be used, including preparation work at such premises;

(6) Establishing and revising pretreatment standards to prevent or abate the discharge of any pollutant into any publicly owned disposal system, which pollutant interferes with, passes through, or otherwise is incompatible with such disposal system;

(7) Requiring the owner or operator of any disposal system or any point source to establish and maintain such records, make such reports, install, use, and maintain such monitoring equipment or methods, including where appropriate biological monitoring methods, sample such effluents in accordance with such methods, at such locations, at such intervals, and in such a manner as the agency shall prescribe, and providing such other information as the agency may reasonably require;

(8) Notwithstanding any other provision of this chapter, and with respect to the pollution of waters of the state, chapter 116, requiring the achievement of more stringent limitations than otherwise imposed by effluent limitations in order to meet any applicable water quality standard by establishing new effluent limitations, based upon section 115.01, subdivision 5, clause (b), including alternative effluent control strategies for any point source or group of point sources to insure the integrity of water quality classifications, whenever the agency determines that discharges of pollutants from such point source or sources, with the application of effluent limitations required to comply with any standard of best available technology, would interfere with the attainment or maintenance of the water quality classification in a specific portion of the waters of the state. Prior to establishment of any such effluent limitation, the agency shall hold a public hearing to determine the relationship of the economic and social costs of achieving such limitation or limitations, including any economic or social dislocation in the affected community or communities, to the social and economic benefits to be obtained and to determine whether or not such effluent limitation can be implemented with available technology or other alternative control strategies. If a person affected by such limitation demonstrates at such hearing that, whether or not such technology or other alternative control strategies are available, there is no reasonable relationship between the economic and social costs and the benefits to be obtained, such limitation shall not become effective and shall be adjusted as it applies to such person;

(9) Modifying, in its discretion, any requirement or limitation based upon best available technology with respect to any point source for which a permit

application is filed after July 1, 1977, upon a showing by the owner or operator of such point source satisfactory to the agency that such modified requirements will represent the maximum use of technology within the economic capability of the owner or operator and will result in reasonable further progress toward the elimination of the discharge of pollutants;

(f) To require to be submitted and to approve plans and specifications for disposal systems or point sources, or any part thereof and to inspect the construction thereof for compliance with the approved plans and specifications thereof;

(g) To prescribe and alter rules, not inconsistent with law, for the conduct of the agency and other matters within the scope of the powers granted to and imposed upon it by this chapter and, with respect to pollution of waters of the state, in chapter 116, provided that every rule affecting any other department or agency of the state or any person other than a member or employee of the agency shall be filed with the secretary of state;

(h) To conduct such investigations, issue such notices, public and otherwise, and hold such hearings as are necessary or which it may deem advisable for the discharge of its duties under this chapter and, with respect to the pollution of waters of the state, under chapter 116, including, but not limited to, the issuance of permits, and to authorize any member, employee, or agent appointed by it to conduct such investigations or, issue such notices and hold such hearings;

(i) For the purpose of water pollution control planning by the state and pursuant to the Federal Water Pollution Control Act, as amended, to establish and revise planning areas, adopt plans and programs and continuing planning processes, including, but not limited to, basin plans and areawide waste treatment management plans, and to provide for the implementation of any such plans by means of, including, but not limited to, standards, plan elements, procedures for revision, intergovernmental cooperation, residual treatment process waste controls, and needs inventory and ranking for construction of disposal systems;

(j) To train water pollution control personnel, and charge such fees therefor as are necessary to cover the agency's costs. All such fees received shall be paid into the state treasury and credited to the pollution control agency training account;

(k) To impose as additional conditions in permits to publicly owned disposal systems appropriate measures to insure compliance by industrial and other users with any pretreatment standard, including, but not limited to, those related to toxic pollutants, and any system of user charges ratably as is hereby required under state law or said Federal Water Pollution Control Act, as amended, or any regulations or guidelines promulgated thereunder;

(l) To set a period not to exceed five years for the duration of any National Pollutant Discharge Elimination System permit;

(m) To require ~~a~~ each governmental subdivision ~~that owns or operates~~ identified as a permittee for a wastewater ~~disposal system~~ treatment works to ~~have a plan to address its ability to pay the costs of making major repairs to the~~ annually evaluate the condition of its existing system and ~~planning and constructing an adequate replacement system at the end of the existing system's expected useful life~~ identify future capital improvements that will be needed to attain or maintain compliance with a national pollutant discharge elimination system or state disposal system permit; and

(n) To train individual sewage treatment system personnel, including persons who design, construct, install, inspect, service, and operate individual sewage treatment systems, and charge fees as necessary to pay the agency's costs. All fees received must be paid into the state treasury and credited to the agency's training account. Money in the account is appropriated to the agency to pay expenses related to training.

The information required in clause (m) must be submitted annually to the commissioner on a form provided by the commissioner. The commissioner shall provide technical assistance if requested by the governmental subdivision.

Sec. 3. Minnesota Statutes 1990, section 115.19, is amended to read:

115.19 **CREATION; PURPOSE; EXCEPTIONS.**

A sanitary district may be created under the provisions of sections 115.18 to 115.37 for any territory embracing an area or a group of two or more adjacent areas, whether contiguous or separate, but not situated entirely within the limits of a single municipality, for the purpose of promoting the public health and welfare by providing an adequate and efficient system and means of collecting, conveying, pumping, treating and disposing of domestic sewage and garbage and industrial wastes within the district, in any case where the agency finds that there is need throughout ~~such~~ the territory for the accomplishment of ~~such~~ these purposes, ~~that such purposes cannot be effectively accomplished throughout such territory by any existing public agency or agencies,~~ that ~~such~~ these purposes can be effectively accomplished ~~therein~~ on an equitable basis by a district if created, and that the creation and maintenance of such a district will be administratively feasible and in furtherance of the public health, safety, and welfare; but subject to the following exceptions:

No ~~such~~ district shall be created within 25 miles of the boundary of any city of the first class without the approval of the governing body thereof and the approval of the governing body of each and every municipality in ~~such~~ the proposed district by resolution filed with the agency.

Sec. 4. Minnesota Statutes 1990, section 115.20, subdivision 1, is amended to read:

Subdivision 1. (a) A proceeding for the creation of a district may be initiated by a petition to the agency, filed with its secretary, containing the following:

(1) A request for creation of the proposed district;

(2) The name proposed for the district, to include the words "sanitary district";

(3) A description of the territory of the proposed district;

(4) A statement showing the existence in such territory of the conditions requisite for creation of a district as prescribed in section 115.19;

(5) A statement of the territorial units represented by and the qualifications of the respective signers;

(6) The post office address of each signer, given under the signer's signature. A petition may consist of separate writings of like effect, each signed by one or more qualified persons, and all such writings, when filed, shall be considered together as a single petition.

(b) A public meeting must be held to inform citizens of the proposed creation of the district. At the meeting, information must be provided, including a description of the district's proposed structure, bylaws, territory, ordinances, budget, and charges. Notice of the meeting must be published for two successive weeks in a qualified newspaper published within the territory of the proposed district or, if there is no qualified newspaper published within the territory, in a qualified newspaper of general circulation in the territory, and by posting for two weeks in each territorial unit of the proposed district. A record of the meeting must be submitted to the agency with the petition.

Sec. 5. Minnesota Statutes 1990, section 115.20, subdivision 2, is amended to read:

Subd. 2. Every ~~such~~ petition shall be signed as follows:

(1) For each municipality wherein there is a territorial unit of the proposed district, by an authorized officer or officers pursuant to a resolution of the municipal governing body;

(2) For each organized town wherein there is a territorial unit of the proposed district, by an authorized officer or officers pursuant to a resolution of the town board;

(3) For each county wherein there is a territorial unit of the proposed district consisting of an unorganized area, by an authorized officer or officers pursuant to a resolution of the county board, or by at least 20 percent of the voters residing and owning land within ~~such~~ the unit.

Each ~~such~~ resolution shall be published in the official newspaper of the governing body adopting it and shall become effective 40 days after ~~such~~ publication, unless within said period there shall be filed with the governing body a petition signed by qualified electors of a territorial unit of the proposed district,

equal in number to five percent of the number of such electors voting at the last preceding election of ~~such~~ the governing body, requesting a referendum on the resolution, in which case ~~the same shall~~ the resolution may not become effective until approved by a majority of ~~such~~ the qualified electors voting ~~thereon~~ at a regular election or special election which the governing body may call ~~for such purpose~~. The notice of any ~~such~~ election and the ballot to be used ~~thereat~~ shall contain the text of the resolution followed by the question: "Shall the above resolution be approved?"

If any signer is alleged to be a landowner in a territorial unit, a statement as to the signer's landowner status ~~as such~~ as shown by the county auditor's tax assessment records, certified by the auditor, shall be attached to or endorsed upon the petition.

Sec. 6. Minnesota Statutes 1990, section 115.20, subdivision 3, is amended to read:

Subd. 3. ~~The agency or its agent holding the hearing on a petition may, at any time before the reception of evidence begins, permit the addition of signatures to the petition or may permit amendment of the petition~~ At any time before publication of the public notice required in subdivision 4, or before the public hearing, if required under subdivision 4, additional signatures may be added to the petition or amendments of the petition may be made to correct or remedy any error or defect in signature or otherwise except a material error or defect in the description of the territory of the proposed district. No proceeding shall be invalidated on account of any error or defect in the petition unless questioned by an interested party before the reception of evidence begins at the hearing except a material error or defect in the description of the territory of the proposed district. If the qualifications of any signer of a petition are challenged ~~at the hearing thereon~~, the agency or its agent ~~holding the hearing~~ shall determine the challenge forthwith on the allegations of the petition, the county auditor's certificate of land ownership, and such other evidence as may be received.

Sec. 7. Minnesota Statutes 1990, section 115.20, subdivision 4, is amended to read:

Subd. 4. (a) Upon receipt of a petition and the record of the public meeting required under subdivision 1, the agency shall ~~cause a hearing to be held thereon, subject to the provisions of sections 14.02, 14.04 to 14.36, 14.38, 14.44 to 14.45, and 14.57 to 14.62 and other laws not inconsistent therewith now or hereafter in force relating to hearings held under authority of the agency, so far as applicable, except as otherwise provided. Notice of the hearing, stating that a petition for creation of the proposed district has been filed and describing the territory thereof, shall be given by the secretary of the agency by publication for two successive weeks in a qualified newspaper published within such territory, or, if there is no such newspaper, by publication in a qualified newspaper of general circulation in such territory, also by posting for two weeks in each territorial unit of the proposed district, and by mailing a copy of the notice to each signer of the petition at the signer's address as given therein. Registration of mailed~~

New language is indicated by underline, deletions by ~~strikeout~~.

~~copies of the notice shall not be required. Proof of the giving of the notice shall be filed in the office of the secretary.~~ publish a notice in the State Register and mail a copy to each property owner in the affected territory at the owner's address as given by the county auditor. The mailed copy must state the date that the notice will appear in the State Register. Copies need not be sent by registered mail. The notice must:

(1) describe the petition for creation of the district;

(2) describe the territory affected by the petition;

(3) allow 30 days for submission of written comments on the petition;

(4) state that a person who objects to the petition may submit a written request for hearing to the agency within 30 days of the publication of the notice in the State Register; and

(5) state that if a timely request for hearing is not received, the agency may make a decision on the petition at a future meeting of the agency.

(b) If 25 or more timely requests for hearing are received, the agency must hold a hearing on the petition in accordance with the contested case provisions of chapter 14.

Sec. 8. Minnesota Statutes 1990, section 115.20, subdivision 5, is amended to read:

Subd. 5. After the public notice period or the public hearing, if required under subdivision 4, and ~~upon the evidence received thereat~~ based on the petition, any public comments received, and, if a hearing was held, the hearing record, the agency shall make findings of fact and conclusions determining whether or not the conditions requisite for the creation of a district exist in the territory described in the petition. If the agency finds that ~~such~~ conditions exist, it may make an order creating a district for the territory described in the petition under the name proposed in the petition or such other name, including the words "sanitary district," as the agency deems appropriate.

Sec. 9. Minnesota Statutes 1990, section 115.20, subdivision 6, is amended to read:

Subd. 6. If the agency, after the conclusion of the public notice period or the holding of a hearing, if required, determines that the creation of a district in the territory described in the petition is not warranted, it shall make an order denying the petition. The secretary of the agency shall give notice of such denial by mail to each signer of the petition. No petition for the creation of a district consisting of the same territory shall be entertained within a year after the date of ~~such~~ an order, but this shall not preclude action on a petition for the creation of a district embracing part of ~~such~~ the territory with or without other territory.

Sec. 10. **[116.182] FINANCIAL ASSISTANCE PROGRAM.**

Subdivision 1. **DEFINITIONS.** (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Agency" means the pollution control agency.

(c) "Authority" means the public facilities authority established in section 446A.03.

(d) "Commissioner" means the commissioner of the pollution control agency.

(e) "Essential project components" means those components of a wastewater disposal system that are necessary to convey or treat a municipality's existing wastewater flows and loadings, and future wastewater flows and loadings based on the projected residential growth of the municipality for a 20-year period.

(f) "Municipality" means a county, home rule charter or statutory city, or town; the metropolitan waste control commission established in chapter 473; the metropolitan council when acting under the provisions of chapter 473; an Indian tribe or an authorized Indian tribal organization; or any other governmental subdivision of the state responsible by law for the prevention, control, and abatement of water pollution in any area of the state.

Subd. 2. **APPLICABILITY.** This section governs the commissioner's certification of applications for financial assistance under section 446A.07 or 446A.071.

Subd. 3. **PROJECT REVIEW.** The commissioner shall review a municipality's proposed project and financial assistance application to determine whether they meet the criteria in this section and the rules adopted under this section. The review must include a determination of the essential project components.

Subd. 4. **CERTIFICATION OF APPROVED PROJECTS.** The commissioner shall certify to the authority each approved application, including a statement of the essential project components and associated costs.

Subd. 5. **RULES.** The agency shall adopt rules for the administration of the financial assistance program. The rules must include:

(1) application requirements;

(2) criteria for the ranking of projects in order of priority based on factors including the type of project and the degree of environmental impact, and scenic and wild river standards; and

(3) criteria for determining essential project components.

Subd. 6. **TRANSFER OF FUNDS.** As the projects in the programs specified under section 116.18, except the program under subdivision 3c of that section, are completed, any amounts remaining from appropriations for the programs are appropriated to the authority for the wastewater infrastructure funding program in section 446A.071, provided this use of the funds does not violate applicable provisions of any bond or note resolutions, indentures, or other instruments, contracts, or agreements associated with the source of the funds.

Sec. 11. Minnesota Statutes 1990, section 446A.04, subdivision 5, is amended to read:

Subd. 5. **FEES.** (a) The authority may set and collect fees for costs incurred by the authority for audits, arbitrage accounting, and payment of fees charged by the state board of investment. The authority may also set and collect fees for costs incurred by the commissioner and the pollution control agency, including costs for personnel and administrative services, for its financings and the establishment and maintenance of reserve funds. Fees charged directly to borrowers upon executing a loan agreement must not exceed one-half of one percent of the loan amount. Servicing fees assessed to loan repayments must not exceed two percent of the loan repayment. The disposition of fees collected for costs incurred by the authority is governed by section 446A.11, subdivision 13. Fees collected under this subdivision for costs incurred by the commissioner or the pollution control agency must be credited to the general fund.

(b) The authority shall annually report to the chairs of the finance and appropriations committees of the legislature on:

(1) the amount of fees collected under this subdivision for costs incurred by the authority;

(2) the purposes for which the fee proceeds have been spent; and

(3) the amount of any remaining balance of fee proceeds.

Sec. 12. Minnesota Statutes 1990, section 446A.07, subdivision 8, is amended to read:

Subd. 8. **OTHER USES OF REVOLVING FUND.** The water pollution control revolving fund may be used as provided in title VI of the Federal Water Pollution Control Act, including the following uses:

(1) to buy or refinance the debt obligation of governmental units for treatment works where debt was incurred and construction begun after March 7, 1985, at or below market rates;

(2) to guarantee or purchase insurance for local obligations to improve credit market access or reduce interest rates;

(3) to provide a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by the authority if the bond proceeds are deposited in the fund;

(4) to provide loan guarantees for similar revolving funds established by a governmental unit other than state agencies;

(5) to earn interest on fund accounts; and

(6) to pay the reasonable costs incurred by the authority and the agency of

administering the fund and conducting activities required under the Federal Water Pollution Control Act, including water quality management planning under section 205(j) of the act and water quality standards continuing planning under section 303(e) of the act.

Amounts spent under clause (6) may not exceed the amount allowed under the Federal Water Pollution Control Act. ~~The authority may assess a service fee of up to five percent of revolving loan fund repayments for use by the agency and the authority for the purposes listed in clause (6).~~

Sec. 13. **[446A.071] WASTEWATER INFRASTRUCTURE FUNDING PROGRAM.**

Subdivision 1. **ESTABLISHMENT OF THE PROGRAM.** (a) The authority shall establish the wastewater infrastructure funding program to provide supplemental assistance, as provided in rules of the authority, to municipalities that receive loans or other assistance from the water pollution control revolving fund under section 446A.07.

(b) The authority may secure funds for the wastewater infrastructure funding program through state appropriations; any source identified in section 446A.04 which may be designated by the authority for the purposes of this section; and any federal funding appropriated by Congress that may be used for the purposes of this section.

(c) The authority may set aside up to ten percent of the money appropriated to the wastewater infrastructure funding program for wastewater projects that are necessary to accommodate economic development projects.

Subd. 2. **SUPPLEMENTAL ASSISTANCE.** The authority may provide supplemental assistance under this section in the form of loans; write-down of principal, interest, or both; or direct grants, as determined by authority rules. The amount and form of the supplemental assistance must be based on the authority's determination of the financial capability of the municipality, the municipality's eligibility to qualify for other grant programs, and the source of funds.

Subd. 3. **PROGRAM ADMINISTRATION.** The authority may provide supplemental assistance to municipalities demonstrating financial need whose applications have been certified by the commissioner of the pollution control agency under section 116.182. The authority shall provide supplemental assistance according to the priority ranking established by the pollution control agency except for amounts set aside under subdivision 1, paragraph (c). The authority shall assist municipalities in securing other funding from appropriate sources. The authority shall not award financial assistance under this section unless it determines that the total project financing will be in place.

Subd. 4. **FUNDING LEVEL.** (a) The authority may provide supplemental assistance for essential project components and costs as certified by the commis-

sioner of the pollution control agency under section 116.182, subdivision 4, only if the loan or other financial assistance under section 446A.07 is not sufficient to provide financing for that portion of the project. The authority shall take into account the ability of significant wastewater contributors to pay their fair share of the total project costs in determining eligibility of costs for supplemental assistance.

(b) When feasible, the authority shall coordinate and leverage assistance under the wastewater infrastructure funding program with other grant programs for which the municipality is eligible.

(c) Requirements under paragraph (a) do not apply to the economic development set-aside under subdivision 1, paragraph (c).

Subd. 5. **APPLICATIONS.** Applications for supplemental assistance must be made to the authority on forms prescribed by the authority and must include information identified in the rules of the authority and the agency. The authority shall forward an application to the commissioner of the pollution control agency within ten days of receipt. The commissioner of the pollution control agency shall review the projects and applications to determine if they meet the criteria set forth in section 116.182 and the agency rules for the program. The commissioner of the pollution control agency shall certify approved applications to the authority under section 116.182.

Subd. 6. **PAYMENTS.** Payments from the wastewater infrastructure funding program must be made in accordance with applicable state and federal laws and rules of the authority governing such payments.

Subd. 7. **RULES.** The commissioner of trade and economic development shall adopt rules establishing procedures for the administration of the wastewater infrastructure funding program. The rules must include:

(1) procedures for the administration of the financial assistance program, including application procedures;

(2) provisions establishing eligible uses of funds, forms of assistance, payments, and reporting requirements; and

(3) criteria for determining the amount of supplemental assistance, which must include consideration of: social, economic, and demographic considerations; sewer service charges; financial management; and the ability of significant wastewater contributors to pay their fair share of the costs without supplemental assistance.

Subd. 8. **TRANSFER OF APPROPRIATIONS.** As the projects in the programs specified under section 116.18 are completed, any amounts remaining from appropriations for the programs are appropriated to the authority for the wastewater infrastructure funding program, provided this use does not violate applicable provisions of any bond or note resolutions, indentures, or other instruments, contracts, or agreements associated with the source of the funds.

Sec. 14. **[446A.21] ONCE-THROUGH COOLING CONVERSION LOANS.**

Subdivision 1. **BONDS AND NOTES.** (a) The authority shall provide loans, including no interest loans, to public and private entities for the capital costs incurred for the replacement of once-through cooling systems with environmentally acceptable cooling systems.

(b) The authority may issue its bonds and notes in the manner provided under sections 446A.12 to 446A.20 to provide money needed for the purposes of this section over and above the amount appropriated to it for these purposes. The principal amount of bonds and notes issued and outstanding under this section may not exceed $40,000,000 at any time. The bonds and notes issued to make loans under this section are not general obligation bonds. Section 446A.15, subdivision 6, does not apply to the bonds and notes. The bonding authority authorized under this section is in addition to the bonding authority authorized under section 446A.12, subdivision 1, and the limitation on the amount of bonding authority imposed under section 446A.12, subdivision 1, does not apply to the bonds issued under this section. The legislature intends not to appropriate money from the general fund to pay for these bonds.

(c) Money appropriated to the authority and money provided under section 446A.04, subdivision 3, for once-through cooling conversion may be used by the authority for debt service on bonds and notes, purchasing insurance, subsidizing below market interest rates, and providing loans under this section.

Subd. 2. **ADMINISTRATION.** (a) An entity may apply to the authority for a loan. Within ten days of receipt, the authority shall submit the application to the commissioner of public service to determine whether the proposed cooling system meets the energy efficiency criteria of the department. The commissioner of public service shall certify to the authority whether the project meets the applicable energy efficiency criteria. The commissioner of public service shall adopt rules establishing energy efficiency criteria for replacement cooling systems.

(b) Within the limitation of available funds, the authority may award a loan to a certified entity if the authority determines that the entity has demonstrated the ability to repay the loan under the terms negotiated under subdivision 3.

(c) The authority shall give priority to nonprofit organizations and school districts in making loans.

Subd. 3. **LOAN CONDITIONS.** A loan made under this section may be made for up to 100 percent of the cost of once-through cooling system replacement for which the entity is liable. A loan may be made at or below market interest rates and at a term not to exceed 20 years.

Subd. 4. **LOAN PAYMENTS.** Loan repayments of principal and interest received by the authority are appropriated to the authority to make new loans.

Sec. 15. Laws 1991, chapter 183, section 1, is amended to read:

Section 1. **FULLY DEVELOPED AREA; STUDY.**

The metropolitan council must conduct a study of the development patterns and needs in the council-defined fully developed area. The council must direct its staff to:

(1) examine both the development patterns and the migration patterns in the fully developed area that have occurred in the last 20 years with special attention to household composition;

(2) compare the relative public costs of redevelopment in the fully developed area with the costs of development within the council-defined developing area. This work should include, but is not limited to, transportation and transit, wastewater treatment, public safety services, housing, and education;

(3) examine the changing demographics of the fully developed area and other areas within the metropolitan region, and make projections regarding the economic and social condition of the fully developed area;

(4) examine the anticipated effects of a light rail transit system on the economic and social condition of the fully developed area; and

(5) recommend changes that would encourage the economic and social strengthening of the fully developed area.

In conducting its study, the council must use, along with other information, any available data from the 1990 census. The council must present ~~its~~ the analysis, findings, and preliminary policy options and recommendations identified by council staff to the legislature by ~~February 15, 1994~~ January 1, 1993. ~~The council must also present interim briefings to the legislature on work in progress at least annually between the effective date of this act and the completion of the study.~~ The council shall present its policy recommendations to the legislature by July 1, 1993.

Sec. 16. **METROPOLITAN DISPOSAL SYSTEM RATE STRUCTURE STUDY.**

Subdivision 1. **COUNCIL CONTRACT WITH THE UNIVERSITY.** The metropolitan council shall contract with the board of regents of the University of Minnesota to conduct the study described in this section. The contract amount may not exceed $100,000. The council and the metropolitan waste control commission shall cooperate with and as requested by the university as it conducts the study. Council costs, including the contract costs incurred by the council, must be paid for by the metropolitan waste control commission under Minnesota Statutes, section 473.164.

Subd. 2. **STUDY.** The university shall study the allocation of current costs, as defined in Minnesota Statutes, section 473.517, subdivision 1, among local

government units in the metropolitan area in order to examine the social, economic, and environmental effects resulting from: (1) the allocation of current costs to communities within service areas for which the costs are attributable, versus (2) the allocation of current costs to communities uniformly throughout the metropolitan area. The study may consider various configurations of service areas, and must consider service areas reasonably consistent with the council's geographic policy areas, as defined in the council's development and investment framework. The study must specifically address the effects of alternative cost allocation methods on the council-defined fully developed area. The study may consider effects arising from the location and placement of other infrastructure elements on the fully developed and developing areas.

Subd. 3. **REPORT TO THE LEGISLATURE.** The council shall submit the university's study report to the legislature along with the council's and the commission's comments on the report by January 4, 1993.

Sec. 17. **CLOQUET; BONDS.**

The city of Cloquet may issue general obligation bonds in an amount not greater than $2,200,000 for the acquisition and betterment of a water line extension to the Fond du Lac Community College. The bonds may be issued without election and are not subject to the limits on debt provided by Minnesota Statutes, chapter 475, or other law. Except as provided by this section, the bonds shall be issued as provided by Minnesota Statutes, chapter 475. The bonds must be issued before July 1, 1993.

Sec. 18. **APPROPRIATION ALLOCATION.**

(a) $100,000 remaining from the appropriation in Laws 1991, chapter 254, article 1, section 2, subdivision 2, is for grants to municipalities for the individual on-site treatment systems program under Minnesota Statutes, section 116.18, subdivision 3c. This amount must be transferred by the pollution control agency to the public facilities authority. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

(b) Up to $50,000 of the amount in paragraph (a) may be awarded to a municipality or sanitary district for advanced alternative on-site treatment system demonstration projects in sensitive groundwater areas. An amount awarded under this paragraph must be matched by an equal amount of local funds from the municipality or sanitary district.

Sec. 19. **EFFECTIVE DATE.**

Sections 1 and 14 are effective July 1, 1992.

Sections 15 and 16 are effective the day following final enactment and apply in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

New language is indicated by underline, deletions by ~~strikeout~~.

Section 18 is effective the day following final enactment.

Section 17 is effective the day following the date of compliance by the governing body of the city of Cloquet with Minnesota Statutes, section 645.021, subdivision 3.

Presented to the governor April 17, 1992

Signed by the governor April 29, 1992, 8:40 a.m.

CHAPTER 602—H.F.No. 2734

An act relating to agriculture; providing for establishment of an agricultural improvement loan program for grade B dairy producers; appropriating money and authorizing the issuance of state bonds to fund the program; changing provisions concerning adulterated dairy products; exempting persons who sell nuts from certain licensing requirements; adding a member to a board; changing family farm security loan payment provisions; establishing an over-order premium milk price; requiring rules and a report; appropriating money for agricultural information centers; amending Minnesota Statutes 1990, sections 28A.15, subdivisions 7 and 8; 32.21; 41.56, subdivision 3; 41.57, by adding subdivisions; 41B.02, by adding a subdivision; 116J.9673, subdivisions 2 and 7; proposing coding for new law in Minnesota Statutes, chapters 32A; and 41B; repealing 1992 S.F. No. 2728, if enacted.

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

Section 1. Minnesota Statutes 1990, section 28A.15, subdivision 7, is amended to read:

Subd. 7. Persons whose principal business is not food handling but who sell only ice manufactured and prepackaged by another or such nonperishable items as bottled or canned soft drinks ~~and~~, prepackaged confections or nuts at retail, or persons who for their own convenience or the convenience of their employees have available for rehydration and consumption on the premises such nonperishable items as dehydrated coffee, soup, hot chocolate or other dehydrated food or beverage.

Sec. 2. Minnesota Statutes 1990, section 28A.15, subdivision 8, is amended to read:

Subd. 8. A licensed pharmacy selling only food additives, food supplements, canned or prepackaged infant formulae, ice manufactured and packaged by another, or such nonperishable food items as bottled or canned soft drinks and prepackaged confections or nuts at retail.

Sec. 3. Minnesota Statutes 1990, section 32.21, is amended to read:

32.21 **ADULTERATED ~~MILK AND CREAM~~ DAIRY PRODUCTS.**