

Subd. 2. GIFTS AND APPROPRIATIONS. The board may accept gifts; apply for and use grants of money or other property from the United States, the state, or any person for any board purpose, and may enter into agreements required in connection therewith; and may hold, use, and dispose of the money or property in accordance with the terms of the gift, grant, or agreement relating to it.

Sec. 9. EFFECTIVE DATE.

Sections 1 to 5 are effective July 1, 1999. Section 6 is effective August 1, 1998, for municipal state-aid apportionments in calendar year 1999 and subsequent years. Sections 7 and 8 are effective July 1, 1998.

Presented to the governor April 3, 1998

Signed by the governor April 7, 1998, 2:33 p.m.

CHAPTER 373—H.F.No. 2708

An act relating to agriculture; providing for associations of producers; setting dispute resolution procedures; establishing an advisory committee; amending Minnesota Statutes 1996, sections 13.99, subdivision 6d; 17.692; 17.693, subdivisions 1, 2, and 6; 17.694, subdivisions 1, 2, 3, 6, and 7; 17.696, subdivision 2; 17.697; 17.698; 17.70, subdivisions 1, 2, and 3; 17.701; proposing coding for new law in Minnesota Statutes, chapter 17; repealing Minnesota Statutes 1996, section 17.699.

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

Section 1. Minnesota Statutes 1996, section 13.99, subdivision 6d, is amended to read:

Subd. 6d. AGRICULTURAL PRODUCER ASSOCIATION AND COMMODITY HANDLERS. Access to data filed with the commissioner of agriculture by agricultural producer associations and agricultural commodity handlers is governed by section 17.694, subdivision 1.

Sec. 2. Minnesota Statutes 1996, section 17.692, is amended to read:

17.692 DECLARATION OF POLICY.

Since Agricultural products are produced by numerous and often scattered individual producers, the marketing and bargaining position of individual producers will be adversely affected unless they are free to join together voluntarily in cooperative associations or other associations as authorized by law. Membership of a producer in such a cooperative association or other association can only be meaningful if a handler of agricultural products is required to bargain in good faith with an agricultural cooperative association or other association as the representative of the members of such association. Production and marketing of agricultural commodities constitutes a basic and essential industry. Agricultural producers do not now enjoy the opportunity, comparable to that of industrial workers and those in many other forms of enterprise or employment, to organize and bargain effectively. Neither is adequate government provision available to assure that the bargaining process shall be fair both to producers and handlers and in the

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public interest in Minnesota by many individual farmers, ranchers, and handlers scattered throughout the state. The efficient production and marketing of agricultural products by farmers, ranchers, and handlers is of vital concern to their welfare and to the general economy of Minnesota. The marketing and bargaining position of individual farmers, ranchers, and handlers will be adversely affected unless they are free to join together voluntarily in cooperative organizations as authorized by law. Interference with this right is contrary to the public interest, adversely affects the free and orderly flow of goods in interstate and foreign commerce, and affects the welfare of the people of Minnesota. It is, therefore, declared to be the policy of this state and the purpose of this chapter to establish standards of fair practices required of handlers and producers in their dealings in agricultural products and to encourage settlement of disputes between handlers and producers of agricultural products.

Sec. 3. Minnesota Statutes 1996, section 17.693, subdivision 1, is amended to read:

Subdivision 1. **SCOPE.** For the purposes of sections 17.691 to ~~17.701~~ 17.703, the terms defined in this section have the meanings given them.

Sec. 4. Minnesota Statutes 1996, section 17.693, subdivision 2, is amended to read:

Subd. 2. **ASSOCIATION; ASSOCIATION OF PRODUCERS.** "Association" or "association of producers" means an association of producers, or ~~federation of cooperative association of producers engaged in producing, marketing, bargaining, shipping or processing functions of an agricultural commodity of agricultural commodities engaged in marketing, bargaining, shipping, or processing an agricultural commodity into agricultural products on behalf of its members who are producers of such the agricultural commodity, which has been accredited by the commissioner.~~

Sec. 5. Minnesota Statutes 1996, section 17.693, subdivision 6, is amended to read:

Subd. 6. **HANDLER.** "Handler" means a person, other than an association, engaged in the business or practice of acquiring agricultural commodities from producers or associations for processing or sale; grading, packaging, handling, storing, or processing agricultural commodities received from producers or associations; contracting or negotiating contracts or other arrangements with or on behalf of producers or associations with respect to the production of any agricultural commodity; or acting as an agent or broker for a handler in the performance of any function or act specified above. It does not include a producer who sells at a retail establishment which the producer owns and operates or who sells at a produce market, agricultural commodities produced by the producer and agricultural commodities produced by another producer subject to value limitation established by the commissioner.

Sec. 6. Minnesota Statutes 1996, section 17.694, subdivision 1, is amended to read:

Subdivision 1. **PROCEDURES.** Any association accredited under this section may engage in bargaining as provided for under sections 17.691 to ~~17.701~~ 17.703.

(1) An association desiring accreditation shall file with the commissioner in the form required by the commissioner. The request shall contain properly certified evidence that the association meets the standards for accreditation and shall be accompanied by a report of the names and addresses of member producers, the name of each handler to whom the member producer delivered or contracted to deliver the agricultural commodity during the previous two calendar years and the quantity delivered or acreage grown. A

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fee to cover the costs of the commissioner in processing the request shall be established pursuant to chapter 14, and paid by the association when the request is filed.

(2) The commissioner shall notify all handlers named in the request for accreditation of an association of producers. The notice must be sent to the handlers named in the request by first class mail within ten days of the commissioner receiving the request for accreditation. The commissioner shall maintain records indicating the date of mailing.

~~(2) (3) The commissioner may require all handlers of an agricultural commodity produced in a bargaining unit area as individuals or through their trade association to file with the board within 30 days following such a request, a report, properly certified, showing the correct names and addresses of all producers of the agricultural commodity who have delivered the agricultural commodity to the handler during the two calendar years preceding the filing of the report and the quantities of the agricultural commodity received by the handler from each named producer during those periods. The information contained in the individual reports of handlers filed with the commissioner shall not be made public by the commissioner nor available to any person for private use.~~

(4) Data submitted to the commissioner by producer associations under clause (1) and by commodity handlers under clause (3) are private data on individuals or nonpublic data, as defined in section 13.02, subdivision 9 or 12.

Sec. 7. Minnesota Statutes 1996, section 17.694, subdivision 2, is amended to read:

Subd. 2. **BARGAINING UNIT DETERMINATION.** In determination of accreditation, the commissioner shall determine ~~whether the appropriate bargaining shall be appropriate unit~~ by plant, processor, or company but may define the bargaining unit by processor or company if there is a history of identical contracts offered to producers on a processor or company-wide basis. This determination shall be the unit area for the bargaining provisions of sections 17.691 to ~~17.701~~ 17.703 as is applicable to associations and handlers. In making a determination, the commissioner shall define as appropriate the largest bargaining unit area in terms of the ~~quantity of the agricultural commodity produced,~~ the definition of the agricultural commodity, geographic area covered, and number of producers included as is consistent with the following criteria:

- ~~(a)~~ (1) the community of interest of the producers included;
- ~~(b)~~ (2) the potential serious conflicts of interests among members of the proposed unit;
- ~~(c)~~ (3) the effect of exclusions on the capacity of the association to effectively bargain for the bargaining unit as defined;
- ~~(d)~~ (4) the kinds, types, and subtypes of products to be classed together as agricultural commodity for which the bargaining unit is proposed;
- ~~(e)~~ (5) whether the producers eligible for membership in the proposed bargaining unit meet the definition of "producer" for the agricultural commodity involved;
- ~~(f)~~ (6) the wishes of the producers; and
- ~~(g)~~ (7) the pattern of past marketing of the commodity.

Sec. 8. Minnesota Statutes 1996, section 17.694, subdivision 3, is amended to read:

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Subd. 3. **STANDARDS.** An association shall be accredited only if it complies with the following:

(a) The association meets the requirements of the Capper-Volstead Act, United States Code, title 7, section 291-2.

(b) The association has submitted a copy of its bylaws which provide that: Each member of the association shall have one vote in all votes of the membership of the association; that officers or directors shall be elected by a majority of the members voting or by delegates representing a majority of the membership; and that all elections shall be by secret ballot.

(c) The association would have marketing and bargaining contracts for the current or next marketing year with more than 50 percent of the producers of an agricultural commodity who are in the bargaining unit area and these contracts would cover more than 50 percent of the quantity of that commodity produced by producers in that bargaining unit area. The commissioner may determine the quantity produced by the bargaining unit area using information on production in the prior year, current marketing information, and projections on production during the current marketing year. The commissioner shall exclude from the quantity of the agricultural commodity contracted by producers with producer owned and controlled processing cooperatives and any quantity produced by handlers. An association whose main purpose is bargaining but which processes a surplus into a form which is not the subject of bargaining is not a processing cooperative. The contracts with members shall specify the agricultural commodity and that the members have appointed the association as their exclusive agent in negotiations with handlers for prices and other terms of trade with respect to the sale and marketing of the agricultural commodity and obligate the members of the association to dispose of their production or holdings of the agricultural commodity through or at the direction of the association.

Sec. 9. Minnesota Statutes 1996, section 17.694, subdivision 6, is amended to read:

Subd. 6. **REVOCATION.** The commissioner shall consider revocation of accreditation upon any of the following conditions:

(a) Upon receipt of a request from an accredited association for its own disaccreditation.

(b) Upon receipt of a petition requesting that the accredited association be discredited and bearing the signatures of at least ten percent of the producers of an accredited association in the bargaining unit. Within ten days following the receipt of a petition bearing the signatures of at least ten percent of the producers of an accredited association in a bargaining unit the board shall order, the commissioner to initiate shall order a referendum, to take place at least seven days but not more than 20 days after the order, among the members of the accredited association and if in the referendum a majority of the producers, producing 50 percent of the commodity 50 percent of association members approve, the association accreditation shall be revoked by the board commissioner. The commissioner shall have representatives of the department present at the referendum vote to conduct the referendum and take action to prevent unfair practices by the association of producers or handlers to obstruct or influence voting. Tabulation of the vote is the responsibility of the department. The department may adopt rules governing any referendum for repeal of accreditation. A request for a revocation of accreditation may occur only during the first three months of a marketing year.

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Sec. 10. Minnesota Statutes 1996, section 17.694, subdivision 7, is amended to read:

Subd. 7. **REPRESENTATION.** The accredited association shall represent all member producers who are in the bargaining unit area and it shall act as exclusive sales agents for the members of the accredited association in the bargaining unit area in negotiations with handlers. The association may not assess, bargain for, or claim to represent those producers who choose not to be represented by the association or choose not to have a bargaining committee bargain for them.

Sec. 11. Minnesota Statutes 1996, section 17.696, subdivision 2, is amended to read:

Subd. 2. **UNFAIR PRACTICES.** An association shall not engage nor permit an employee or agent to engage in the following practices, defined as unfair practices:

(a) ~~To~~ (1) coerce a producer in the exercise of the right to join and belong to or to refrain from joining or belonging to an association or refuse to deal with a producer because of the exercise of the right to join and belong to or refrain from joining an association;

(2) enter into a contract which discriminates against a producer represented by that association;

(b) ~~To~~ (3) act in a manner contrary to the bylaws of the association;

(c) ~~To~~ (4) coerce or intimidate a handler to breach, cancel, or terminate an agreement or marketing contract with an association or a contract with a producer;

(d) ~~To~~ (5) make or circulate unsubstantiated reports about the finances, management, or activities of other associations or handlers; or

(e) ~~To~~ (6) conspire, combine, agree, or arrange with another person to do or aid or abet the doing of any practice which is in violation of sections 17.691 to ~~17.701~~ 17.703.

Sec. 12. Minnesota Statutes 1996, section 17.697, is amended to read:

17.697 BARGAINING DEFINED; NOTICE OF COMMENCEMENT OF NEGOTIATIONS; MEDIATION PROCEDURE INFORMATIONAL EXCHANGES; DISPUTE RESOLUTION.

Subdivision 1. **DEFINITION.** As used in sections 17.691 to ~~17.701~~ 17.703, "bar-gaining" "informational exchange" means the mutual obligation of a handler and an association or their designated representatives to meet at reasonable times and confer and negotiate in good faith. Negotiations may include all terms relative to trading between handlers and producers of the agricultural commodity such as a mutually agreed upon time in conformance with sections 17.691 to 17.703 and confer and provide information about their expectations for the upcoming marketing year. The informational exchange must be a serious, fair, and reasonable attempt to reach agreement by acknowledging or refuting with reason points brought up by either party with respect to the terms and conditions of a contract relative to trading between handlers and producers of the agricultural commodity. The topics may include, but are not limited to, the following:

(a) (1) prices and terms of sale;

(b) (2) quality specifications;

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(e) (3) quantity to be marketed by acreage or weight;

~~(d) (4) transactions involving products and services utilized by one party and provided by the other party; and~~

~~(e) (5) checkoff procedures pursuant to assessments levied by the association, not to exceed one-half of one percent of the gross value of the producers annual production contract are collected by handlers from proceeds to producers within the bargaining unit and paid to the association whereby a portion of the producers' annual production payments under a contract are collected by handlers from producers within the bargaining unit and paid to the association on some other arrangement.~~

Subd. 2. FIRST TWO MEETINGS. The association shall notify the commissioner of the commencement of negotiations. The handler and an association of producers or their designated representatives shall meet at least two times for informational exchanges prior to 60 days before the beginning of the marketing year. Neither party, however, is required to disclose proprietary business or financial records or information. Both parties shall inform the department in writing of the time of both informational exchanges at least ten days prior to the first meeting. Verification of completion of training in negotiation, as described in section 17.702, must be included with the notification sent to the commissioner.

Subd. 3. CONTINUING NEGOTIATIONS. (a) If no agreement is reached at the expiration of ten days after service of such notice to the commissioner, the association may, at any time thereafter, petition the commissioner to assume supervision over the dispute, except as provided for by clause (c).

(b) The commissioner shall then set a time and place for conference with the parties to present facts representing each party's case and hearing arguments. The commissioner shall take such steps, in accordance with rules promulgated under sections 17.691 to 17.701, as the commissioner deems expedient to affect a voluntary, amicable and expeditious adjustment and settlement of the differences between the handler and the association.

(c) At any time prior to 15 days before the first day of the marketing year in dispute, if an agreement on the issues in dispute between the association and the handler has not been reached, the handler may elect not to purchase, directly or indirectly, any quantity of the agriculture commodity produced by the association during that marketing year; or, the affected producers may elect not to sell, directly or indirectly, any quantity of the agricultural commodity produced by the association during that marketing year; or, the affected producers may elect not to sell, directly or indirectly, any quantity of the agricultural commodity to the handler during that marketing year.

(d) If either party makes an election, the other party is not under an obligation to continue bargaining with the party so electing for terms during the marketing period in dispute. Both parties may, however, engage immediately in bargaining for the following marketing year.

(e) If the petition requesting the commissioner to assume supervision over a dispute is presented 15 days or less before the marketing year in dispute, then the commissioner shall exercise discretionary authority, according to rules promulgated under sections 17.691 to 17.701, in determining which disputes are arbitrable before the start of the mar-

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keting year in dispute. After the conclusion of the second informational exchange and no agreement is reached, negotiations may continue between the parties at mutually agreed upon times. Mediation may be requested in accordance with this section by any party.

Subd. 4. AGREEMENT NOT REQUIRED. The parties may reach agreement for a contract during the informational exchanges. However, the obligation to meet for informational exchanges does not require either party to agree to a proposal, to make a concession, or to enter into a contract.

Subd. 5. IF NO AGREEMENT IS REACHED. If an agreement is not reached during the informational exchanges, negotiations must be considered to continue and either party may request mediation as provided in this section. Negotiations may continue without mediation and an agreement may be reached without the use of mediation. Negotiations must be a serious, fair, and reasonable attempt to reach agreement by acknowledging or refuting with reason points brought up by either party with respect to the terms and conditions of a contract relative to trading between handlers and producers of the agricultural commodity. A request for mediation requires both parties to the negotiation to complete the mediation process described in this section, but does not obligate either party to agree to a proposal, to make a concession, or to enter into a contract. However, the parties are required to perform according to any agreement reached at the conclusion of the mediation process.

Subd. 6. MEDIATION REQUEST. An association of producers or a handler may request mediation only within ten days after the second informational exchange meeting. Written notice requesting mediation must be mailed to the commissioner and postmarked within ten days of the second informational exchange, with a copy to the nonrequesting party, and the notice for mediation must contain the last offer made by the party requesting mediation. Within three days after receiving the request for mediation, the commissioner shall require the nonrequesting party to provide reasons for rejecting the last offer made by the requesting party and revisions to the last offer that might be required to reach an agreement. The nonrequesting party will have five days from the date of the postmark to provide a response to the commissioner and also provide a copy of the response to the requesting party. The commissioner shall request the American Arbitration Association or a comparable dispute resolution organization to make available a list of at least three qualified mediators, but not more than six, for the parties to select one individual to mediate the dispute. Qualified mediators are those who have met the training requirements of Rule 114.12 of the Minnesota General Rules of Practice for the District Courts, are familiar with sections 17.691 to 17.703, and have served as mediator in at least three other commercial disputes or have commensurate experience. The handler and the association may agree on a mediator or, failing agreement, the commissioner may select the mediator from the list provided by allowing each party to strike one mediator and choosing one from the remaining names on the list.

Subd. 7. MEDIATION RULES. The American Arbitration Association mediation rules must be followed during the mediation process. If there is a conflict between those rules and this statute, the statute prevails. Any information shared in the mediation process or offers to settle are to be considered confidential and must not be used against either party in any other proceeding, court action, or dispute resolution process unless otherwise discoverable from outside of the mediation process.

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Subd. 8. DURATION OF MEDIATION. The mediation process must conclude not more than 20 days after the mediator has been selected and notified by the department. If the mediator feels that additional time may result in an agreement between the parties, the mediator may extend the mediation process for an additional five days. However, the mediation must conclude, under any circumstance, no later than 15 days prior to the start of the marketing year, unless the parties agree to a different date, but no later than the first day of the marketing year.

Subd. 9. MEDIATION COSTS. All costs for retaining a mediator and proceedings during the mediation process must be shared equally by both parties.

Subd. 10. SUBPOENAS. The commissioner has the subpoena authority to compel participation in the mediation process for either party after the informational exchanges.

Subd. 11. ENFORCEABILITY. Any final written agreement reached during the mediation procedure is enforceable under the law and in the courts of this state. The parties are not required to reach an agreement, but they are required to proceed through the mediation process as outlined in this section.

Subd. 12. BINDING ARBITRATION. If an agreement is not reached during the mediation process, and upon written consent by both parties, binding arbitration as set forth in this chapter may be used to create a contract or resolve the dispute.

Subd. 13. NOTIFICATION. The parties shall each notify the commissioner after the end of the mediation period, if an agreement has not been reached, of their desire to use binding arbitration to settle the dispute. An arbitrator must be selected as provided in subdivision 18. The notification must include its final offer in which it shall identify all matters as to which the parties agree with contractual language setting forth these agreements and all matters as to which the parties do not agree with contractual language setting forth the party's final offer for resolution of those disagreements.

Subd. 14. PROCESS. For all matters submitted to arbitration, the arbitrator may choose between the final offers of the parties or fashion a different solution between, but not exceeding, the final offers of the parties. If the parties reach an agreement on the matters under arbitration before the arbitrator issues a decision, they may submit a joint final offer that the arbitrator shall accept and render as the decision. The arbitrator may hold hearings and administer oaths, examine witnesses and documents, take testimony and receive evidence, and issue subpoenas to compel the attendance of witnesses and the production of records. A person who fails to obey the subpoena of an arbitrator may be punished for contempt of court on application by the arbitrator to the district court for the county in which the failure occurs. The arbitrator may use other information in addition to that provided by or elicited from the parties. The arbitrator shall issue a decision within ten days of the commencement of arbitration and that decision is binding on the parties. If the parties reach an agreement on the matters in the arbitrator's decision prior to signing the contract, they may submit a joint final offer to the arbitrator. The arbitrator shall rescind the previous decision and accept and render the joint final offer as the decision.

Subd. 15. CONTRACT. Within five days after the arbitrator's decision, the handler shall prepare a contract that must include all terms agreed to by the parties in bargaining or awarded in arbitration and shall present the contract to the association of producers who must accept the terms of the contract within five days of its presentation.

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Subd. 16. **LIST OF ARBITRATORS.** The commissioner, in consultation with the American Arbitration Association or comparable dispute resolution organization, shall establish a list of arbitrators who are qualified by education, training, and experience to carry out the responsibilities of an arbitrator under this section.

Subd. 17. **COSTS OF ARBITRATION.** All costs of arbitration must be borne equally by the parties. The arbitrator shall submit a statement of charges and expenses to the parties and to the commissioner. Each party shall pay the arbitrator directly.

Subd. 18. **SELECTION OF ARBITRATOR.** The arbitrator must be selected by the commissioner. The commissioner shall submit a list composed of the names of three persons knowledgeable in the marketing of the agricultural commodity from which the arbitrator must be chosen. Qualified arbitrators are those who have met the training requirements of Rule 114.12 of the Minnesota General Rules of Practice for the District Courts, are familiar with sections 17.691 to 17.703, and have served as an arbitrator in at least three other commercial disputes or have commensurate experience. The selection must be made by the association representative and the handler representative, each striking one name from the list. If two names remain, the commissioner shall decide which one is the arbitrator.

Sec. 13. Minnesota Statutes 1996, section 17.698, is amended to read:

17.698 BASIS FOR MEDIATION AND BARGAINING DECISIONS FACTORS TO BE CONSIDERED IN MEDIATION AND ARBITRATION.

All decisions of mediation and bargaining arbitration which result from section 17.697 shall be based upon must consider the following factors:

(a) (1) prices or projected prices for the agricultural commodity paid by the competing handlers in the market area or competing market areas- worldwide;

(b) (2) amount of the commodity produced or projections of production in the production area or competing marketing areas- worldwide;

(c) (3) relationship between the quantity produced and the quantity handled by the handler;

(d) (4) the producers cost of production including the cost which would be involved in paying farm labor a fair wage rate and providing them with adequate housing;

(e) (5) the efficiency of farm operations of similar size and the projected prices of alternative agricultural commodities grown in the market area;

(6) the cost of production of similar sized handlers;

(7) the average consumer prices for goods and services, commonly known as the cost of living;

(f) (8) the component of the agricultural commodity that makes up the producer's income;

(9) the impact of the award on the competitive position of the handler in the market-area or competing areas- worldwide;

(g) (10) the impact of the award on the competitive position of the agricultural commodity in relationship to competing commodities;

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- (h) (11) a fair return on investment; ;
 (i) (12) kind, quality, or grade of the commodity involved; ;
 (j) (13) stipulation of the parties; ; and

(k) ~~such~~ (14) other factors which are normally or traditionally taken into consideration in determining prices, quality, quantity, and the costs of other services involved.

Sec. 14. Minnesota Statutes 1996, section 17.70, subdivision 1, is amended to read:

Subdivision 1. For the purpose of sections 17.691 to ~~17.701~~ 17.703, the commissioner may receive complaints with respect to violations or threatened violations. The commissioner may make all necessary investigations, examinations or inspections of any violation or threatened violation specified in the sworn complaint filed with the commissioner. If, upon such investigation, the commissioner considers that there is reasonable cause to believe that the person charged has committed a practice in violation of sections 17.691 to ~~17.701~~ 17.703, the commissioner shall issue and cause to be served a complaint upon the person. The complaint shall summon the person to a hearing before the commissioner at the time and place fixed.

Sec. 15. Minnesota Statutes 1996, section 17.70, subdivision 2, is amended to read:

Subd. 2. If the commissioner determines that the person complained of has committed a practice in violation of sections 17.691 to ~~17.701~~ 17.703, the commissioner shall state findings of fact and shall issue and cause to be served on the person an order to cease the violation and shall order further affirmative action as will effectuate the policies of sections 17.691 to ~~17.701~~ 17.703.

Sec. 16. Minnesota Statutes 1996, section 17.70, subdivision 3, is amended to read:

Subd. 3. If the commissioner is of the opinion that the person complained of has not committed a practice in violation of sections 17.691 to ~~17.701~~ 17.703, the commissioner shall make findings of fact and issue an order dismissing the complaint.

Sec. 17. Minnesota Statutes 1996, section 17.701, is amended to read:

17.701 RULES.

The commissioner may promulgate rules necessary for the administration of sections 17.691 to ~~17.701~~ 17.703 in accordance with sections 17.691 to ~~17.701~~ 17.703 and chapter 14.

Sec. 18. [17.702] NEGOTIATION CLASSES REQUIRED.

Upon accreditation of an association of producers, at least two members of bargaining teams from both the association and the handler named in the application must attend instructional classes covering negotiation, mediation, arbitration, and facilitation approved by the commissioner. The instruction period must be at least three hours. The informational exchanges may not commence unless certificates of completion are on file with the commissioner. After an association has been accredited for a period exceeding one year, the association and the handler must have at least one member of their bargaining team in informational exchanges or negotiations complete training in the previous year of at least three hours in negotiation, mediation, arbitration, and facilitation, as described in this section, before the dates for informational exchanges are determined. Veri-

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fication of training must accompany the notification to the commissioner that informational exchanges are scheduled.

Sec. 19. [17.703] ADVISORY COMMITTEE.

The commissioner shall establish an agricultural marketing and bargaining advisory committee to monitor and review the implementation and effectiveness of sections 17.691 to 17.703. The commissioner shall appoint three producer representatives and three handler representatives to the committee. The commissioner or the commissioner's representative shall chair the committee. The committee shall meet at least once within two years of establishment. Additional meetings shall be held upon request by the commissioner. The committee shall issue a status report to the commissioner on the implementation of sections 17.691 to 17.703. The appointment, membership terms, compensation, and removal of committee members are governed by section 15.059. The committee expires on June 30, 2002.

Sec. 20. REPEALER.

Minnesota Statutes 1996, section 17.699, is repealed.

Presented to the governor April 7, 1998

Signed by the governor April 9, 1998, 10:45 a.m.

CHAPTER 374—S.F.No. 3367

VETOED

CHAPTER 375—S.F.No. 2928

An act relating to insurance; prohibiting affiliates of insurance companies from engaging in rebating that is illegal for insurance companies; amending Minnesota Statutes 1996, section 72A.08, subdivisions 1, 2, and 3.

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

Section 1. Minnesota Statutes 1996, section 72A.08, subdivision 1, is amended to read:

Subdivision 1. **REBATE DEFINED AND PROHIBITED.** No insurance company or association, however constituted or entitled, including any affiliate of the insurance company or association, doing business in this state, nor any officer, agent, subagent, solicitor, employee, intermediary, or representative thereof, shall make or permit any advantage or distinction in favor of any insured individual, firm, corporation, or association with respect to the amount of premium named in, or to be paid on, any policy of insurance, or shall offer to pay or allow directly or indirectly or by means of any device or artifice, as inducements to insurance, any rebate or premium payable on the policy, or any special favor or advantage in the dividends or other profit to accrue thereon, or any valuable consideration or inducement not specified in the policy contract of insurance, or give, sell, or purchase, offer to give, sell or purchase, as inducement to insure or in con-

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