

**CHAPTER 243—S.F.No. 2814**

*An act relating to natural resources; modifying and renaming the Legislative Commission on Minnesota Resources; adding citizens and making structural changes; modifying prior appropriations; appropriating money; amending Minnesota Statutes 2004, sections 116P.02, subdivision 4; 116P.03; 116P.04, subdivision 5; 116P.05, as amended; 116P.07; 116P.08, subdivisions 3, 4, 5, 6; 116P.09, subdivisions 1, 6, by adding a subdivision; 116P.11; Minnesota Statutes 2005 Supplement, section 10A.01, subdivision 35; Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision 10; repealing Minnesota Statutes 2004, sections 116P.02, subdivision 2; 116P.06; Laws 2005, First Special Session chapter 1, article 2, section 156, subdivision 2.*

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

Section 1. Minnesota Statutes 2005 Supplement, section 10A.01, subdivision 35, is amended to read:

Subd. 35. **Public official.** "Public official" means any:

- (1) member of the legislature;
- (2) individual employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house, revisor of statutes, or researcher, legislative analyst, or attorney in the Office of Senate Counsel and Research or House Research;
- (3) constitutional officer in the executive branch and the officer's chief administrative deputy;
- (4) solicitor general or deputy, assistant, or special assistant attorney general;
- (5) commissioner, deputy commissioner, or assistant commissioner of any state department or agency as listed in section 15.01 or 15.06, or the state chief information officer;
- (6) member, chief administrative officer, or deputy chief administrative officer of a state board or commission that has either the power to adopt, amend, or repeal rules under chapter 14, or the power to adjudicate contested cases or appeals under chapter 14;
- (7) individual employed in the executive branch who is authorized to adopt, amend, or repeal rules under chapter 14 or adjudicate contested cases under chapter 14;
- (8) executive director of the State Board of Investment;
- (9) deputy of any official listed in clauses (7) and (8);
- (10) judge of the Workers' Compensation Court of Appeals;
- (11) administrative law judge or compensation judge in the State Office of Administrative Hearings or referee in the Department of Employment and Economic Development;
- (12) member, regional administrator, division director, general counsel, or operations manager of the Metropolitan Council;
- (13) member or chief administrator of a metropolitan agency;

- (14) director of the Division of Alcohol and Gambling Enforcement in the Department of Public Safety;
- (15) member or executive director of the Higher Education Facilities Authority;
- (16) member of the board of directors or president of Minnesota Technology, Inc.; ~~or~~
- (17) member of the board of directors or executive director of the Minnesota State High School League; ~~or~~
- (18) a citizen member of the Legislative-Citizen Commission on Minnesota Resources.

Sec. 2. Minnesota Statutes 2004, section 116P.02, subdivision 4, is amended to read:

Subd. 4. **Commission.** "Commission" means the ~~Legislative~~ Legislative-Citizen Commission on Minnesota Resources.

Sec. 3. Minnesota Statutes 2004, section 116P.03, is amended to read:

**116P.03 TRUST FUND NOT TO SUPPLANT EXISTING FUNDING; APPROPRIATIONS.**

(a) The trust fund may not be used as a substitute for traditional sources of funding environmental and natural resources activities, but the trust fund shall supplement the traditional sources, including those sources used to support the criteria in section 116P.08, subdivision 1. The trust fund must be used primarily to support activities whose benefits become available only over an extended period of time.

(b) The commission must determine the amount of the state budget spent from traditional sources to fund environmental and natural resources activities before and after the trust fund is established and include a comparison of the amount in the report under section 116P.09, subdivision 7.

(c) For the fiscal year beginning July 1, 2007, and each year thereafter, the amount of the environment and natural resources trust fund that is available for appropriation under the terms of the Minnesota Constitution, article XI, section 14, shall be appropriated by law.

(d) The amount appropriated from the environment and natural resources trust fund may be spent only for the public purpose of protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources. Recommendations made by the commission under this chapter must be consistent with the Minnesota Constitution, article XI, section 14; chapter 116P; and the strategic plan adopted under section 116P.08, subdivision 3, and must demonstrate a direct benefit to the state's environment and natural resources.

Sec. 4. Minnesota Statutes 2004, section 116P.04, subdivision 5, is amended to read:

Subd. 5. **Audits required.** The legislative auditor shall audit trust fund expenditures to ensure that the money is spent for the purposes ~~provided in the commission's budget plan~~ for which the money was appropriated.

Sec. 5. Minnesota Statutes 2004, section 116P.05, as amended by Laws 2005, First Special Session chapter 1, article 2, section 135, is amended to read:

**116P.05 ~~LEGISLATIVE~~ LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES.**

Subdivision 1. **Membership.** (a) A ~~Legislative~~ Legislative-Citizen Commission on Minnesota Resources of ~~20~~ 17 members is created in the legislative branch, consisting of ~~the chairs of the house and senate committees on environment and natural resources or designees appointed for the terms of the chairs~~, the chairs of the house and senate committees on environment and natural resources finance

or designees appointed for the terms of the chairs, ~~the chairs of the house Ways and Means and Senate Finance Committees or designees appointed for the terms of the chairs, seven~~ four members of the senate appointed by the Subcommittee on Committees of the Committee on Rules and Administration, and ~~seven~~ four members of the house appointed by the speaker.

At least ~~three~~ two members from the senate and ~~three~~ two members from the house must be from the minority caucus. Members are entitled to reimbursement for per diem expenses plus travel expenses incurred in the services of the commission.

Seven citizens are members of the commission, five appointed by the governor, one appointed by the Senate Subcommittee on Committees of the Committee on Rules and Administration, and one appointed by the speaker of the house. The citizen members are selected and recommended to the appointing authorities according to subdivision 1a and must:

(1) have experience or expertise in the science, policy, or practice of the protection, conservation, preservation, and enhancement of the state's air, water, land, fish, wildlife, and other natural resources;

(2) have strong knowledge in the state's environment and natural resource issues around the state; and

(3) have demonstrated ability to work in a collaborative environment.

(b) Members shall ~~appoint~~ develop procedures to elect a chair who that rotates between legislative and citizen members. The chair shall preside and convene meetings as often as necessary to conduct duties prescribed by this chapter.

(c) Appointed legislative members shall serve on the commission until their successors are appointed for two-year terms, beginning in January of each odd-numbered year and continuing through the end of December of the next even-numbered year. Citizen and legislative members continue to serve until their successors are appointed.

(d) A citizen member may be removed by an appointing authority for cause. Vacancies occurring on the commission shall not affect the authority of the remaining members of the commission to carry out their duties, and vacancies shall be filled for the remainder of the term in the same manner under paragraph (a).

(e) Citizen members shall be initially appointed according to the following schedule of terms:

(1) two members appointed by the governor for a term ending the first Monday in January 2010;

(2) one member appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration for a term ending the first Monday in January 2010 and one member appointed by the speaker of the house for a term ending the first Monday in January 2010;

(3) two members appointed by the governor for a term ending the first Monday in January 2009; and

(4) one member appointed by the governor for a term ending the first Monday in January 2008.

(f) Citizen members are entitled to per diem and reimbursement for expenses incurred in the services of the commission, as provided in section 15.059, subdivision 3.

(g) The governor's appointments are subject to the advice and consent of the senate.

Subd. 1a. **Citizen selection committee.** The governor shall appoint a trust fund citizen selection committee of five members who come from different regions of the state and who have knowledge and experience of state environment and natural resource issues.

The duties of the trust fund citizen selection committee shall be to:

(1) identify citizen candidates to be members of the commission as part of the open appointments process under section 15.0597;

(2) request and review citizen candidate applications to be members of the commission; and

(3) interview the citizen candidates and recommend an adequate pool of candidates to be selected for commission membership by the governor, the senate, and the house of representatives.

Members are entitled to travel expenses incurred to fulfill their duties under this subdivision as provided in section 15.059, subdivision 6.

Subd. 2. **Duties.** (a) The commission shall recommend ~~a budget plan~~ an annual legislative bill for expenditures appropriations from the environment and natural resources trust fund and shall adopt a strategic plan as provided in section 116P.08. Approval of the recommended legislative bill requires an affirmative vote of at least 12 members of the commission.

(b) The commission shall recommend expenditures to the legislature from the state land and water conservation account in the natural resources fund.

(c) It is a condition of acceptance of the appropriations made from the Minnesota environment and natural resources trust fund, and oil overcharge money under section 4.071, subdivision 2, that the agency or entity receiving the appropriation must submit a work program and semiannual progress reports in the form determined by the ~~Legislative~~ Legislative-Citizen Commission on Minnesota Resources, and comply with applicable reporting requirements under section 116P.16. None of the money provided may be spent unless the commission has approved the pertinent work program.

(d) The peer review panel created under section 116P.08 must also review, comment, and report to the commission on research proposals applying for an appropriation from the oil overcharge money under section 4.071, subdivision 2.

(e) The commission may adopt operating procedures to fulfill its duties under chapter 116P.

(f) As part of the operating procedures, the commission shall:

(1) ensure that members' expectations are to participate in all meetings related to funding decision recommendations;

(2) recommend adequate funding for increased citizen outreach and communications for trust fund expenditure planning;

(3) allow administrative expenses as part of individual project expenditures based on need;

(4) provide for project outcome evaluation;

(5) keep the grant application, administration, and review process as simple as possible; and

(6) define and emphasize the leveraging of additional sources of money that project proposers should consider when making trust fund proposals.

Subd. 3. **Sunset.** This section expires June 30, 2016, unless extended by law.

Sec. 6. Minnesota Statutes 2004, section 116P.07, is amended to read:

#### **116P.07 INFORMATION GATHERING.**

The commission may convene public forums or employ other methods to gather information for establishing priorities for funding.

Sec. 7. Minnesota Statutes 2004, section 116P.08, subdivision 3, is amended to read:

Subd. 3. **Strategic plan required.** (a) The commission shall adopt a strategic plan for making expenditures from the trust fund, including identifying the priority areas for funding for the next six years.

The strategic plan must be ~~updated~~ reviewed every two years. ~~The plan is advisory only. The commission shall submit the plan, as a recommendation, to the house of representatives Ways and Means and senate Finance Committees by January 1 of each odd-numbered year. The strategic plan must have clearly stated short- and long-term goals and strategies for trust fund expenditures, must provide measurable outcomes for expenditures, and must determine areas of emphasis for funding.~~

~~(b) The commission may accept or modify the draft of the strategic plan submitted to it by the advisory committee before voting on the plan's adoption shall consider the long-term strategic plans of agencies with environment and natural resource programs and responsibilities and plans of conservation and environmental organizations during the development and review of the strategic plan.~~

Sec. 8. Minnesota Statutes 2004, section 116P.08, subdivision 4, is amended to read:

Subd. 4. **Budget plan Legislative recommendations.** (a) Funding may be provided only for those projects that meet the categories established in subdivision 1.

~~(b) Projects submitted to the commission for funding may be referred to the advisory committee for recommendation.~~

~~(c) The commission must adopt a budget plan recommend an annual legislative bill to make expenditures appropriations from the trust fund for the purposes provided in subdivision 1. The budget plan recommendations must be submitted to the governor for inclusion in the biennial budget and supplemental budget submitted to the legislature.~~

(c) The commission may recommend regional block grants for a portion of trust fund expenditures to partner with existing regional organizations that have strong citizen involvement, to address unique local needs and capacity, and to leverage all available funding sources for projects.

(d) The commission may recommend the establishment of an annual emerging issues account in its annual legislative bill for funding emerging issues, which come up unexpectedly, but which still adhere to the commission's strategic plan, to be approved by the governor after initiation and recommendation by the commission.

~~(d)~~ (e) Money in the trust fund may not be spent except under an appropriation by law.

Sec. 9. Minnesota Statutes 2004, section 116P.08, subdivision 5, is amended to read:

Subd. 5. **Public meetings.** ~~At~~ Technical advisory committee and commission meetings must be open to the public. The commission shall attempt to meet ~~at least once in each of the state's congressional districts throughout various regions of the state during each biennium.~~

Sec. 10. Minnesota Statutes 2004, section 116P.08, subdivision 6, is amended to read:

Subd. 6. **Peer review.** (a) Research proposals must include a stated purpose directly connected to the trust fund's constitutional mandate, this chapter, and the adopted strategic plan under subdivision 3, a timeline, potential outcomes, and an explanation of the need for the research. All research proposals must be reviewed by a peer review panel before receiving an appropriation.

(b) In conducting research proposal reviews, the peer review panel shall:

(1) comment on the methodology proposed and whether it can be expected to yield appropriate and useful information and data;

(2) comment on the need for the research and about similar existing information available, if any; and

(3) report to the commission ~~and advisory committee~~ on clauses (1) and (2).

(c) The peer review panel also must review completed research proposals that have received an appropriation and comment and report upon whether the project reached the intended goals.

Sec. 11. Minnesota Statutes 2004, section 116P.09, subdivision 1, is amended to read:

Subdivision 1. **Administrative authority.** The commission may appoint legal and other personnel and consultants necessary to carry out functions and duties of the commission. Permanent employees shall be in the unclassified service. In addition, the commission may request staff assistance and data from any other agency of state government as needed for the execution of the responsibilities of the commission ~~and advisory committee~~ and an agency must promptly furnish it.

Sec. 12. Minnesota Statutes 2004, section 116P.09, subdivision 6, is amended to read:

Subd. 6. **Conflict of interest.** A commission member, a technical advisory committee member, a peer review panelist, or an employee of the commission may not participate in or vote on a decision of the commission, advisory committee, or peer review panel relating to an organization in which the member, panelist, or employee has either a direct or indirect personal financial interest. While serving on the ~~legislative~~ commission, technical advisory committee, or peer review panel, or being an employee of the commission, a person shall avoid any potential conflict of interest.

Sec. 13. Minnesota Statutes 2004, section 116P.09, is amended by adding a subdivision to read:

Subd. 8. **Technical advisory committees.** The commission shall make use of available public and private expertise on environment and natural resource issues by appointing necessary technical advisory committees to review funding proposals and evaluate project outcomes. Compensation for technical advisory committee members is governed by section 15.059, subdivision 6.

Sec. 14. Minnesota Statutes 2004, section 116P.11, is amended to read:

**116P.11 AVAILABILITY OF FUNDS FOR DISBURSEMENT.**

(a) The amount ~~biennially~~ annually available from the trust fund for the ~~budget plan~~ legislative bill developed by the commission is as defined in the Minnesota Constitution, article XI, section 14.

(b) Any appropriated funds not encumbered in the biennium in which they are appropriated cancel and must be credited to the principal of the trust fund.

Sec. 15. Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision 10, is amended to read:

Subd. 10. <b>Energy</b>	1,896,000	1,896,000
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Summary by Fund

Trust Fund	1,896,000	1,896,000
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(a) Clean Energy Resource Teams and Community Wind Energy Rebate and Financial Assistance Program

\$350,000 the first year and \$350,000 the second year are from the trust fund to the commissioner of commerce. \$300,000 of this appropriation is to provide technical assistance to implement

cost-effective conservation, energy efficiency, and renewable energy projects. \$400,000 of this appropriation is to assist ~~two~~ Minnesota communities in developing locally owned wind energy projects by offering financial assistance and rebates. This appropriation is available until June 30, 2009, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(b) [Paragraph (b) was vetoed by the governor.]

(c) Manure Methane Digester Compatible Wastes and Electrical Generation

\$50,000 the first year and \$50,000 the second year are from the trust fund to the commissioner of agriculture to research the potential for a centrally located, multifarm manure digester and the potential use of compatible waste streams with manure digesters.

(d) Dairy Farm Digesters

\$168,000 the first year and \$168,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the Minnesota Project for a pilot project to evaluate anaerobic digester technology on average size dairy farms of 50 to 300 cows.

(e) Wind to Hydrogen Demonstration

\$400,000 the first year and \$400,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the University of Minnesota, West Central Research and Outreach Center, to develop a model community-scale wind-to-hydrogen facility.

(f) Natural Gas Production from Agricultural Biomass

\$50,000 the first year and \$50,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Sebesta Blomberg and Associates to demonstrate potential natural gas yield using anaerobic digestion of blends of chopped grasses or crop residue with hog manure and determine optimum operating conditions for conversion to natural gas.

(g) Biomass-Derived Oils for Generating Electricity and Reducing Emissions

\$75,000 the first year and \$75,000 the second year are from the trust fund to the University of Minnesota to

evaluate the environmental and performance benefits of using renewable biomass-derived oils, such as soybean oil, for generating electricity.

(h) [Paragraph (h) was vetoed by the governor.]

(i) [Paragraph (i) was vetoed by the governor.]

Sec. 16. **CARRYFORWARD.**

The appropriation under Laws 2003, chapter 128, article 1, section 9, subdivision 6, paragraph (c), for local initiative grants - parks and natural areas, is available until June 30, 2007. The appropriation under Laws 2003, chapter 128, article 1, section 9, subdivision 6, paragraph (l), as amended by Laws 2005, First Special Session chapter 1, article 2, section 150, for land acquisition, Minnesota Landscape Arboretum, is available until June 30, 2008.

Sec. 17. **CONTINUITY.**

(a) The Legislative Commission on Minnesota Resources shall continue to operate until the full membership of the Legislative-Citizen Commission on Minnesota Resources is appointed under section 5, but no later than August 15, 2006.

(b) The staff of the Legislative Commission on Minnesota Resources shall provide administrative and professional services to the Legislative-Citizen Commission on Minnesota Resources, as provided in Minnesota Statutes, section 15.039, subdivision 7.

Sec. 18. **TRANSITION PROVISIONS FOR LEGISLATIVE MEMBERS.**

Legislative members initially appointed to the Legislative-Citizen Commission on Minnesota Resources serve through January 2, 2007, or for those who are still legislators in January 2007, until their successors are appointed.

Sec. 19. **APPROPRIATION.**

(a) \$550,000 in fiscal year 2007 is appropriated from the environment and natural resources trust fund to the Legislative-Citizen Commission on Minnesota Resources for administration, as provided in Minnesota Statutes, section 116P.09, subdivision 5.

(b) The fiscal year 2006 administrative budget under Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision 3, is for the Legislative Commission on Minnesota Resources or its successor commission, as provided in Minnesota Statutes, section 15.039, subdivision 6.

(c) Administrative expenses saved through the elimination of the citizens advisory committee may be used for administration of the Legislative Commission on Minnesota Resources or its successor commission.

Sec. 20. **APPROPRIATIONS; MINNESOTA RESOURCES.**

Subdivision 1. **General.** Unless otherwise specified, the amounts appropriated under this section are from the environment and natural resources trust fund and added to the appropriations in Laws 2005, First Special Session chapter 1, article 2, section 11. Unless otherwise provided, the amounts appropriated in this section are available until June 30, 2008, when projects must be completed and final products delivered.

Subd. 2. **Enhancing civic understanding of groundwater.** \$75,000 in fiscal year 2006 and \$75,000 in fiscal year 2007 are appropriated to the Science Museum of Minnesota to create groundwater exhibits and a statewide traveling groundwater classroom program. This appropriation is available until June 30, 2009,



at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

Subd. 3. **Phillips biomass community energy system.** \$250,000 in fiscal year 2006 and \$250,000 in fiscal year 2007 are appropriated to the commissioner of commerce for an agreement with Phillips Community Energy Cooperative to assist in the distribution system equipment and construction costs for a biomass district energy system. This appropriation is contingent on all appropriate permits being obtained and a signed commitment of financing for the biomass electrical generating facility being in place.

Subd. 4. **Laurentian Energy Authority biomass project.** \$200,000 in fiscal year 2006 and \$200,000 in fiscal year 2007 are appropriated to the commissioner of commerce for an agreement with Virginia Public Utility to lease land and plant approximately 1,000 acres of trees to support a proposed conversion to a biomass power plant.

Subd. 5. **Land cover mapping for natural resource protection.** \$125,000 in fiscal year 2006 and \$125,000 in fiscal year 2007 are appropriated to the commissioner of natural resources for an agreement with Hennepin County to develop geographic information system tools for prioritizing natural areas for protection and restoration and to update and complete land cover classification mapping.

Subd. 6. **Lake Superior research.** \$133,000 in fiscal year 2006 and \$134,000 in fiscal year 2007 are appropriated to the Board of Regents of the University of Minnesota for the Large Lakes Observatory for research on Lake Superior waters. \$28,000 in fiscal year 2007 from the Great Lakes protection account under Minnesota Statutes, section 116Q.02, is appropriated to the Board of Regents for the same purpose.

This appropriation is available until June 30, 2009, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

Subd. 7. **Impacts on Minnesota's aquatic resources from climate change.** \$125,000 in fiscal year 2006 and \$125,000 in fiscal year 2007 are appropriated to the Board of Regents of the University of Minnesota for the Natural Resources Institute to quantify climate, hydrologic, and ecological variability and trends and identify indicators of future climate. This appropriation is available until June 30, 2009, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

Subd. 8. **Land exchange revolving fund for Aitkin, Cass, and Crow Wing Counties.** \$145,000 in fiscal year 2006 and \$145,000 in fiscal year 2007 are appropriated to the commissioner of natural resources for an agreement with Aitkin County for a six-year revolving loan fund to improve public and private land ownership patterns, increase management efficiency, and protect critical habitat in Aitkin, Cass, and Crow Wing Counties. By June 30, 2011, Aitkin County shall repay the \$290,000 to the commissioner of finance for deposit in the environment and natural resources trust fund.

Subd. 9. **Riparian land acquisition.** \$370,000 in fiscal year 2006 and \$270,000 in fiscal year 2007 are appropriated to the commissioner of natural resources for fee title acquisition and easements on high-priority, sensitive riparian lands that provide high value for watershed protection.

Subd. 10. **Statewide conservation and preservation plan.** \$150,000 in fiscal year 2006 and \$150,000 in fiscal year 2007 is to the Legislative Commission on Minnesota Resources, or its successor commission, to issue a request for a proposal to develop a statewide comprehensive plan for conservation and preservation.

Subd. 11. **Forest legacy.** \$250,000 in fiscal year 2006 and \$250,000 in fiscal year 2007 is to the commissioner of natural resources to acquire easements as described under Minnesota Statutes, chapter 84C, on private lands. The conservation easements must guarantee public access, including hunting and fishing.

## Sec. 21. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall change the term "Legislative Commission on Minnesota Resources" to "Legislative-Citizen Commission on Minnesota Resources" wherever it appears in Minnesota Statutes and Minnesota Rules.

Sec. 22. **REPEALER.**

Minnesota Statutes 2004, sections 116P.02, subdivision 2; and 116P.06; and Laws 2005, First Special Session chapter 1, article 2, section 156, subdivision 2, are repealed.

Sec. 23. **EFFECTIVE DATE.**

Sections 1 to 4; 5, subdivisions 1, 2, and 3; and 6 to 22, are effective June 1, 2006. Section 5, subdivision 1a, is effective the day following final enactment.

Presented to the governor May 22, 2006

Signed by the governor May 31, 2006, 10:35 p.m.