



*Minnesota Municipal  
Utilities Association*

**2017 Legislative Report**





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The 2017 Legislative Session convened on January 3, and with it, the newly-renovated State Capitol was unveiled. Legislators and the public alike were in awe of the vibrancy of the murals, refurbished committee rooms, and expanded public space.

Along with the changes to the building, there were significant changes to the Legislature as well. In the 2016 elections, the GOP took control of the Minnesota Senate for only the second time--with a narrow 34-33 majority. Sen. Paul Gazelka (R-Nisswa) was elected Senate Majority Leader and Sen. Tom Bakk (DFL-Cook) assumed the role of Minority Leader.

In the House, Speaker Kurt Daudt (R-Crown) grew his majority to 77-57. Rep. Melissa Hortman (DFL-Brooklyn Park) was chosen as the House Minority Leader.

Throughout the session, there was a sharp divide between the priorities of Governor Dayton and the GOP Legislature. 2017 was a “budget year,” meaning the Legislature needed to pass a state budget for the FY 2018-19 biennium. While lawmakers wanted to pass significant tax cuts, the Governor wanted to invest much of the \$1.6 billion budget surplus in education and other priorities.

Budget negotiations were prolonged and largely unproductive. As the Governor refused to negotiate until the Legislature produced its budget targets, the Legislature passed its first round of budget omnibus bills before universal targets had been reached. As promised, the Governor vetoed all of those bills.

As the clock wound down, negotiation progress remained slow and it became apparent that lawmakers would not meet their May 22 midnight deadline. Only four of the nine budget bills had been passed by both legislative bodies at that time.

Just before midnight, the Governor, Speaker, and Majority Leader announced that they had come to an overall agreement and a Special Session would be called immediately to finish passing the remaining bills. They agreed that the Special Session would conclude by 7:00 a.m. on Wednesday May 24.

This deadline came and passed, as the specific contents of each bill needed to be finalized,

drafted, and debated on the House and Senate floors. Squabbles between the GOP and DFL ensued, with each blaming the other for breaking the agreement. (The GOP for not meeting the deadline and the DFL for offering amendments and prolonging debate).

The 2017 Special Session finally concluded in the wee morning hours of May 26.

The Governor signed all of the budget bills into law, but expressed displeasure in a “sneak attack” by the Legislature, where they inserted a provision into the State Government budget bill that would withhold funding from the Department of Revenue unless the Tax Bill was signed into law. His response was line-item vetoing the funding required for the Legislature to operate, telling lawmakers he would call them back into Special Session to restore it if they would agree to several changes to the tax bill, along with repealing language related to undocumented immigrant drivers licenses and teacher licensure.

Legislators were outraged and contended that the Governor’s actions were unconstitutional under separation of powers provisions. The House and Senate secured legal counsel and filed suit against the Governor. The Ramsey County District Court judge struck down the Governor’s veto, noting that “effectively eliminating a coequal branch of government” violated the state Constitution. Governor Dayton has appealed this decision to the Minnesota Supreme Court. *Oral arguments are set for 8/28/17, after the printing of this report.*



**One of many refurbished murals in the Capitol Rotunda.**

## 2017 New Laws

*This section provides a summary of new laws passed in the 2017 Legislative Session that impact municipal utilities.*

### **Xcel Sherco 1 and 2 Replacement Chapter 5 HF 113 Newberger/Mathews**

This bill allows Xcel Energy to construct, own, and operate a combined cycle natural gas plant at the site of Sherco I and 2 in Becker, Minnesota without a certificate of need from the Minnesota Public Utilities Commission (PUC). Xcel is allowed cost recovery for “reasonable and prudently incurred” costs of this facility. By 20 months prior to the start of construction, Xcel must file with the Public Utilities Commission an evaluation of forecasted costs and may ask for rate recovery.

Effective Date: August 1, 2017

### **Environment and Natural Resources Omnibus Chapter 93 SF 844 Ingebrigtsen/Fabian**

This bill includes biennial budget appropriations and policy provisions related to several state agencies, including the Minnesota Pollution Control Agency (MPCA), Department of Natural Resources (DNR), the Board of Water and Soil Resources (BWSR), and Environmental Quality Board (EQB).

Contained in this 146-page legislation are several provisions of interest to MMUA and its member utilities, which are enumerated below.

#### *Appropriation Items:*

**Municipal Water-Quality Standards Support:** The MPCA received \$250,000/year to fund several activities aimed at helping municipalities comply with water-quality standards: a liaison to help navigate the permitting process, enhanced economic analysis in the water-quality standards rulemaking process, developing statewide economic analyses and templates to help municipalities reduce time in applying for variances, and coordinating with the Public Facilities Authority to advocate for increased resources.

**Subsurface Sewage Treatment Technical Assistance:** The MPCA received \$125,000 in FY18 and \$126,000 in FY19 to provide technical review, assistance, and enforcement for local governments related to subsurface sewage treatment statutes.

**Water Planning Block Grants:** BSWR received \$3.423 million/year for natural resources block grants to local governments for local water resources restoration, protection, and management planning.

#### *Policy Items:*

**“More” Regulatory Certainty:** For 16 years after operation commences at new treatment plants constructed to comply with new or modified effluent limits, the MPCA will not require municipalities to comply with another new or modified effluent limit adopted after construction begins. (HF 1003 Lueck/SF 737 Weber)

**Public Comment Period for Impaired Waters List:** The MPCA must allow at least 60 days for public comment after publishing the draft impaired waters list required under the federal Clean Air Act. The MPCA must make available municipal water-quality data that was used in making impairment determinations. (HF 766 Swedzinski/SF 672 Ruud) Amends §114D.25 by adding a subd. 6.

**Water-Use Permits for Dams:** Dams that divert water from its natural channel for hydroelectric power that were in existence on or before July 1, 1937, including upgrades, repowering, or additions to those facilities, are not required to obtain a water-use permit. Amends §103G.271, subd. 1.

**Water-Use Permits for Storm Water:** A water-use permit is also not required for water extracted from storm water facilities that is collected to reduce runoff, treat storm water, or sustain ground water supplies. (HF 2028 Fischer/SF 1731 Ruud) Amends §103G.271, subd. 1.

**Permitting Efficiency:** For a publicly-owned wastewater treatment facility, the MPCA must provide the permit applicant with a copy of any draft NPDES or SDS permit and any fact sheets at least 30 days before required public notice of the permit application and preliminary determination is released. The public comment period must last at least 60 days. A statutory goal for the MPCA

is established at 210 days for processing permit applications for publicly-owned Tier 2 (which require public comment periods) wastewater treatment facilities.

Effective Date: July 1, 2017

### **Jobs and Energy Omnibus Chapter 94 SF 1456 Miller/Garofalo**

This bill includes FY 2017-18 budget appropriations and policy provisions related to numerous state agencies, including the Department of Employment and Economic Development (DEED), the Department of Commerce (DOC), the Housing Finance Agency, the Department of Labor and Industry, and the Public Utilities Commission (PUC).

Contained in this 229-page bill are many provisions of interest to MMUA and its member utilities, which are enumerated below.

#### *Appropriation Items:*

**Broadband:** The Border-to-Border Broadband Grant Program received \$20 million in FY 2018, and the Office of Broadband Development (within DEED) is funded at \$250,000/year.

**The DOC's Division of Energy Resources (DER):** The DER received \$4.847 million/year in funding, which represents a slight increase in base-level funding (\$340,000 for the biennium).

- **Assessments for Regional and National Duties:** The current Department of Commerce assessment authority on electric utilities for regional and national policy and planning efforts is extended for one year (until June 30, 2018), but the assessment is reduced from \$1 million to \$500,000.

**Public Utilities Commission:** The PUC received \$8.718 million/year in funding, which reflects no increase in base funding.

Appropriations Effective Date: July 1, 2017

#### *Policy Items:*

**Legislative Energy Commission (LEC):** The membership of the LEC is changed from ten to nine members from each the House and Senate. Five members in each body will be appointed by the majority; four by the minority. Requirements as to service on certain committees for LEC appointment eligibility are removed. Effective: May 31, 2017. Amends §3.8851, subd. 1.

**Made in Minnesota:** The Made in Minnesota solar rebate program is ended with applications approved on May 1, 2017 where generation begins by October 31, 2018. No payments will be made for electricity generated after October 31, 2018. Effective: May 31, 2017. Amends §216C by adding a subd. 417.

**Renewable Development Fund (RDF) Changes:** The RDF account is eliminated and reestablished in a special revenue fund administered by the Minnesota Management and Budget. Xcel must transfer funds from the RDF account to the new fund on July 1, 2017.

Along with changing the purposes of the RDF expenditures to focus on research/development of renewable electric technologies, grid modernization, and innovative energy projects, the legislation directs specific grants to be made from the fund:

- If Xcel's power purchase agreement with FibroMinn is changed or terminated, or the biomass facility is sold or closed, the City of Benson will receive economic development grants from the RDF. Grants would equal \$4 million in 2018, \$6.5 million in 2019 and 2020, and \$3 million in 2021.
- If Xcel's power purchase agreement is changed or terminated, or the biomass facility is sold or closed, the Laurentian Energy Authority will receive \$6.8 million/year for five years from the RDF.

The RDF Advisory Group is modified to require the inclusion of an Xcel and Prairie Island Indian Community representative, in addition to Xcel ratepayers. The advisory group will make recommendations to Xcel, which has sole authority to forward recommendations to the Legislature. The PUC authority to approve RDF expenditures is rescinded, but the PUC may disapprove

expenditures it finds to be not in compliance with the statute or not in the public interest. The PUC is required to make its expenditure recommendations to the legislature annually by February 15. Effective: May 31, 2017. (HF 235 O’Neil/SF 214 Osmek) Amends §116C.779, subd. 1.

**Solar Mandate Modification:** The small solar portion (10%) of the 1.5% solar mandate for Minnesota Power and Otter Tail Power can be derived from devices of 40 kW and less and may include solar garden subscriptions of 40 kW and less. Previously, the requirement had to be met by devices under 20 kW. Effective July 1, 2017. (HF 1882 West/SF1649 Ingebrigtsen) Amends §216B.1691, subd. 2f.

**Excelsior Energy:** The site and route permits and water appropriation permits for Excelsior Energy’s Mesaba gas plant are extended from 2019 to 2025. Effective August 1, 2017. (HF 1375 Metsa/SF 584 Tomassoni) Amends §216B.1694, subd. 3.

**Local Democracy:** The PUC’s authority to resolve customer disputes over qualifying facilities is limited to investor-owned utilities. Cooperative electric associations may elect by resolution to assume implementation authority for the cogeneration and small power production tariffs and adopt implementing rules and tariffs locally (as municipal utilities are already permitted to do). The co-op’s rules must provide for a process to resolve customer disputes through independent mediation, where the co-op will pay 90 percent of the cost and the customer will pay 10 percent. Customers with qualifying facilities over 20 MW may request that the PUC resolve disputes with municipal utilities or cooperative electric associations until December 31, 2022. Effective: May 31, 2017. (HF 234 Baker/SF 141 Weber) Amends §216B.164, subd. 2, 5 and 9 and adds a subd. 11.

**Municipal and Co-op CIP Exemptions:** Municipal utilities with under 1,000 customers and cooperative electric associations with under 5,000 customers are exempt from Conservation Improvement Program (CIP) requirements. Effective: May 31, 2017. (HF 2278 Baker/SF 2054 Osmek) Amends §216B.241, subd. 1b, 1c, 2, 5, and 7.

**ESP Assessment:** The Department of Commerce’s authority to use \$400,000 of the annual \$850,000

CIP technical assistance assessment for the ESP reporting and conservation management program is extended for one year (until 2018). Effective: May 31, 2017. Amends §216B.241, subd. 1d.

**IRP Considerations:** The Public Utilities Commission is required to consider the following when determining the public interest for renewable energy facilities in integrated resource plans (IRP):

- Impacts on local and regional grid reliability
- Utility and ratepayer impacts of intermittent renewable facilities
- Utility and ratepayer impacts from reduced exposure to fuel price volatility, changes in transmission costs, portfolio diversification, and environment compliance costs.

Effective: July 1, 2017. Amends §216B.2422, subd. 4.

**Biomass Contracts:** Xcel Energy may end biomass mandate power purchase agreements with the Laurentian Energy Authority in Hibbing and Virginia and the FibroMinn Poultry Litter facility in Benson. Effective: May 31, 2017. (HF 2300 Garofalo) Amends §216B.2424, by adding a subd. 9.

**Energy Rate Goal:** A statutory goal is established that retail electricity rates of each customer class should be at least 5% below the national average. Effective: May 31, 2017. (HF 2386 O’Neil) Amends §216C.05, subd. 2.

**Fossil Fuel Generation from Other States:** The ban on imported coal-fired power agreements and agreements for coal-fired capacity for terms exceeding five years is repealed. Effective: May 31, 2017. (HF 1845 Newberger/SF 2055 Osmek) Amends §216H.03, subd. 3.

**Residential PACE:** Eight potential consumer protection issues are identified within the state’s residential Property Assessed Clean Energy program (PACE). A 16-member task force is established to make recommendations regarding those issues. The residential PACE program is suspended until legislation is enacted establishing consumer protections that address the issues. Effective: May 31, 2017. (HF 1377 O’Driscoll/SF 1088 Pratt)

**Hydrogen as Energy Source:** Statutes citing hydrogen as an energy source are repealed. (HF

37 Garofalo/SF 180 Osmeck) §216B.8109, .811, .812, .813, and .815.

**All Renewable Future Repeal:** The statute directing Minnesota to plan for an all-renewable future (§3.3852) is repealed. (HF 394 Newberger)

**Small Wireless Antennas:** Processes are established to collocate small wireless facilities (antennas) on structures within the public right-of-way or to install new structures to support these facilities within the public right-of-way. Wireless service providers are incorporated into the definition of telecommunications right-of-way users. Local governments are prohibited from enacting moratoriums preventing the installation of small wireless facilities in their public right-of-way. These small antennas are designated as a permitted use in all zoning districts, however, a conditional use permit may be required by a local government in single-family residential or historical districts. Small wireless facilities may be up to six cubic feet in size and ancillary equipment may be up to 28 cubic feet.

Wireless service providers can submit batch permit applications for up to 15 small wireless facilities at once, provided the equipment and support structures are similar and the facilities are within a two-mile radius. Local governments must approve or deny permits within 90 days, unless they have received 30 or more applications within a seven-day period. In that case, they are granted an extra 30 days. Denials must be made in writing, and lack of denial within the prescribed time line equals approval. Local governments may consider generally applicable health, safety, and welfare regulations in approving or denying permit applications, in addition to consideration for decorative structures and restocking requirements. Permits applications must be considered in a non-discriminatory, competitively neutral manner.

Within three months of receiving a small wireless permit application, a local government must develop and make available a standard small wireless facility collocation agreement that complies with this statute. Additional terms may be incorporated as agreed upon by the provider and the local government. Local governments cannot require a wireless service provider to enter a franchise fee agreement to collocate small wireless facilities within the public right-of-way. Wireless

service providers are responsible for all reasonable management costs the local government incurs in processing applications, issuing/revoking permits, and inspecting and maintaining the structures.

Local governments cannot require that small wireless facilities be put on a specific structure or that there be a minimum separation distance between the antennas. Wireless support structures shall not exceed 50 feet in height, unless the local government approves a greater height.

Wireless service providers are responsible for initial engineering analysis and preparatory construction work related to the collocation of a small wireless facility. Local governments may charge annual rent of \$150 per year plus \$25 per year in maintenance for each antenna placed on a structure. If electricity is not purchased directly from a utility, the local government may recover \$73 per month for antennas up to 100 watts or \$182 per month for antennas over 100 watts. If actual electric costs are higher, the wireless service provider will pay the actual costs.

Wireless service providers can use contractors to install the small wireless facilities. Local governments cannot charge additional fees upon the contractors.

**\*New and existing structures that are owned, operated, maintained, or served by municipal electric utilities are exempt from these requirements.**

Effective: May 31, 2017. (HF 739 O'Neill/SF 561 Osmeck) Amends §237.162, subd. 2, 4 and 9 and adds subd. 10-17 and amends §237.163, subd. 2, 4, 6 and 7 and adds subd. 9-10.

### **Tax Omnibus Special Session Chapter 1 HF 1 Davids/Miller**

The Legislature's omnibus tax bill provides \$650 million in tax cuts. Contained therein are a few provisions of interest to MMUA and its member communities.

**SMMPA Property Tax Exemption:** The natural gas plant being built by Southern Minnesota Municipal Power Agency in Owatonna is exempt from personal property taxation and payments in

lieu of taxation. Effective beginning with taxes payable in 2018. (HF 818 Petersburg/SF 1578 Jasinski) Amends §272.02 by adding a subd. 100.

**Melrose Fire:** Construction materials used to replace property destroyed in the Melrose fire are exempt from the sales tax. Effective for purchases made between September 30, 2016 and January 1, 2019. (HF 532 Anderson P./SF 387 Westrom) Amends §297A.71 by adding a subd. 50.

**Madelia Fire:** Construction materials used to replace property destroyed in the Madelia fire are exempt from the sales tax. Effective for purchases made between December 31, 2015 and July 1, 2018. (HF 1215 Cornish/SF 1036 Rosen) Amends §297A.71 by adding a subd. 49.

**Capital Equipment Exemption Expansion:** Fiber and conduit for telecommunications services are added to the definition of capital equipment, and thus exempted from the sales and use tax. Effective June 30, 2017. (HF 1250 Bliss/SF 955 Senjem) Amends §297A.68, subd. 5.

**Compressed Natural Gas:** The tax rate on compressed natural gas is reduced from \$2.174 to \$1.974 per thousand cubic feet. The definition of CNG is modified to reduce the energy content from 1,000 to 900 BTUs per cubic foot. Effective June 30, 2017. (HF 241 Garofalo/SF 70 Ruud) Amends §296A.01, subd. 12 and §296A.08, subd. 2.

### Capital Investment Special Session Chapter 8 HF 5 Urdahl/Senjem

The Legislature's \$987.9 million bonding bill funds capital improvement projects throughout the state.

Of interest to MMUA, the bill provides funding for the Public Facilities Authority to assist local governments with water and wastewater infrastructure improvements, including:

- \$55 million for the Water Infrastructure Fund, of which \$40 million is for wastewater projects and \$15 million is for drinking water projects.
- \$33.737 million for the Point Source Implementation Grant Program. Maximum grants are increased from \$3 to \$7 million, and

- project matches are increased from 50 to 80%.
- The City of Detroit Lakes is eligible for a grant for up to 80% of the cost of its wastewater treatment facility under the Point Source Implementation Grant Program. (HF 2560 Marquart/SF 2292 Eken)
- \$17 million in state matching funds for federal grants. Additionally, the cap on individual grants is increased from \$4 to \$5 million.

Additional appropriations of interest to MMUA member communities:

- An additional \$3.5 million appropriation bond authorization for Phase 3 of the Lewis and Clark Regional Water System
- \$4 million for Lanesboro Dam improvements
- \$5 million for City of Litchfield power generation improvements

Effective Date: May 31, 2017



Public space on the third floor, often used for art exhibitions.



Detailing in the renovated House Chambers.

## 2017 Unsuccessful Legislation

*This section provides a summary of bills concerning municipal utilities that were introduced, but not passed into law, during the 2017 Legislative Session.*

### **PUC Members Appointed by Congressional District HF 6 Garofalo**

This bill would change the membership of the Public Utilities Commission (PUC), increasing it from five to nine commissioners. The Governor would appoint one commissioner from each congressional district, along with one at-large member.

### **Local Government 18-month Email Retention HF 70 Quam/SF 123 Latz**

This bill would require local governments to retain electronic records for no less than 18 months.

### **LGA for Water Infrastructure HF 74 Quam**

This bill would create a “Water Treatment Facility Renovation” account and dedicate a portion of Local Government Aid to provide loans to rural municipalities needing to upgrade water or wastewater infrastructure.

### **Loan Program for Rural Water Treatment Facilities HF 75 Quam**

This bill would create a “Water Treatment Facility Renovation” account with money from the Clean Water Fund to provide loans to rural municipalities needing to upgrade water or wastewater infrastructure.

### **Pipeline Approval Goal HF 78 Quam**

This bill would establish a state goal to issue or deny pipeline routing permits within 150 days.

### **Large Hydropower Counts Towards RES HF 81 Newberger/SF 508 Mathews**

This bill would allow hydroelectric facilities with a capacity over 100 MW to count towards meeting the state’s Renewable Energy Standard.

### **Municipal Lease Referendum Requirements HF 112 Runbeck/SF 1896 Koran**

This bill would require municipalities to obtain approval through voter referendum before entering leases. Voters could also petition for a reverse referendum upon signature of five percent of voters.

### **Real Property Price Limitations HF 247 Green/SF 343 Utke**

This bill would prohibit state or local government agencies from paying more than the county-assessed value for real property.

### **Health and Climate Resiliency Commission HF 275 Bly**

This bill would establish the Health and Climate Resiliency Commission to develop a strategic plan for the State of Minnesota pertaining to the effects of climate change.

### **Income Tax Credit for Rural Clean Energy Improvements HF 290 Bly**

This bill would create a 30% tax credit for family farms or small businesses that install geothermal heat exchangers, wind turbines, solar thermal arrays, or storage systems.

### **Refundable Construction Materials Sales Tax for Local Governments HF 299 Swedzinski/SF 460 Dahms HF 465 Freiberg/SF 283 Rest HF 1853 Swedzinski/SF 2240 Dahms**

These bills would provide the option for local governments to seek a refund from the Department of Revenue for sales taxes paid on construction materials.

Note: This language was included in HF 4, the Legislature’s first omnibus tax bill, which was vetoed by the Governor.

### **Local Government 12-Month Email Retention HF 317 Lucero**

This bill would require local governments to retain electronic records for no less than one year.

### **Nuclear Moratorium Repeal HF 359 Lucero/SF 1239 Mathews**

This bill would remove the prohibition on constructing a new nuclear power plant in Minnesota.

### **Local Siting Authority for Large Solar Energy Facilities HF 392 Newberger**

This bill would allow counties to assume responsibility for siting permits for large solar energy generating facilities, upon notice to the Public Utilities Commission. The PUC would be required to issue an order establishing standards for large solar energy generating facilities, but the PUC or counties could grant variances from the general standard.

### **Conservation Efforts to Count Towards RES HF 393 Newberger**

This bill would allow results from energy conservation efforts to count towards meeting the Renewable Energy Standard.

### **Telecommunications Automatic Renewal Clauses HF 435 Youakim/SF 532 Latz**

This bill would prohibit contracts for telecommunications services from containing automatic renewal clauses unless subscribers are provided written notice of the clause.

### **Common Ownership of WECS HF 527 Hamilton/SF 411 Weber**

This bill would change the factors determining common ownership of wind energy conversion systems, requiring that two systems must be owned by the same persons or entities. It would also establish that systems previously determined eligible for the production tax credit by the Department of Revenue are not under common ownership unless there was a change in ownership after the determination.

### **Eliminating Rulemaking Authority of MPCA and DNR HF 551 Green**

This bill would eliminate the rulemaking authority of the Minnesota Pollution Control Agency and Department of Natural Resources.

### **Agency Rulemaking Authority HF 552 Green**

This bill would require agencies to adopt, amend, suspend, or repeal their rules only in accordance with the Administrative Procedures Act.

### **Public Labor Relations Board Data Classification HF 564 Garofalo/SF 1805 Miller**

This bill would classify as public data Public Employment Relations Board data pertaining to unfair labor practices charges.

### **Independent Scientific Review of Water Quality Rules HF 702 O'Driscoll/SF 695 Newman**

This bill would allow for judicial review of Minnesota Pollution Control Agency rules and actions pertaining to total maximum daily load allocations, water quality standards, and the impaired waters list. For judicial review of water quality standards, a panel of independent experts must be assembled to review and develop findings on the scientific evidence included in the order. The bill would also prohibit the MPCA from enforcing any unadopted rules.

### **Review of Wastewater Treatment Projects SF 717 Anderson**

This bill would require the Minnesota Pollution Control Agency's review of wastewater treatment projects to include a review of the proper return of treated wastewater and recharge of the aquifer within the geographic watershed.

### **Drone Registration HF 858 Johnson B./SF 2043 Rest**

This bill would create a \$25 annual fee for unmanned aircraft (drones) weighing less than 55 pounds and not used solely for recreational purposes. This fee would replace the aircraft registration tax.

### **Income Tax Credit for Residential Biomass HF 917 Kiel/SF 728 Johnson**

This bill would provide an income tax credit for the installation of a residential biomass heating system.

**Limiting Deputy Commissioners****HF 1005 Garofalo**

This bill would reduce the number of deputy commissioners allowed from four to one for the Department of Employment and Economic Development and Department of Commerce. Current deputy commissioners would be allowed to serve out the rest of Governor Dayton's term, but any vacancies could not be re-filled.

**Electric Vehicle Promotion Program****SF 829 Marty**

This bill would require Xcel and Minnesota Power to develop and file with the Public Utilities Commission programs to promote the purchase of electric vehicles and develop electric vehicle infrastructure.

**Pipeline Energy Consumption Exemption****HF 1036 Anderson P.**

This bill would exempt energy used by pipeline facilities from an electric utility's "gross annual retail energy sales" in calculating its energy savings goals.

**Legislative Water Commission Peer Review****HF 1058 Hamilton/SF 1516 Eken**

This bill would allow the Legislative Water Commission (LWC), upon request of five or more local units of government, to convene an independent scientific review of Minnesota Pollution Control Agency actions related to water quality standards, total maximum daily load allocations, and impaired water lists. The expert scientific review panel established by the LWC must review the scientific evidence and submit a written opinion.

**Electric Vehicle Lanes****HF 1133 Garofalo/SF 2029 Little**

This bill would provide all-electric vehicles with free access to HOV and designated shoulder lanes and establish an \$85 surcharge on electric vehicle registrations.

**Utility Franchise Fee Referendum****HF 1146 Vogel/SF 2092 Draheim**

This bill would require municipalities to follow

referendum requirements for imposing or renewing franchise fees on public utilities after August 1, 2017. The municipality must provide public notice of a proposed franchise fee, the intended use of fee revenue, and how much it would cost to raise that revenue in other ways. A hearing must be held for public comment, after which, the city must wait at least 90 days before imposing the fee. If at least five percent of the city's registered voters file a petition within 90 days of the public hearing, the question of whether the municipality may impose the franchise fee must be placed on the next general election ballot.

**Pipeline Removal from Certificate of Need****HF 1151 Bahr**

This bill would eliminate the requirement that a certificate of need be obtained to construct a pipeline transporting crude oil, petroleum fuels, or natural gas.

**Public Retention Records for Correspondence****HF 1185 Scott/SF 1719 Limmer**

This bill would require that correspondence records of all state and local public officials must be retained for no less than three years.

**Office of Ratepayer Advocacy****HF 1280 Garofalo/SF 674 Osmeck**

This bill would create the Office of Ratepayer Advocacy as a separate office within the Public Utilities Commission. The office may intervene on behalf of customers in proceedings before the PUC regarding rates, charges, tariffs, or prices of any company regulated by the PUC.

**Expansion of PUC Ratemaking Factors****HF 1309 Rarick/SF 1177 Mathews**

This bill would direct the Public Utilities Commission to consider job preservation, economic growth, and economic competitiveness as factors in ratemaking.

Note: This provision was included in the Jobs/Energy Omnibus #1 (SF 1937) which was vetoed by the Governor.

### **Renewable Energy Rate HF 1330 Bly**

This bill would require the Public Utilities Commission to establish standard rates for utility purchases of energy from wind systems up to 7 MW and solar systems up to 500 kW. Municipal power agencies and cooperative electric associations would be required to adopt standard renewable rates consistent with the PUC's.

### **Energy Auditor Qualifications HF 1334 Maye Quaid**

This bill would modify the standards for energy auditors, decreasing requirements from being certified and approved by the Commerce Commissioner to a "qualified professional."

### **Appropriation of Volkswagen Settlement Funds HF 1355 Garofalo/SF 914 Bakk**

This bill would require that "Clean Air Act settlement money" (Volkswagen settlement) must be appropriated by the Legislature before it is spent.

Note: This provision was included in the Jobs/Energy Omnibus #1 (SF 1937) and Environment and Natural Resources Omnibus #1 (HF 888), which were vetoed by the Governor. The Administration claimed that this provision could jeopardize Minnesota's receipt of settlement dollars, so strongly opposed it.

### **Wind Easement Sunset Extension HF 1487 Anderson P./SF 1672 Draheim**

This bill would extend the sunset date for the statutes providing that certain wind easements do not expire after seven years if the project does not begin commercial operation.

### **CHP Systems Tax Credit HF 1495 Miller/SF 1788 Jasinski**

This bill would provide a 50% income or corporate franchise tax credit for the installation costs of an eligible combined heat and power system or expander generator system.

### **Rebate Program for Storage, Thermal, and Wind HF 1497 Davids/SF 1174 Miller**

This bill would establish a rebate program within the Department of Commerce for energy storage, wind energy conversion systems, geothermal heat pumps, or solar thermal systems installed in the state.

### **Residency Requirements for Employment HF 1503 Dehn**

This bill would allow cities and counties to require residency as a condition of employment with the city or county.

### **Labeling of Non-Flushable Wipes HF 1644 Pryor/SF 1536 Eaton HF 2292 Gruenhagen/SF 2040 Newman**

These bills would prohibit non-woven disposable products (wipes) sold in Minnesota from being labeled, advertised, or packaged as flushable, septic safe, or sewer safe unless the product meets national flushability standards or the code of practice for product labeling. Products must be labeled in a manner that meets the national code of practice and is approved by the Minnesota Pollution Control Agency. Manufacturers in violation would be subject to a civil penalty of \$100 per unit up to \$5,000 and could be enjoined.

### **Prohibiting VoIP Regulation HF 1665 Kresha/SF 1742 Ruud**

This bill would prohibit state regulation of Voice over Internet Protocol (VoIP) service.

Note: This language was included in the Jobs/Energy Omnibus #1 (SF 1937), which was vetoed by the Governor.

### **School District Utility Benchmarking HF 1727 Zerwas/SF 1510 Goggin**

This bill would require all Minnesota public schools to record monthly utility consumption data into the Minnesota B3 benchmarking program.

**Studying Grid Vulnerability to Solar Storms****HF 1742 Runbeck****HF 2695 Pugh**

These bills would require the Public Utilities Commission and Department of Public Safety to study the vulnerability of Minnesota's electrical grid to disturbances caused by solar storms and how any vulnerability may be reduced. A report to the Legislature would be due by February 15, 2018.

**Increasing the RES to 50% by 2030****HF 1772 Maye Quaid/SF 1531 Frentz**

This bill would incrementally increase Minnesota's Renewable Energy Standard to 50% by 2030. The current benchmarks for year 2020 would be increased from 20 to 25% and year 2025 from 25 to 37%.

**Water Quality Improvement Goal****HF 1796 Johnson C./SF 1417 Ruud**

This bill would establish a state goal to improve water quality by 25% by 2025.

**Solar Energy Systems Income Tax Credit****HF 1923 Wagenius/SF 1863 Simonson**

This bill would provide an income tax credit to customers of municipal utilities or electric cooperative associations that install solar energy systems.

**Water Tank Contract Modifications****HF 1975 Vogel/SF 2393 Koran**

This bill would modify the municipal bidding process for multi-year water tank service contracts. If the contract for services is over \$100,000, the municipality must solicit sealed bids or use the "best value" method of procurement.

**Electric Generation, Transmission, and Distribution Property Tax Reform****HF 1985 Davids/SF 2193 Chamberlain**

This bill would change the methodology under which electric generation, transmission, and distribution property are taxed. Instead of the personal property tax, electric generation property

would be taxed on a production and capacity formula, with rates determined by fuel type. Transmission and distribution would be taxed on a per mile basis. Systems owned or operated by municipal utilities and electric cooperative associations and wholly owned by municipal power agencies would be excluded from the tax.

The bill would also establish a transition aid program for local units of government where this property is located. The taxation of wind and solar energy systems would remain under the current production tax. Finally, this bill repeals existing property tax exemptions and exclusions for electric generation property.

**Sales Tax Reduction for Restaurant Utilities****HF 2004 Garofalo**

This bill would reduce the sales taxes paid by restaurants for purchases of electricity, gas, propane, and water. Only 65% of the purchase price would be taxable.

**Large Wind Permit and CON Modifications****HF 2052 Schomacker/SF 1706 Weber**

This bill would exempt large wind energy conversion systems and solar energy generating facilities from the certificate of need process, unless a public utility is the permit applicant. It would also limit route permit requirements for high-voltage transmission lines to include alternative routes only if necessary to avoid "significant environmental and human impacts." The allowed time extension for the Public Utilities Commission to make determinations on site applications and permits is reduced from three months to 30 days. Finally, the PUC would be required to submit a legislative report on wind energy system permitting process improvements.

**Energy Sector Jobs Initiative****HF 2110 Lee/SF 2194 Torres Ray**

This bill would direct the Department of Employment and Economic Development to implement an initiative to maximize job opportunities in the energy sector.

### **Wind Energy Noise Complaints HF 2170 Drazkowski/SF 1906 Goggin**

This bill would establish setbacks for the siting of wind energy conversion systems (WECS), depending on the height of the facility. It would also create a process for the Department of Health to review noise pollution complaints towards large WECS. If the Department determines there is association between the health allegations and operation of the WECS, the Public Utilities Commission must determine if the WECS permit should be modified or revoked.

### **Electric Vehicle Tariffs HF 2202 Howe**

This bill would require all electric utilities to file an electric vehicle recharging tariff with the Public Utilities Commission, which includes the electric rates and any state highway user surcharge. Public utilities and cooperative electric associations must provide MnDOT with the amounts received from the surcharge on a quarterly basis. These funds will then go to the Highway User Tax Distribution Fund.

### **CIP Technical Assistance Assessment HF 2233 Anselmo/SF 1907 Goggin**

This bill would increase the Conservation Improvement Program (CIP) technical assistance assessment on utilities from \$400,000 to \$500,000 per year and repeal the sunset date on the assessment.

### **Large Energy Customer Choice HF 2248 Bahr**

This bill would allow large customers of public utilities to contract with any electric service provider to meet their electricity needs. It would also require that electric utilities provide non-utility electric service providers with nondiscriminatory access to transmission service. Further, providing electric service to a customer would not result in the classification of the entity as a public utility.

Finally, public utilities would be prohibited from charging different rates to customers that receive electric service from another electric service provider.

### **Clean Energy Economy Profile Appropriation HF 2249 Rarick/SF 1972 Nelson**

This bill would provide a \$100,000 appropriation to the Department of Employment and Economic Development to update the “Clean Energy Economy Profile,” which was created to quantify wages and employment from the clean energy sector.

### **Unlicensed Electrical Workers Registration HF 2310 Gruenhagen/SF 1927 Newman**

This bill would modify construction licensing registration requirements for unlicensed persons performing electrical work, allowing experience credit to be granted to applicants if they have completed the required hours with one employer and that employer has record of those hours.

### **Volkswagen Settlement Appropriation for Electric School Buses HF 2318 Ward/SF 2251 Marty**

This bill would appropriate \$2 million/year from the Volkswagen Clean Air Act settlement towards grants to replace diesel school buses with low or zero emission buses. An electric school bus pilot program is also created.

### **Green Roof Advisory Task Force HF 2330 Loeffler/SF 316 Dzedzic**

This bill would establish the Green Roof Advisory Task Force to evaluate costs and laws pertaining to green roofs and submit a report of findings to the Legislature.

### **Community Solar Garden Size Increase HF 2355 Thissen**

This bill would increase the maximum size of community solar gardens under Xcel’s program from one to five megawatts.

### **Electric Sales and Production Tax Exemption HF 2421 Backer**

This bill would exempt electricity consumed in industrial production or used to provide a taxable service from the sales and use tax. Sales of electricity to residential and commercial customers would also be exempt from the sales tax.

### Legislative Appointments to PUC HF 2455 Garofalo/SF 2226 Osmeck

This bill would alter how appointments to the Public Utilities Commission are made. Of the five members: the Governor would appoint one member, the Senate majority and minority caucuses would each appoint a member, and the House majority and minority caucuses would each appoint a member.

### Rate Recovery for Marketing Alternative-Fuel Vehicles HF 2460 Maye Quaid

This bill would allow the Public Utilities Commission to allow rate recovery for utility activities related to supporting alternative-fuel vehicles.

### Fossil Fuel Investments Report HF 2472 Thissen/SF 2085 Pappas

This bill would require the State Board of Investment to create a report on the stability and security of investments in companies involved with fossil fuels, assessing the risks to public pension and retirement funds due to climate change.

### Motion Sensing Technology Energy Retrofits Credit HF 2498 Maye Quaid/SF 1601 Clausen

This bill would provide a temporary income tax credit for retrofitting motion sensing technology to improve energy efficiency.

### Excavation Procedures Modification HF 2719 Miller

This bill would require excavators to install underground facilities at least two feet, but not more than four feet, below the surface. An operator of underground facilities must notify the excavator of damage within 60 days of the excavation, otherwise, the excavator is not liable for the costs, claims, or damages. Also, reimbursement for damages is not required if the excavator proves that the location of the damaged facility was incorrectly marked or unmarked or located outside of the two to four-foot depth. Operators must reimburse excavators for performing repairs outside the two to four-foot depth. Finally, the bill creates a database of operators of underground facilities that must be annually updated.



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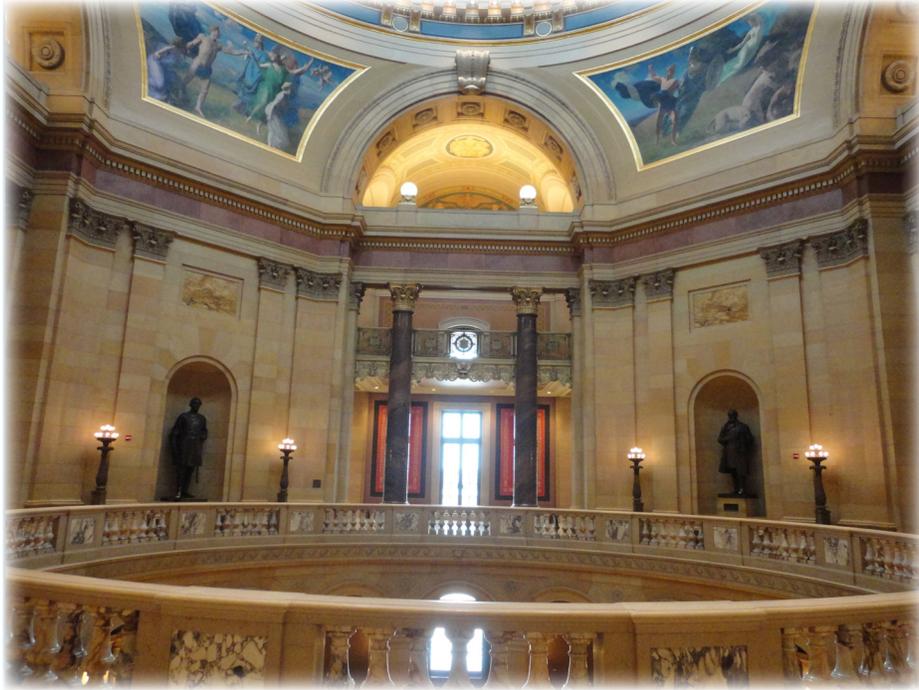
The refurbished marble exterior and Quadriga.

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