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S.F. No. 3887 – Environment Finance Omnibus (Delete-Everything Amendment)

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Article 1 – Environment and Natural Resources Appropriations

[See accompanying spreadsheet]

Article 2 – Environment and Natural Resources Policy

Section 1 [Outdoor School for All] creates a grant program for overnight outdoor school providers that provide a multi-day, residential educational experience comprised mainly of outdoor-based learning activities and that meet certain other requirements.

Section 2 [Sheriff Costs for Unsafe Ice Rescue] authorizes county sheriffs to be reimbursed for costs incurred for search and rescue operations due to recreational activities on unsafe ice.

Section 3 [Authority to Issue Oil and Gas Leases] authorizes the commissioner of natural resources (DNR) to issue leases to prospect for, remove, or extract gas and oil from state-owned lands.

Section 4 [Oversight of Oil and Gas Leases] makes oil and gas leases subject to most of the same requirements as other mineral leases and to oversight by the Executive Council and DNR.

Section 5 [Prohibition on Gas and Oil Production without a Permit] prohibits production of gas or oil without a permit.

Section 6 [Oil and Gas Production Rulemaking] authorizes various agencies to adopt rules governing oil and gas exploration and production. Requires rules to be adopted using the expedited rulemaking procedure in Minnesota Statutes, Section 14.389.

Section 7 [Oil and Gas Lease Application Requirements] requires applicants for oil and gas leases to submit an application and filing fee to the DNR and reserves the right of the state to reject an application for such a lease. Requires oil and gas leases to include certain terms, including a duration of no more than five years, the payment of a per acre bonus consideration to the DNR, the provision of financial assurance in certain cases, and the payment of rent and a production royalty on any oil or gas produced.

Sections 8 & 9 [Elimination of Goose Permit] remove the need to acquire a special goose season permit.

Section 10 [PCA May Require Reimbursement for Settlement Oversight Costs] authorizes the Pollution Control Agency (PCA) to require parties who enter negotiated settlements with the PCA to reimburse the agency for oversight costs associated with implementing the negotiated settlement.

Section 11 [PCA Authority to Order Cessation] clarifies that PCA's enforcement authority includes the power to compel cessation of performance.

Section 12 [PCA Injunctive Relief Clarification] clarifies that injunctive relief for violations of PCA statutes can include a requirement that a facility or person immediately cease operation or activities until the commissioner determines that resumption of operations will not harm human health or result in a serious permit violation.

Section 13 [PCA May Reject Extensions Based Solely on Cost] allows the PCA to reject requests for extensions to stipulation agreements that are based solely on increased costs.

Section 14 [Compliance When Person Fails to Obtain Permit] when a person or facility fails to obtain a necessary permit, this section authorizes the PCA to require the person or facility to comply with the permit terms that would have been included in a permit had the person or facility acquired the permit. This section also makes clear that the person or facility remains subject to penalties and liability for the period during which the permit should have but was not in place.

Section 15 [Boat Wrap Stewardship Program] requires producers of boat wrap to implement and finance a statewide boat wrap stewardship program that reduces the amount of boat wrap disposed of in landfills, promotes boat wrap recycling, and provides for negotiation and execution of agreements to collect, transport, and process boat wrap for end-of-life recycling and reuse.

Section 16 [PCA May Require Reimbursement for Settlement Oversight Costs] authorizes the Pollution Control Agency (PCA) to require parties who enter negotiated settlements with the PCA to reimburse the agency for oversight costs associated with implementing the negotiated settlement.

Section 17 [PCA May Reject Extensions Based Solely on Cost] allows the PCA to reject requests for extensions to stipulation agreements that are based solely on increased costs.

Section 18 [Compliance When Person Fails to Obtain Permit] when a person or facility fails to obtain a necessary permit, this section authorizes the PCA to require the person or facility to comply with the permit terms that would have been included in a permit had the person or facility acquired the permit. This section also makes clear that the person or facility remains subject to penalties and liability for the period during which the permit should have but was not in place.

Section 19 [PCA Authority to Act When It Has Evidence of Acts of Concern] authorizes the PCA to suspend or revoke a permit, issue relevant orders, require financial assurances, and take additional measures when it has evidence of falsification of records, a history of noncompliance, chronic permit violations, or operating without required permits.

Section 20 [State Salt Purchase Report] requires submission of an annual report to the legislature on the purchase of deicing salt by state agencies other than the Department of Transportation with a goal of reducing the amount of those purchases by 25% by 2030.

Section 21 [Ban on Certain Mercury-Containing Lighting] prohibits the sale, offering for sale, or distribution in this state of certain mercury-containing lighting, beginning January 1, 2025.

Section 22 [Sale of Land Within Indian Reservations] requires tax-forfeited land located within the boundaries of an Indian reservation to be offered for sale to the affected band of Indians before it is offered for sale to other parties.

Section 23 [Keep It Clean Grants] creates a grant program to provide money to local units of governments and nongovernmental organizations to implement programs to prevent water pollution due to garbage and human waste left on the ice of state waters.

Section 24 [Strategic Land Asset Management Report] requires the DNR to report to the appropriate legislative committees on how the department's Strategic Land Asset Management program approaches potential transfers of land to Tribal Nations.

Section 25 [Critical Materials Recovery Advisory Task Force] requires PCA to establish a task force to advise the PCA with respect to policy and program options designed to increase the recovery of critical materials from end-of-life products.

Section 26 [Postclosure Care Rulemaking] requires the PCA to amend rules related to solid waste disposal facilities to require the commissioner's approval to terminate the postclosure care period.

Section 27 [Capital Assistance Program Rulemaking] requires the PCA to amend its Capital Assistance Program rules to accord with statutory changes made by the legislature during the 2023 session.

Section 28 [Report on Recreational Use of School Trust Lands] requires a study of the recreational use of school trust lands in the state in order to determine the amount of money to be allocated to the permanent school fund for fees paid to the state for outdoor recreation purposes.

Section 29 [Gas Production Technical Advisory Committee] requires DNR to create a Gas Production Technical Advisory Committee to develop recommendations to the DNR relating to the production of oil and gas in the state and to guide the creation of a temporary regulatory framework to govern oil and gas permitting before permanent rules are adopted. Requires statutory and policy recommendations to be submitted to the legislature.

Section 30 [Report on Geologic Carbon Sequestration] requires the DNR to prepare a report on geologic carbon sequestration within the state to guide future decision making and legislation to assist in achieving goals for carbon neutrality by 2050 as established in Minnesota's Climate Action Framework. Requires the creation of an advisory committee to guide the DNR's work on the report.

Section 31 [Manure Management Grants] governs the use of manure management grants appropriated in Article 1. Requires that priority be given to areas with high groundwater nitrate levels or geology conducive to groundwater pollution.

Section 32 [Climate Adaptation and Resilience Costs] requires the PCA to research projected costs in Minnesota of climate change adaptation and resilience measures needed to mitigate the projected impacts of climate change.

Section 33 [Conveyance of Land in Mille Lacs County] requires DNR to condemn certain land in Mille Lacs County and to convey it for no cost to a federally recognized Indian tribe.

Section 34 [Nonlethal Beaver Management Program] establishes a program to provide state matching grants to assist individuals and communities in the Metropolitan Area with nonlethal beaver management and beaver damage deterrence.

Section 35 [Electronics Recycling Study] requires PCA to contract with a third party to conduct a study that identifies barriers to electronics recycling and recommends ways to overcome those barriers.

Section 36 [Repealer] repeals a statute requiring a special goose season permit to take Canadian Geese.

Article 3 – Environmental Review and Permitting

Sections 1 & 2 [Coordinated Project Plans] authorizes an applicant for a project that requires the DNR or PCA to undertake environmental review to request that the agency prepare a coordinated project plan that coordinates state agency action and requires reporting to the legislature if certain deadlines are not achieved.

Article 4 – State Lands

Section 1 [Assumption of Trail Easement Fees] allows the commissioner of natural resources (DNR) to assume the application fee that would otherwise have to be paid by a person seeking a trail easement when the DNR determines that issuing the easement will benefit the state's land management interests.

Sections 2 & 3 [Responsibility for Land Exchange Expenses] make a private landowner or governmental unit responsible for covering half of the cost of additional categories of expenses related to land exchanges, including legal and professional fees and fees related to title work, advertising, public hearings, transactional staff costs, and closing costs.

Section 4 [Additions to State Parks] adds areas to the statutory boundaries of Banning State Park (Pine County), Father Hennepin State Park (Mille Lacs), and Lake Louise State Park (Mower County).

Section 5 [State Park Abolishment] abolishes Hill-Annex Mine State Park (Itasca County) and Upper Sioux Agency State Park (Yellow Medicine).

Sections 6 & 7 [Private Sale of Tax-Forfeited Land] authorize the private sale of tax-forfeited land in Aitkin County.

Section 8 [Public Sale of Surplus Land] authorizes the public sale of surplus land bordering public water in Chisago County.

Section 9 [Conveyance of Surplus Land] authorizes conveyance of surplus land bordering public water to a local government for no consideration in Hubbard County.

Section 10 [Private Sale of Surplus Land] authorizes private sale of surplus land bordering public water in Hubbard County.

Section 11 [Conveyance of Surplus Land] authorizes conveyance of surplus land bordering public water to a federally recognized Indian Tribe for no consideration in Redwood County.

Section 12 [Private Sale of Surplus Land] authorizes private sale of surplus land in Roseau County.

Sections 13 & 14 [Private Sale of Tax-Forfeited Land] authorize the private sale of tax-forfeited lands in St. Louis County.

Section 15 [Repealer] repeals the statutes that establish Hill-Annex Mine State Park and Upper Sioux Agency State Park and repeals the designation of Upper Sioux Agency State Park as a state historic site.

Article 5 – Packaging Waste and Cost Reduction Act

Section 1 [Short Title] provides that this act may be cited as the “Packaging Waste and Cost Reduction Act.”

Section 2 [Definitions] defines various terms used in the bill.

Section 3 [Establishment of Program] requires producers of packaging and paper products (“producers”) to implement and finance a statewide program to provide for the collection and management of used packaging and paper products (“covered materials”) through waste reduction, reuse, recycling, composting, and product redesign.

Section 4 [Registration of Producer Responsibility Organization]

Subd. 1 [Annual Registration] requires producers to appoint a producer responsibility organization (“PRO”) by July 1, 2025, and each January 1 thereafter, and requires the PRO to register with the commissioner of the Pollution Control Agency (“commissioner”) by submitting certain materials. Requires the creation of a coordinating body if more than one PRO registers with the commissioner and requires that all approved product stewardship plans be integrated into a single plan.

Subd. 2 [Registration Fee] requires a PRO to submit an annual fee to the Pollution Control Agency (“PCA”) beginning in 2026 in an amount sufficient to cover the estimated costs of the PCA to administer the program during the following year, as determined by the commissioner.

Subd. 3 [Initial PRO Registration; Implementation Fee] prohibits the registration of more than one PRO before the expiration of the first stewardship plan and provides a process for selecting that PRO where more than one attempts to register. Beginning in 2025, requires the initial PRO to annually pay the commissioner an implementation fee in an amount sufficient to cover the PCA’s costs to develop the initial needs assessment and administer this act prior to approval of the initial stewardship plan.

Subd. 4 [Requirements for Additional PROs] establishes criteria for allowing more than one PRO to register.

Subd. 5 [Registration of Service Providers] allows service providers seeking reimbursement for services rendered under a stewardship plan to register with the commissioner by submitting certain information.

Section 5 [Establishment of Producer Responsibility Advisory Board] establishes the Producer Responsibility Advisory Board (“board”) to review programs operated by PROs and to advise the various parties on the implementation of this act.

Section 6 [Commissioner Responsibilities] establishes the responsibilities of the commissioner under the act, which include the duty to appoint the membership of the board and to provide it operating support, to complete needs assessments every five years, approve stewardship plans and amendments, provide a list of covered materials that are determined to be recyclable or compostable to PROs, to post various information on its website, to require annual financial audits of PROs, and to consider comments of the board.

Section 7 [Producer Responsibility Advisory Board Responsibilities] requires the board to consult with the commissioner and PROs on needs assessments, stewardship plans, and related matters.

Section 8 [Producer Responsibility Organization Responsibilities] requires PROs to register with the commissioner, submit stewardship plans to the commissioner every five years and to implement approved plans, to keep producers and service providers informed of various matters, collect producers fees, make various reports, ensure that producers operating under a stewardship plan comply with its requirements, expelling producers who fail to return to compliance, responding to comments received from the board, maintaining a website, and performing various related duties.

Section 9 [Producer Responsibilities] requires producers to implement the requirements of stewardship plans, to pay producer fees, and to:

- Register with a PRO by January 1, 2025.
- Be operating under an approved stewardship plan by January 1, 2029.
- Introduce only covered materials that are reusable, capable of refill, recyclable, collectable, or included in an alternative collection system after January 1, 2032. Producers may petition the commissioner for a delay in this requirement where market or technical issues prevent compliance.

Section 10 [Service Provider Responsibilities] requires service providers to collect and manage covered materials generated in this state, register with the commissioner, meet performance

standards, ensure covered materials are sent to responsible markets, and perform various related duties.

Section 11 [Needs Assessment]

Subd. 1 [Needs Assessment Required] requires the commissioner to complete a preliminary needs assessment by December 31, 2025, and every five years thereafter and a needs assessment by December 31, 2026, and every five years thereafter.

Subd. 2 [Input from Interested Parties] requires the commissioner to consult with the board, political subdivisions, service providers, PROs, and other interested parties in conducting a needs assessment. Requires the commissioner to contract with a third party to conduct the need assessment.

Subd. 3 [Content of Needs Assessment] requires a needs assessment to include certain information, including an evaluation of existing waste reduction, reuse, recycling, and composting efforts and resources; proposals for a range of performance targets to meet statewide requirements; options for third-party certification requirements; an evaluation of investments needed to increase waste reduction, reuse, recycling, and composting rates for covered materials; and related matters.

Subd. 4 [Needs Assessment as Baseline] provides that determinations of the extent to which statewide requirements or performance targets have been met must be based on the most recent needs assessment.

Subd. 5 [Participation Required] requires persons with information relevant to the completion of a needs assessment to provide that information to the commissioner upon request. Facilitates proceeding under a nondisclosure agreement where necessary.

Section 12 [Stewardship Plan]

Subd. 1 [Plan Required] requires a PRO to submit a plan to the commissioner by March 1, 2027, and every five years thereafter, that describes the proposed operation by the PRO of programs to fulfill the requirements of this act and that incorporates the findings of the most recent needs assessment.

Subd. 2 [Advisory Board Review] requires a PRO to submit draft stewardship plans to the advisory board for review before submission to the commissioner.

Subd. 3 [Content of Plan] requires a stewardship plan to include certain information, including performance targets, a description of collection methods, a list of any third party certifications that will be obtained, a budget and identification of funding needs, producer fees, an infrastructure investment plan, an explanation of how the plan will be paid for by producers, a description of activities to be undertaken during the next five years, reimbursement formulas, terms and conditions of service agreements, and related information.

Subd. 4 [Plan Amendment and Approval] requires the commissioner to review draft stewardship plans and amendments within 120 days of receipt and requires posting of the draft plan or amendment on the agency's website for at least 45 days to allow public

comment. Allows a PRO 60 days to revise rejected plans, or to provide the commissioner with any additional requested information and requires the commissioner to review this information in 60 days. Allows the commissioner to modify the draft plan or amendment after two unsuccessful submissions.

Subd. 5 [Performance Targets] requires PROs to include performance targets in stewardship plans.

Subd. 6 [Measurement of Performance Targets] establishes methods for measuring whether performance targets have been met.

Subd. 7 [Statewide Requirements] requires the commissioner to establish statewide requirements and dates by which requirements must be achieved recycling rate, composting rate, reuse rate, return rate, percentage of covered materials introduced that must be waste reduced, and the percentage of postconsumer recycled content that covered materials introduced must contain.

Section 13 [Recyclable or Compostable Covered Materials Lists] requires the commissioner to complete by March 1, 2027, a list of covered materials determined to be recyclable or compostable statewide as well as a list of covered materials that are recyclable or compostable through alternative means.

Section 14 [Producer Fees] requires PROS to collect producer fees from producers and establishes requirements for determining the amount of those fees and adjusting for overcollections.

Section 15 [Service Provider; Reimbursement] sets requirements for reimbursement to service providers for waste reduction, reuse, processing, recycling, or composting services under an approved stewardship plan and sets forth statutory requirements for reimbursement rates included in a stewardship plan.

Section 16 [Reporting] requires a PRO to annually report to the commissioner beginning July 1, 2031, about its operations during the previous calendar year. The report must include certain enumerated information. Requires additional reporting when a PRO fails to meet a performance target included in a stewardship plan.

Requires the commissioner to report to the appropriate legislative committees and to the governor on the operation of the act every five years, beginning on October 15, 2034.

Section 17 [PRO Websites] requires a PRO to maintain a website that must include certain enumerated information.

Section 18 [Anticompetitive Conduct] authorizes a PRO to engage in anticompetitive conduct where necessary to meet its obligations under the act and provides immunity to PROs for antitrust, restraint of trade, or unfair trade practices.

Section 19 [Rulemaking] authorizes the commissioner to adopt rules to implement the act and exempts the rulemaking from the 18-month requirement of section 14.125.

Section 20 [Providing Information] requires a person to provide the commissioner with information necessary to implement this act upon request.

Section 21 [Deposit Return System] states that the legislature intends to harmonize this act with any bottle deposit return system legislation enacted by the legislature in the future.

Section 22 [Enforcement] requires the commissioner to enforce the act using existing authority and allows revocation of registration of a producer or a PRO found to have violated this act. Imposes civil penalties of up to \$100,000 per day for violations of this act.

Sections 23 and 24 [Studies] require the commissioner to conduct a study of workplace conditions and equity in the recycling, composting, and reuse facilities in this state and a study to identify the contribution of covered products to litter and water pollution in Minnesota.