

1.1 Senator moves to amend S.F. No. 2584 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. **[174B.01] DEFINITIONS.**

1.4 Subdivision 1. **Scope.** As used in this chapter, the following terms have the meaning
1.5 given.

1.6 Subd. 2. **Carbon dioxide equivalent.** "Carbon dioxide equivalent" means the number
1.7 of metric tons of carbon dioxide emissions that have the same global warming potential as
1.8 one metric ton of another greenhouse gas.

1.9 Subd. 3. **Carbon intensity.** "Carbon intensity" means the quantity of life cycle greenhouse
1.10 gas emissions associated with the fuel pathway and use of a unit of a specific transportation
1.11 fuel, expressed in grams of carbon dioxide equivalent per megajoule of transportation fuel,
1.12 as calculated by the most recent version of Argonne National Laboratory's GREET model,
1.13 as determined by the commissioner.

1.14 Subd. 4. **Clean fuel.** "Clean fuel" means a transportation fuel that has a carbon intensity
1.15 level below the clean fuels carbon intensity standard in a given year.

1.16 Subd. 5. **Commissioner.** "Commissioner" means the commissioner of transportation.

1.17 Subd. 6. **Continuous living cover cropping systems.** "Continuous living cover cropping
1.18 systems" means market-based agricultural systems characterized by living plants above
1.19 ground and living roots in the soil throughout the entire year, including but not limited to:

1.20 (1) perennial crops, including forage and pasture;

1.21 (2) winter annual cash cover crops such as winter camelina and pennycress; and

1.22 (3) agroforestry practices.

1.23 Subd. 7. **Credit.** "Credit" means a unit of measure that (1) is equal to one metric ton of
1.24 carbon dioxide equivalent; and (2) serves as a quantitative measure of the degree to which
1.25 the carbon intensity of a fuel provider's transportation fuel volume is lower than the carbon
1.26 intensity embodied in an applicable clean transportation standard. Credit includes a credit
1.27 premium, as provided in section 174B.03, subdivision 3.

1.28 Subd. 8. **Credit aggregator.** "Credit aggregator" means an entity who voluntarily
1.29 registers to participate in the clean transportation fuel standard program to facilitate credit
1.30 generation on behalf of a credit generator and to trade credits with regulated parties, credit
1.31 generators, and other credit aggregators.

2.1 Subd. 9. **Credit generator.** "Credit generator" means an entity that produces or imports
2.2 a clean fuel for use in Minnesota, which, with respect to electricity used as a transportation
2.3 fuel.

2.4 Subd. 10. **Deficit.** "Deficit" means a unit of measure that (1) is equal to one metric ton
2.5 of carbon dioxide equivalent; and (2) serves as a quantitative measure of the degree to which
2.6 the carbon intensity of a fuel provider's volume of transportation fuel is greater than the
2.7 carbon intensity embodied in an applicable clean transportation standard.

2.8 Subd. 11. **Deficit generator.** "Deficit generator" means a fuel provider who first produces
2.9 and imports a transportation fuel for use in Minnesota whose carbon intensity generates
2.10 deficits.

2.11 Subd. 12. **Fuel pathway.** "Fuel pathway" means a detailed description of all stages of
2.12 a transportation fuel's production and use, including feedstock production, extraction,
2.13 processing, transportation, distribution, and combustion or use by an end-user.

2.14 Subd. 13. **Fuel provider.** "Fuel provider" means an entity that supplies a transportation
2.15 fuel for use in Minnesota.

2.16 Subd. 14. **Global warming potential.** "Global warming potential" or "GWP" means a
2.17 quantitative measure of a greenhouse gas emission's potential to contribute to global warming
2.18 over a 100-year period, expressed in terms of the equivalent carbon dioxide emissions that
2.19 would be required to produce the same 100-year warming effect, as reported in the Sixth
2.20 Assessment Report on Climate Change of the Intergovernmental Panel on Climate Change.

2.21 Subd. 15. **Greenhouse gas.** "Greenhouse gas" means carbon dioxide, methane, nitrous
2.22 oxide, hydrofluorocarbons, perfluorocarbons, or sulfur hexafluoride.

2.23 Subd. 16. **Motor vehicle.** "Motor vehicle" has the meaning given in section 169.011,
2.24 subdivision 42.

2.25 Subd. 17. **Petroleum-only portion of transportation fuels.** "Relevant petroleum-only
2.26 portion of transportation fuels" means the component of gasoline or diesel fuel prior to
2.27 blending with ethanol, biodiesel, or other biofuel.

2.28 Subd. 18. **Program.** "Program" means the clean transportation standard and its rules,
2.29 regulations, and requirements established under this chapter.

2.30 Subd. 19. **Soil-healthy farming practices.** "Soil-healthy farming practices" means
2.31 farming practices that increase the quantity of organic carbon in soil through practices,
2.32 including but not limited to reduced tillage, conservation tillage, cover cropping, perennial

cropping, inter-seeding, organic production, manure management, roller-crimping, managed rotational grazing, precision agriculture, crop rotations, and changes in grazing management.

Subd. 20. **Technology provider.** "Technology provider" means a manufacturer of an end-use consumer technology involved in supplying clean fuels.

Subd. 21. **Transportation fuel.** "Transportation fuel" means electricity or a liquid or gaseous fuel that is blended, sold, supplied, offered for sale, or used to propel a motor vehicle, including but not limited to a train, light rail vehicle, ship, aircraft, forklift, or other road or nonroad vehicle in Minnesota. Transportation fuel includes but is not limited to electricity used as fuel in a motor vehicle, gasoline, diesel, ethanol, biodiesel, renewable diesel, propane, renewable propane, natural gas, renewable natural gas, hydrogen, aviation fuel, and biomethane.

Sec. 2. **[174B.03] CLEAN TRANSPORTATION STANDARD.**

Subdivision 1. **Clean transportation standard; goal; establishment.** (a) The commissioner must establish a clean transportation fuel standard with a goal of reducing the aggregate carbon intensity of transportation fuel supplied to Minnesota by 100 percent by the end of 2050.

(b) The clean transportation fuel standard established in paragraph (a) must require that the aggregate carbon intensity of transportation fuel supplied to Minnesota must be reduced to at least 25 percent below the 2018 baseline level by the end of 2030 and by 75 percent by the end of 2040.

(c) To achieve the aggregate carbon intensity goal for 2050 in paragraph (a) and the aggregate carbon intensity reduction benchmarks provided in paragraph (b), the commissioner must establish by rule an annual standards schedule that steadily decreases the aggregate carbon intensity for transportation fuel in Minnesota.

(d) When establishing the annual standards schedule required under subdivision (c), the commissioner must:

(1) consider the cost of compliance with the clean transportation fuel standard;

(2) consider the technologies available to fuel providers and technology providers to achieve the standard; and

(3) evaluate the impact on achieving the state's greenhouse gas emissions reduction target across all sectors of at least the following amounts, compared with the level of emissions in 2005:

4.1 (i) 30 percent by 2025;

4.2 (ii) 50 percent by 2030; and

4.3 (iii) net zero by 2050.

4.4 (e) The commissioner must consult with the Department of Commerce, Pollution Control
4.5 Agency, Public Utilities Commission, Department of Natural Resources, and Department
4.6 of Agriculture when establishing by rule the annual standards schedule required under this
4.7 section.

4.8 Subd. 2. **Clean transportation standard; baseline calculation.** The commissioner,
4.9 after reviewing and considering the best available scientific data and calculations, must
4.10 calculate the baseline carbon intensity of the relevant petroleum-only portion of transportation
4.11 fuels for the 2018 calendar year.

4.12 Subd. 3. **Clean transportation standard; establishment by rule; goals.** (a) No later
4.13 than 45 days after enactment, the commissioner must begin to adopt rules under chapter 14
4.14 to implement a clean transportation fuel standard and other provisions of this section.

4.15 (b) When developing proposed rules under this section, the commissioner must consult
4.16 with:

4.17 (1) the commissioners of the Public Utilities Commission, commerce, agriculture, the
4.18 Pollution Control Agency, natural resources, and health; and

4.19 (2) an advisory committee as provided for in section 14.101, subdivision 2, composed
4.20 of equitable representatives from agriculture; transportation fuel providers; consumers;
4.21 rural, urban, and Tribal communities; environmental organizations; environmental justice
4.22 organizations; technology providers; automotive manufacturers; the forestry sector; electric
4.23 utilities; and electric vehicle charging companies.

4.24 (c) In developing the rules under this section, the commissioner must attempt to make
4.25 available to Minnesota a fuel-neutral clean fuels portfolio that:

4.26 (1) creates broad rural and urban economic development;

4.27 (2) provides benefits for communities, consumers, clean fuel providers, technology
4.28 providers, and feedstock suppliers;

4.29 (3) increases energy security by expanding the supply of domestically produced fuels;

4.30 (4) supports equitable transportation electrification powered primarily with low-carbon
4.31 and carbon-free electricity that benefits all communities;

(5) improves air quality and public health, targeting communities that bear a disproportionate health burden from pollution from transportation fuels;

(6) supports state solid waste recycling goals by facilitating credit generation from renewable natural gas produced from organic waste;

(7) aims to support, through credit generation or other financial means, the adoption of agricultural practices that benefit soil health and water quality while contributing to lower life-cycle greenhouse gas emissions from clean fuel feedstocks;

(8) maximizes benefits to the environment and natural resources, develops safeguards and incentives to protect natural lands, and enhances environmental integrity, including biodiversity;

(9) is the result of extensive outreach efforts to stakeholders and communities that bear a disproportionate health burden from pollution from transportation or from the production and transportation of transportation fuels; and

(10) aims to not contribute to further consolidation in the livestock industry.

(d) Notwithstanding section 14.125, the requirement to publish a notice of intent to adopt rules or notice of hearing within 18 months of the effective date of this act does not apply to rules adopted under this section.

(e) The commissioner must conduct a periodic review of the clean transportation fuel standard's implementation under this section and evaluate progress toward program goals not more than every five years. The commissioner may revise rules adopted under the clean transportation fuel standard as part of the periodic review process.

Subd. 4. Clean transportation standard; consumers. (a) Rules adopted by the commissioner under this section must include provisions that allow for adjustments to the credit market in response to either:

(1) demonstrated evidence that credit prices are impacting retail fuel prices; or

(2) the need to maintain a sufficient credit price to spur further innovation in the clean fuels market.

(b) The periodic review process required in subdivision 3, paragraph (e), must include and evaluate potential adjustments to credit prices to minimize any impacts to consumers caused by increased retail fuel prices.

Subd. 5. Clean transportation standard; fuel pathway and carbon intensity determination. (a) The commissioner must establish a process to determine the carbon

intensity of transportation fuels that accounts for the full life cycle emissions associated with the fuel, and allow fuel producers to apply for and be assigned a fuel pathway and carbon intensity score based on their unique production practices. Fuel pathways must be determined using the most recent version of the Argonne National Laboratory's GREET model adapted to Minnesota, as determined by the commissioner. The fuel pathway determination process must:

(1) be consistent for all fuel types;

(2) be based on science and engineering;

(3) reflect differences in vehicle fuel efficiency and drivetrains;

(4) account for any on-site additional energy use by a carbon capture technology employed in the fuel production process, including but not limited to generation, distillation, and compression;

(5) be based on state-specific and production-facility specific data; and

(6) include a non-zero emissions factor reflecting indirect land use change for cropland-derived fuels, not less than the emissions factor derived from the Argonne GREET model.

(b) The commissioner must:

(1) determine appropriate fuel pathways; and

(2) coordinate with third-party entities or other states to review and approve pathways.

Subd. 6. Fuel provider reports. The commissioner must collaborate with the Department of Agriculture, Department of Commerce, Pollution Control Agency, and the Public Utilities Commission to develop a form and a process for credit and deficit generators to annually report compliance with the carbon-intensity standard to the commissioner.

Subd. 7. Report to the legislature. (a) No later than 48 months after the effective date of a rule implementing a clean transportation standard, the commissioner must submit a report detailing program implementation to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over transportation, agriculture, environment, and energy policy. The commissioner must make summary information on the program available to the public.

(b) At least every five years after the effective date of a rule implementing a clean transportation standard, the commissioner must report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction

7.1 over energy, environment, transportation, and agriculture on the results of each review
7.2 authorized under subdivision 3, paragraph (e).

7.3 Sec. 3. **[174B.05] COMPLIANCE; CREDITS AND DEFICITS.**

7.4 Subdivision 1. **Clean transportation standard; compliance.** A deficit generator must
7.5 comply with the schedule of annual standards for the aggregate carbon intensity of
7.6 transportation fuel as established in section 174B.03, subdivision 1. A deficit generator may
7.7 comply with this section by:

7.8 (1) producing or importing transportation fuels whose carbon intensity is at or below
7.9 the level of the current standard; or

7.10 (2) purchasing sufficient credits to offset any aggregate deficits resulting from the carbon
7.11 intensity of the deficit generator's transportation fuels exceeding the current standard.

7.12 Subd. 2. **Credit generation.** A credit may be generated when transportation fuel is
7.13 produced, imported, or provided for use in Minnesota and the carbon intensity of the fuel
7.14 is less than the applicable clean fuel standard. The rules adopted under this section must
7.15 ensure that a single unit of fuel may generate credits only once.

7.16 Subd. 3. **Credits; rules; verification.** (a) The rules adopted under this section must:

7.17 (1) establish and regulate the operation of a market to trade transportation fuel credits
7.18 and deficits, and may include:

7.19 (i) a market mechanism that allows credits to be traded or banked for future use;

7.20 (ii) transaction fees associated with the credit market; and

7.21 (iii) procedures to verify the validity of credits and deficits generated by a fuel provider
7.22 under this section;

7.23 (2) prohibit the generation of credits from certain activities, including:

7.24 (i) carbon capture and storage lacking permanence certification from a recognized saline
7.25 aquifer or other permanent sequestration technique;

7.26 (ii) the production of biofuels from feedstock grown on croplands with fewer than five
7.27 consecutive years cropping history; and

7.28 (iii) renewable natural gas produced from any new or expanded agricultural livestock
7.29 production facility or manure digesters;

(3) allow an additional credit premium of five percent for cropland-derived biofuels produced on acreage utilizing soil-healthy farming practices and fertilizer best management practices;

(4) allow an additional credit premium of ten percent for cropland-derived biofuels produced on acreage utilizing continuous living cover cropping systems; and

(5) allow the commissioner to designate an entity to aggregate and use unclaimed credits as specified in subdivision 8a.

(b) The commissioner must establish acceptable methods to verify credit premiums, as provided for in paragraph (a), clauses (3) and (4), including but not limited to satellite and aerial verification, and must require verification to occur annually. Verification reporting must rely on aggregated data and are nonpublic data as defined in section 13.02, subdivision 9.

Subd. 4. **Carbon intensity score; biofuels; verification.** (a) The commissioner must work in consultation with the commissioner of agriculture to use the Argonne GREET model to develop a statewide average direct carbon intensity value for cropland-derived biofuel feedstocks that is used as a component to determine the overall lifecycle carbon intensity of biofuel production.

(b) The commissioner must work in consultation with the commissioners of agriculture and the Pollution Control Agency to develop procedures to allow biofuel producers to calculate a unique carbon intensity score for biofuel feedstocks from crop-land derived biofuels using the Argonne GREET model and other models, taking into account impacts on farm-related emissions and sequestration of greenhouse gases. This unique carbon intensity may be used as an alternative to using the state-specific average described under paragraph (a).

(c) The commissioner must work in consultation with the commissioner of natural resources to develop procedures to allow biofuel producers to develop a unique carbon intensity score for biofuel feedstocks from:

(1) wood and wood waste that reflects the potential to either enhance or degrade forest carbon sinks; or

(2) climate smart forestry practices to enhance forest carbon sinks.

(d) The procedures developed under paragraph (b) must include a methodology for calculating, monitoring, and annual third-party auditing and verification of on-farm practices, including reduced tillage, no-till, reduced on-farm fuel use, reduced use of fertilizers and

other inputs, use of low-carbon-intensity fertilizer, use of cover crops, use of continuous living cover cropping systems, application of biochar, and other relevant practices that can impact the carbon intensity of biofuel feedstocks including other soil healthy farming practices.

(e) The commissioner must provide a biennial report summarizing the results of third-party auditing and verification of on-farm practices.

(f) Data collected and verified under this section is nonpublic data as defined in section 13.02, subdivision 9.

(g) A biofuel producer that elects to utilize a unique carbon intensity score under paragraph (b) is prohibited from claiming the credit premiums under subdivision 3, paragraph (a), clause (3).

Subd. 5. Credits; residential electric vehicle charging; transportation electrification efforts. (a) The commissioner must develop procedures to allow utilities to generate credits for electric vehicle charging occurring in residences and provide guidance on how the utility may expend revenue from the credits.

(b) Credit revenue generated by a utility from residential electric vehicle charging must be expended to promote equitable statewide transportation electrification, including but not limited to:

(1) electric vehicle purchase incentives;

(2) electric vehicle charging equipment and infrastructure; and

(3) other transportation electrification initiatives.

(c) At least 60 percent of the credit revenue generated by a utility from residential electric vehicle charging must be spent to support transportation electrification for the primary benefit of rural areas and environmental justice areas as defined in section 116.065.

(d) Nothing in this chapter precludes the commissioner from adopting rules that allow the generation of credits associated with electric or alternative transportation fuels or infrastructure that existed prior to the effective date of this act or the start date of program requirements.

Subd. 6. Credits; aggregators. (a) The commissioner must adopt rules that allow the designation of an entity to aggregate, claim, and use unclaimed credits to capture the value of residential electric vehicle charging by utilities who do not opt-in to the program established in this chapter. The rules established under this subdivision must calculate the

10.1 number of unclaimed credits by electrical utilities and allocate the credits to a designated
10.2 aggregator.

10.3 (b) The commissioner must adopt rules creating an application process and requirements
10.4 for aggregators seeking to claim unclaimed credit revenue. The commissioner must evaluate
10.5 applications based on the likelihood the applicant will support and promote transportation
10.6 electrification in Minnesota, reduce greenhouse gas emissions from the transportation sector,
10.7 and prioritize projects in rural areas and environmental justice areas as defined in section
10.8 116.065.

10.9 Subd. 7. **Exemptions.** Providers of fuel for aviation, locomotive, marine, and military
10.10 fuels are exempt from generating deficits for those fuels under the clean transportation fuel
10.11 standard established in this chapter. Exempted fuel providers are eligible to elect to participate
10.12 in the clean transportation standard by earning credits under the standard established in
10.13 subdivisions 2 and 3.

10.14 Sec. 4. **[174B.07] FEES ESTABLISHED.**

10.15 Subdivision 1. **Fees established; program participant and deficit generator fee.** (a)
10.16 The commissioner must establish rules requiring credit and deficit generators participating
10.17 in the clean transportation fuel standard program to pay a participant fee and a deficit
10.18 generation fee. The commissioner must first establish, allocate, and collect an initial program
10.19 participation fee by rule before adopting rules instituting a deficit generation fee as required
10.20 in subdivision 3. The total amount of the fees must be set to equal but not exceed the
10.21 projected costs to the department for developing and implementing the clean transportation
10.22 standard program. The rules adopted by the commissioner must establish a process to
10.23 determine a payment schedule and the amount of fees charged subject to the requirements
10.24 of this section.

10.25 (b) To assess the initial program participant fee, the commissioner must identify and
10.26 determine initial deficit and credit generators based on submitted registration information
10.27 or quarterly reports submitted in 202.... For all subsequent program participant fees, credit
10.28 and deficit generators are determined by annual compliance reports covering deficits
10.29 generated during the previous year in a form to be prescribed by the commissioner.

10.30 (c) Upon establishment of an initial program participation fee pursuant to subdivision
10.31 2, paragraph (c), the commissioner must prepare and develop rules establishing a deficit
10.32 generation fee assessed to deficit generators under the requirements of subdivision 3, once
10.33 both the initial program participation fee and deficit generation fee are established in rule.

11.1 (d) Each biennium, the commissioner must develop a budget and program analysis for
11.2 administration of the clean transportation fuel standard program under the requirements of
11.3 this section. The biennial analysis must project resource requirements for administering the
11.4 program and provide an opportunity for public review and comment on the workload analysis
11.5 and resource requirements.

11.6 Subd. 2. **Program participation fee determined; initial fee.** (a) The program
11.7 participation fee established in subdivision 1 must be sufficient to cover all costs of activities
11.8 associated with implementing and administering the clean transportation program. Before
11.9 initiating rulemaking to adopt or adjust the program participation fee, the commissioner
11.10 must prepare an annual budget and report that reflects the estimated costs of administering
11.11 the program established under this chapter.

11.12 (b) For the initial program participation fee, the commissioner must calculate and allocate
11.13 the participation fees as follows:

11.14 (1) 95 percent of the annual budget of the clean transportation fuel standard program to
11.15 be paid by deficit generators; and

11.16 (2) five percent of the annual budget of the clean transportation fuel standard program
11.17 to be paid by credit generators.

11.18 (c) For participant fees assessed in 202... and thereafter, the program participant fee
11.19 must be equal to five percent of the clean transportation fuel standard program annual budget.
11.20 The commissioner must split the fee equally amongst deficit and credit generators.

11.21 (d) The budget and report required under this subdivision must be published on the
11.22 department's website no later than 60 days before the commissioner initiates rulemaking to
11.23 establish and allocate the program participant fee. The commissioner must provide a 30-day
11.24 public comment period on the proposed budget and report of program expenditures.

11.25 (e) The initial program participant fee must be established by

11.26 Subd. 3. **Deficit generation fee.** (a) Deficit generators participating in the program must
11.27 pay a deficit generation fee. Upon adoption of an initial program participant fee in subdivision
11.28 2, the commissioner must adopt rules establishing a deficit generation fee and payment
11.29 schedule. The deficit generation fee must equal 95 percent of the clean transportation fuel
11.30 standard's annual budget published by the commissioner. The commissioner must identify
11.31 the deficit generators required to pay the deficit generation fee using the registration process
11.32 set forth in subdivision 1, paragraph (b).

12.1 (b) The commissioner must adopt rules allocating the fee based on the number of deficits
12.2 generated by a deficit generator as follows:

12.3 (1) the highest 30 percent of deficit generators must pay 70 percent of the deficit
12.4 generation fee;

12.5 (2) the second highest 30 percent of deficit generators must pay 20 percent of the deficit
12.6 generation fee;

12.7 (3) the third highest 30 percent of deficit generators must pay ten percent of the deficit
12.8 generation fee; and

12.9 (4) the lowest ten percent of deficit generators are exempt from the deficit generation
12.10 fee.

12.11 (c) Before initiating the rulemaking to first establish and allocate the fee required under
12.12 this subdivision, the commissioner must prepare an estimated budget that reflects the
12.13 projected annual cost of administering the clean transportation fuel standard program. The
12.14 information must contain a workload analysis about the department's capacity to administer
12.15 the program, the estimated deficit generation fee required under this subdivision, and the
12.16 list of deficit generators required to pay the deficit generation fee. The draft analysis must
12.17 detail and demonstrate how the commissioner proposed to allocate the fee under the
12.18 requirements set forth in paragraph (b) and establish how the fees equal but do not exceed
12.19 the projected costs of the program.

12.20 (d) The commissioner must publish the information required in paragraph (c) on the
12.21 department's website and provide a 60-day public comment period on the estimated budget
12.22 for administering the clean transportation fuel standard program, workload analysis, and
12.23 proposed deficit generation fee before instituting and adopting a final rule under this
12.24 subdivision.

12.25 Subd. 4. **Account created; appropriation.** (a) A clean transportation fuel standard
12.26 program account is created in the special revenue fund. The account consists of all money
12.27 from fees and penalties received from the clean transportation fuel standard program
12.28 established in this section and any other money donated, allotted, transferred, or otherwise
12.29 provided to the account.

12.30 (b) Funds appropriated from the account must be used by the commissioner to develop,
12.31 administer, and implement the clean transportation fuel standard program.

13.1 Sec. 5. **[174B.09] COMMISSIONER'S POWERS AND DUTIES.**

13.2 Subdivision 1. General powers. (a) In connection with the duties and responsibilities
13.3 entrusted to the commissioner under this chapter to establish carbon intensity standards for
13.4 transportation fuels used in Minnesota, the commissioner, in consultation with the
13.5 commissioner of commerce and the commissioner of the Pollution Control Agency, must
13.6 consider:

13.7 (1) establishing and regulating the market to trade transportation fuel credits and deficits;

13.8 (2) prohibiting the generation of credits from certain activities;

13.9 (3) assigning compliance obligations to fuels with carbon intensities that exceed the
13.10 standard determined by the commissioner;

13.11 (4) assigning credits that can be used to satisfy or offset compliance obligations to fuels
13.12 whose carbon intensity is below the standards adopted by the commissioner and that elect
13.13 to participate in the program;

13.14 (5) requiring audits and investigations of credit and deficit generators as a condition of
13.15 participating in the clean transportation standard program; and

13.16 (6) any other requirement as necessary to ensure compliance with program requirements
13.17 while encouraging fuel provider participation.

13.18 (b) The commissioner must issue an order requiring violations to be corrected and
13.19 administratively assess monetary penalties for violations of this chapter; any rules adopted
13.20 under this chapter by the commissioner; and any program standards, limitations, or conditions
13.21 established in this chapter. The order must be issued as provided in this section.

13.22 (c) The commissioner, in consultation with the commissioners of commerce, agriculture,
13.23 and the Pollution Control Agency, must develop rules, regulations, penalties, orders, and
13.24 other administrative methods of regulating the clean transportation standard under the
13.25 requirements of this section. Upon development of the regulatory scheme required under
13.26 this section, the commissioner must annually report to the chairs, ranking minority members,
13.27 and staff of the legislative committees with jurisdiction over transportation policy. At a
13.28 minimum, the report must contain:

13.29 (1) an overview of the clean transportation program implementation;

13.30 (2) an evaluation of program compliance amongst transportation fuel providers in
13.31 Minnesota;

13.32 (3) a review of the fiscal impacts of the clean transportation standard; and

14.1 (4) recommended legislative and rulemaking changes, if any, for the commissioner to
14.2 implement and enforce a clean transportation standard.

14.3 For purposes of this paragraph, "staff" means those employees who are identified in any of
14.4 the following roles for the legislative committees: committee administrator, committee
14.5 legislative assistant, caucus research, fiscal analysis, counsel, or nonpartisan research.

14.6 Subd. 2. **Amount of penalty; considerations.** (a) The commissioner may issue orders
14.7 assessing penalties of up to \$..... for violations identified during an inspection or other
14.8 compliance review.

14.9 (b) In determining the amount of a penalty the commissioner must consider:

14.10 (1) the willfulness of the violation;

14.11 (2) the gravity of the violation, including its effect on program compliance and credit
14.12 or deficit values;

14.13 (3) the history of past violations;

14.14 (4) the number of violations;

14.15 (5) the economic benefit gained by the person by allowing or committing the violation;
14.16 and

14.17 (6) other factors as justice may require, if the commissioner specifically identifies the
14.18 additional factors in the commissioner's order.

14.19 (c) For a violation after an initial violation, the commissioner must, in determining the
14.20 amount of a penalty, consider the factors in paragraph (b) and the:

14.21 (1) similarity of the most recent previous violation and the violation to be penalized;

14.22 (2) time elapsed since the last violation;

14.23 (3) number of previous violations; and

14.24 (4) response of the person to the most recent previous violation identified.

14.25 Subd. 3. **Contents of order; corrective order.** (a) An order assessing an administrative
14.26 penalty under this section must include:

14.27 (1) a concise statement of the facts alleged to constitute a violation;

14.28 (2) a reference to the section of the statute, rule, ordinance, variance, order, stipulation
14.29 agreement, or term or condition of a permit or license that has been violated;

15.1 (3) a statement of the amount of the administrative penalty to be imposed and the factors
15.2 upon which the penalty is based; and

15.3 (4) a statement of the person's right to review of the order.

15.4 (b) The commissioner may issue an order assessing a penalty and requiring the violations
15.5 cited in the order to be corrected within 30 calendar days from the date the order is received.

15.6 Sec. 6. **APPROPRIATION.**

15.7 \$900,000 in fiscal year 2024 is appropriated from the general fund to the commissioner
15.8 of transportation to implement this act. The money from this appropriation does not cancel,
15.9 but remains available until expended. This is a onetime appropriation."

15.10 Amend the title accordingly