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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 508

02/02/2015 Authored by Bly, Sundin, Anzelc, Clark, Johnson, C., and others

The bill was read for the first time and referred to the Committee on Job Growth and Energy Affordability Policy and Finance

1.1 A bill for an act
1.2 relating to pipelines; providing owners of certain types of land the option to
1.3 require a pipeline proposing to locate on that land to purchase any amount
1.4 of the owner's contiguous land; modifying fees and penalties; providing for
1.5 the disposition of abandoned pipelines; requiring a report; requiring a change
1.6 in rules; amending Minnesota Statutes 2014, sections 216G.07, subdivisions
1.7 6, 7, 10, by adding a subdivision; 216G.09; proposing coding for new law in
1.8 Minnesota Statutes, chapter 216G.

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

1.10 Section 1. Minnesota Statutes 2014, section 216G.07, is amended by adding a
1.11 subdivision to read:

1.12 Subd. 5a. **Contiguous land.** (a) When private real property that is an agricultural or
1.13 nonagricultural homestead, nonhomestead agricultural land, rental residential property,
1.14 and both commercial and noncommercial seasonal residential recreational property, as
1.15 those terms are defined in section 273.13, is proposed to be acquired for the construction of
1.16 a site or route for a pipeline by eminent domain proceedings, the landowner shall have the
1.17 option to require the pipeline owner to condemn a fee interest in any amount of contiguous,
1.18 commercially viable land the landowner wholly owns in undivided fee and elects in writing
1.19 to transfer to the pipeline owner within 60 days after receipt of the notice of the objects of
1.20 the petition filed pursuant to section 117.055. Commercial viability shall be determined
1.21 without regard to the presence of the pipeline route or site. The presence of a pipeline
1.22 already located on the land where the proposed pipeline construction is to take place shall
1.23 in no way inhibit the rights of the landowner under this subdivision. Within 60 days after
1.24 receipt by the pipeline owner of a landowner's election to exercise this option, the pipeline
1.25 owner shall provide written notice to the landowner of any objection the pipeline has to the
1.26 landowner's election, and if no objection is made within that time, any objection shall be

2.1 deemed waived. Within 120 days of the service of an objection by the pipeline owner, the
 2.2 district court having jurisdiction over the eminent domain proceeding shall hold a hearing
 2.3 to determine whether the pipeline owner's objection is upheld or rejected. The pipeline
 2.4 owner has the burden of proof to prove by a preponderance of the evidence that the
 2.5 property elected by the landowner is not commercially viable. The landowner shall have
 2.6 only one such option and may not expand or otherwise modify an election without the
 2.7 consent of the pipeline owner. The required acquisition of land under this subdivision shall
 2.8 be considered an acquisition for a public purpose and for use in the pipeline's business for
 2.9 purposes of chapter 117 and section 500.24, provided that a pipeline owner shall divest
 2.10 itself completely of all such lands used for farming or capable of being used for farming
 2.11 not later than the time it can receive the market value paid at the time of acquisition of
 2.12 lands, less any diminution in value by reason of the presence of the pipeline. Upon the
 2.13 landowner's election made under this subdivision the easement interest over and adjacent
 2.14 to the lands designated by the landowner to be acquired in fee, sought in the condemnation
 2.15 petition for a right-of-way for a pipeline, shall automatically be converted into a fee taking.

2.16 (b) All rights and protections provided to an owner under chapter 117 apply to
 2.17 acquisition of land or an interest in land under this subdivision.

2.18 (c) Within 120 days of a landowner's election under this subdivision to require
 2.19 the pipeline owner to acquire land, or 120 days after a district court decision overruling
 2.20 a pipeline owner's objection to an election made pursuant to paragraph (a), the pipeline
 2.21 owner must make a written offer to acquire the land and amend its condemnation petition
 2.22 to include the additional land.

2.23 (d) For purposes of this subdivision:

2.24 (1) "landowner" means the fee owner or, when applicable, the fee owner with the
 2.25 written consent of the contract for deed vendee or the contract for deed vendee with the
 2.26 written consent of the fee owner;

2.27 (2) "pipeline" means a pipeline located in this state that transports to a distribution
 2.28 center or storage facility located within or outside the state:

2.29 (i) natural or synthetic gas, or any other type of gas, at a pressure greater than 275
 2.30 pounds per square inch;

2.31 (ii) crude petroleum, petroleum fuels, oil, or their derivatives;

2.32 (iii) coal, anhydrous ammonia, or any mineral slurry; and

2.33 (iv) hazardous liquids, except hazardous liquids transported within a refining,
 2.34 storage, or manufacturing facility.

2.35 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.1 Sec. 2. Minnesota Statutes 2014, section 216G.07, subdivision 6, is amended to read:

3.2 Subd. 6. **Inspection fee.** Before beginning construction a person proposing to
 3.3 construct a pipeline shall pay an inspection fee to the treasurer of each county through
 3.4 which the pipeline will be constructed. The fee shall be in the amount of ~~\$500~~ \$1,625
 3.5 for each mile or fraction of a mile of pipeline that will be constructed in the county, and
 3.6 shall be adjusted annually by an amount equal to the annual percentage change in the
 3.7 Consumer Price Index calculated by the Bureau of Labor Statistics in the United States
 3.8 Department of Labor.

3.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.10 Sec. 3. Minnesota Statutes 2014, section 216G.07, subdivision 7, is amended to read:

3.11 Subd. 7. **County inspector.** The county board of each county through which
 3.12 a pipeline will be constructed shall designate an inspector who shall conduct on-site
 3.13 inspections of the construction to determine whether the pipeline is constructed in
 3.14 compliance with the provisions of this section and ordinances or resolutions adopted
 3.15 pursuant to this section. The inspector shall promptly report to the county board any
 3.16 failure or refusal to comply with the provisions of this section or ordinances or resolutions
 3.17 adopted pursuant to this section and shall issue a written notice to the person constructing
 3.18 the pipeline specifying the violation and the action to be taken in order to comply.

3.19 During on-site inspection the inspector shall maintain a written log which shall
 3.20 include a record of comments and complaints concerning the pipeline construction made
 3.21 by owners and lessees of land crossed by the pipeline and by local officials. The log
 3.22 shall note in particular any complaints concerning failure to settle damage claims filed
 3.23 by any owner or lessee or failure to comply with the terms of an easement agreement.
 3.24 The log, reports and other records of the inspector shall be preserved by the county board,
 3.25 and shall be provided to the county attorney for inclusion in any civil or criminal actions
 3.26 taken against the pipeline owner.

3.27 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.28 Sec. 4. Minnesota Statutes 2014, section 216G.07, subdivision 10, is amended to read:

3.29 Subd. 10. **Civil penalty.** When the court finds that any person has violated
 3.30 the provisions of subdivision 1 or any ordinance or resolution adopted pursuant to
 3.31 subdivisions 3 and 5 or has violated any court order issued under subdivision 8 the court
 3.32 may impose a civil penalty of not more than ~~\$5,000~~ \$15,000 for each violation. These
 3.33 penalties shall be paid to the county in which the violation occurred.

4.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.2 Sec. 5. Minnesota Statutes 2014, section 216G.09, is amended to read:

4.3 **216G.09 REVERSION OF EASEMENTS.**

4.4 Notwithstanding any law to the contrary, all easement interests acquired after May
4.5 26, 1979 for the purpose of constructing and operating a pipeline shall revert to the then
4.6 fee owner if the pipeline ceases operation for a ~~period of~~ five consecutive years.

4.7 Sec. 6. **[216G.095] PIPELINE ABANDONMENT; RESPONSIBILITIES.**

4.8 Subdivision 1. **Removal of abandoned pipeline.** (a) Except as provided in
4.9 subdivision 3, it is the responsibility of a pipeline owner whose easement interests
4.10 have reverted to the landowner under section 216G.09, or who has otherwise ceased
4.11 operations of the pipeline and notified the landowner of the cessation, to remove from
4.12 the landowner's property any and all abandoned property, including pipelines, pumping,
4.13 metering or compressor stations, and all other infrastructure and ancillary equipment
4.14 remaining on the landowner's property. The pipeline owner shall bear the financial
4.15 responsibility for the removal, and is liable for any cost of environmental cleanup and
4.16 remediation required under chapter 115B.

4.17 (b) A landowner desiring the removal of a pipeline or other ancillary infrastructure
4.18 and equipment from the landowner's land must submit a notarized written request for
4.19 removal to the pipeline owner, stipulating the specific infrastructure and equipment to
4.20 be removed. The landowner must submit a copy of the request to the Public Utilities
4.21 Commission, the Pollution Control Agency, the Department of Natural Resources, the
4.22 Board of Soil and Water Resources, and the appropriate county recorder and soil and
4.23 water conservation district.

4.24 (c) Within 60 days of receiving a request to remove an abandoned pipeline under
4.25 paragraph (b), a pipeline owner must purge the pipeline of all materials transported by the
4.26 pipeline, and must certify that this has been done in a written notice sent to the landowner
4.27 and the agencies listed in paragraph (b).

4.28 (d) A pipeline owner must begin removal of an abandoned pipeline and other
4.29 infrastructure requested to be removed by the landowner within 30 days of the date of
4.30 the notice of certification, and must complete removal within 90 days of the date of the
4.31 notice of certification.

4.32 (e) A pipeline owner is liable for any releases or damages that result from removal
4.33 of an abandoned pipeline or other infrastructure and equipment.

5.1 Subd. 2. **Land restoration.** The pipeline owner shall be responsible for all
5.2 reasonable costs associated with the restoration of the land on which pipeline operations
5.3 were conducted. Restoration includes, but is not limited to:

5.4 (1) restoration of the contour of the land to control soil erosion, minimize adverse
5.5 effects on water quality, complement nearby terrain, and facilitate the prompt conversion
5.6 of the land to the use desired by the landowner;

5.7 (2) replacement of topsoil to a depth equal to or greater than the average depth of
5.8 topsoil on adjoining land of the landowner;

5.9 (3) establishment of a permanent vegetative cover that is self-sustaining and
5.10 regenerating, and that protects soil and water quality; and

5.11 (4) removal of invasive plant species listed by the Department of Natural Resources,
5.12 the Department of Agriculture, or the county weed inspector of the appropriate county.

5.13 The control of invasive plant species must be effective for five consecutive years, as
5.14 determined by inspection of the county weed inspector, after which determination the
5.15 pipeline owner's responsibility for controlling invasive plant species is terminated.

5.16 Subd. 3. **Abandoned pipeline left in place.** (a) A landowner may relieve a
5.17 pipeline owner of the requirement to remove an abandoned pipeline that is subject to
5.18 section 216G.09 or has otherwise been abandoned by submitting a notarized written
5.19 request to the pipeline owner that the pipeline be left in place. The written request may
5.20 also address the disposition of other abandoned property, including pumping, metering
5.21 or compressor stations, and other infrastructure and ancillary equipment remaining
5.22 on the landowner's property. A landowner must submit a copy of the request to the
5.23 Public Utilities Commission, the Pollution Control Agency, the Department of Natural
5.24 Resources, the Board of Soil and Water Resources, and the appropriate county recorder
5.25 and soil and water conservation district.

5.26 (b) A pipeline owner must comply with all federal regulations required of an
5.27 abandoned pipeline, including the requirement to purge the pipeline of all materials
5.28 transported by the pipeline. Within 90 days of receiving notice under paragraph (a), a
5.29 pipeline owner must submit written certification of compliance with federal regulations
5.30 regarding abandoned pipelines to the landowner and to the agencies listed in paragraph (a).

5.31 (c) A landowner who requests that the pipeline be left in place under this subdivision
5.32 assumes all future liabilities associated with the pipeline and any other infrastructure
5.33 left in place, including subsequent costs of pipeline and infrastructure removal, land
5.34 restoration, and environmental remediation under chapter 115B, except that a pipeline
5.35 owner shall be responsible for the costs of future monitoring and inspection of the pipeline
5.36 left in place and its surrounding environment.

6.1 **Sec. 7. REPORT ON FINANCIAL ASSURANCE FOR PIPELINES.**

6.2 (a) By July 1, 2015, the commissioner of management and budget shall convene a
6.3 Task Force on Pipeline Financial Assurance consisting of one representative appointed
6.4 by the executive officer of each of the following agencies: Department of Commerce,
6.5 Department of Natural Resources, Pollution Control Agency, Office of Pipeline Safety,
6.6 Board of Soil and Water Resources, and Office of the State Auditor.

6.7 (b) The purpose of the Task Force on Pipeline Financial Assurance is to establish
6.8 specifications for adequate financial safeguards required from owners of pipelines to
6.9 be constructed in the state to ensure that, during construction and the operating life
6.10 of a pipeline, and until a pipeline owner completes removal of abandoned pipeline
6.11 infrastructure or is excused from such removal by the landowner under section 216G.095,
6.12 Minnesota's citizens are adequately protected from financial liability for:

6.13 (1) remediating any release to the environment of material carried by pipelines;

6.14 (2) restoring the environmental quality of pipeline corridors in which such releases
6.15 occur;

6.16 (3) long-term environmental monitoring of pipeline corridors where releases have
6.17 occurred; and

6.18 (4) removing pipeline infrastructure that is abandoned by the pipeline owner.

6.19 (c) The task force must:

6.20 (1) develop a sound and transparent method of calculating the amount of financial
6.21 assurance required of a pipeline owner;

6.22 (2) determine the form the financial assurance may take; and

6.23 (3) determine how the financial assurance will be preserved and protected for
6.24 potential future use.

6.25 (d) In preparing its report, the task force shall examine and evaluate the policies
6.26 regarding financial assurance by pipeline owners in other states and jurisdictions,
6.27 including Canada.

6.28 (e) By January 1, 2016, the task force shall submit a report containing its findings
6.29 and recommendations to the governor and to the chairs and ranking minority members
6.30 of the senate and house of representatives committees with primary jurisdiction over
6.31 energy policy and environmental policy.

6.32 **EFFECTIVE DATE.** This section is effective the day following final enactment.