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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. 1437

03/04/2015 Authored by Hamilton

The bill was read for the first time and referred to the Committee on Agriculture Finance

04/15/2015 Adoption of Report: Amended and re-referred to the Committee on Ways and Means

04/29/2015 Adoption of Report: Amended and re-referred to the Committee on Rules and Legislative Administration

1.1 A bill for an act
1.2 relating to agriculture; establishing a budget for agriculture; appropriating
1.3 money for agriculture, animal health, and agricultural utilization research;
1.4 making policy and technical changes to various agricultural related provisions,
1.5 including provisions related to pesticide control, plant protection, nursery law,
1.6 seeds, dairy, food handlers, food, farmland, farming, and loans; modifying
1.7 license exclusions for the direct sale of certain prepared food; establishing the
1.8 Agriculture Research, Education, Extension, and Technology Transfer Advisory
1.9 Board; providing incentive payments; requiring studies; requiring reports;
1.10 providing a vocational training pilot program; establishing the farm opportunity
1.11 loan program; modifying fees and surcharges; creating accounts; amending
1.12 Minnesota Statutes 2014, sections 13.643, subdivision 1; 18B.01, subdivisions
1.13 28, 29; 18B.05, subdivision 1; 18B.32, subdivision 1; 18B.33, subdivision 1;
1.14 18B.34, subdivision 1; 18C.425, subdivision 6; 18C.70, subdivision 2; 18G.10,
1.15 subdivisions 3, 4, 5; 18H.02, subdivision 20, by adding subdivisions; 18H.06,
1.16 subdivision 2; 18H.07; 18H.17; 21.89, subdivision 2; 21.891, subdivisions
1.17 2, 5; 25.341, subdivision 2; 25.39, subdivisions 1, 1a; 28A.03, by adding a
1.18 subdivision; 32.075; 32.105; 41B.03, subdivision 6, by adding a subdivision;
1.19 41B.04, subdivision 17; 41B.043, subdivision 3; 41B.045, subdivisions 3, 4;
1.20 41B.046, subdivision 5; 41B.047, subdivisions 1, 4; 41B.048, subdivision
1.21 6; 41B.049, subdivision 4; 41B.055, subdivision 3; 41B.056, subdivision 2;
1.22 41B.06; 135A.52, by adding a subdivision; 500.24, subdivision 4; Laws 2014,
1.23 chapter 312, article 12, section 3; proposing coding for new law in Minnesota
1.24 Statutes, chapters 18C; 28A; 41A; 41B; repealing Minnesota Statutes 2014,
1.25 sections 17.115; 28A.15, subdivisions 9, 10; 116V.03.

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

1.27 **ARTICLE 1**

1.28 **AGRICULTURE APPROPRIATIONS**

1.29 Section 1. **AGRICULTURE APPROPRIATIONS**

1.30 The sums shown in the columns marked "Appropriations" are appropriated to the
1.31 agencies and for the purposes specified in this article. The appropriations are from the
1.32 general fund, or another named fund, and are available for the fiscal years indicated

2.1 for each purpose. The figures "2016" and "2017" used in this article mean that the
 2.2 appropriations listed under them are available for the fiscal year ending June 30, 2016, or
 2.3 June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal
 2.4 year 2017. "The biennium" is fiscal years 2016 and 2017.

2.5 **APPROPRIATIONS**
 2.6 **Available for the Year**
 2.7 **Ending June 30**
 2.8 **2016 2017**

2.9 **Sec. 2. DEPARTMENT OF AGRICULTURE**

2.10 **Subdivision 1. Total Appropriation \$ 42,083,000 \$ 42,711,000**

2.11	<u>Appropriations by Fund</u>		
2.12		<u>2016</u>	<u>2017</u>
2.13	<u>General</u>	<u>41,505,000</u>	<u>42,133,000</u>
2.14	<u>Remediation</u>	<u>388,000</u>	<u>388,000</u>
2.15	<u>Agricultural</u>	<u>190,000</u>	<u>190,000</u>

2.16 The amounts that may be spent for each
 2.17 purpose are specified in the following
 2.18 subdivisions.

2.19 **Subd. 2. Protection Services 16,377,000 16,402,000**

2.20	<u>Appropriations by Fund</u>		
2.21		<u>2016</u>	<u>2017</u>
2.22	<u>General</u>	<u>15,799,000</u>	<u>15,824,000</u>
2.23	<u>Agricultural</u>	<u>190,000</u>	<u>190,000</u>
2.24	<u>Remediation</u>	<u>388,000</u>	<u>388,000</u>

2.25 \$25,000 the first year and \$25,000 the second
 2.26 year are to develop and maintain cottage
 2.27 food license exemption outreach and training
 2.28 materials.

2.29 \$75,000 the second year is for a coordinator
 2.30 for the correctional facility vocational
 2.31 training pilot program.

2.32 \$388,000 the first year and \$388,000 the
 2.33 second year are from the remediation fund
 2.34 for administrative funding for the voluntary
 2.35 cleanup program.

3.1 \$225,000 the first year and \$175,000
3.2 the second year are for compensation
3.3 for destroyed or crippled animals under
3.4 Minnesota Statutes, section 3.737. The first
3.5 year appropriation is for claims submitted
3.6 during fiscal year 2016 and for all claims
3.7 submitted during fiscal year 2014 or 2015
3.8 that were not paid by the commissioner due
3.9 to a shortage of funding. If the amount in the
3.10 first year is insufficient, the amount in the
3.11 second year is available in the first year.

3.12 \$125,000 the first year and \$125,000 the
3.13 second year are for compensation for crop
3.14 damage under Minnesota Statutes, section
3.15 3.7371. If the amount in the first year is
3.16 insufficient, the amount in the second year is
3.17 available in the first year.

3.18 If the commissioner determines that claims
3.19 made under Minnesota Statutes, section
3.20 3.737 or 3.7371, are unusually high, amounts
3.21 appropriated for either program may be
3.22 transferred to the appropriation for the other
3.23 program.

3.24 \$70,000 the first year and \$70,000 the second
3.25 year are for additional cannery inspections.

3.26 \$100,000 the first year and \$100,000 the
3.27 second year are for increased oversight of
3.28 delegated local health boards.

3.29 \$100,000 the first year and \$100,000 the
3.30 second year are to decrease the turnaround
3.31 time for retail food handler plan reviews.

3.32 \$1,024,000 the first year and \$1,024,000 the
3.33 second year are to streamline the retail food
3.34 safety regulatory and licensing experience

4.1 for regulated businesses and to decrease the
 4.2 inspection delinquency rate.

4.3 \$1,350,000 the first year and \$1,350,000 the
 4.4 second year are for additional inspections of
 4.5 food manufacturers and wholesalers.

4.6 \$150,000 the first year and \$150,000 the
 4.7 second year are for additional funding for
 4.8 dairy inspection services.

4.9 \$150,000 the first year and \$150,000 the
 4.10 second year are for additional funding for
 4.11 laboratory services operations.

4.12 \$250,000 the first year and \$250,000
 4.13 the second year are for additional meat
 4.14 inspection services, including inspections
 4.15 provided under the correctional facility
 4.16 vocational training pilot program.

4.17 Notwithstanding Minnesota Statutes, section
 4.18 18B.05, \$90,000 the first year and \$90,000
 4.19 the second year are from the pesticide
 4.20 regulatory account in the agricultural fund
 4.21 for an increase in the operating budget for
 4.22 the Laboratory Services Division.

4.23 \$100,000 the first year and \$100,000 the
 4.24 second year are from the pesticide regulatory
 4.25 account in the agricultural fund to update
 4.26 and modify applicator education and training
 4.27 materials.

4.28 **Subd. 3. Agricultural Marketing and**
 4.29 **Development**

3,873,000

3,873,000

4.30 The commissioner must provide one-stop
 4.31 access for farmers in need of information or
 4.32 assistance to obtain or renew licenses, meet
 4.33 state regulatory requirements, or resolve
 4.34 disputes with state agencies.

5.1 The commissioner must provide outreach
5.2 to urban farmers regarding the department's
5.3 financial and technical assistance programs
5.4 and must assist urban farmers in applying for
5.5 assistance.

5.6 \$186,000 the first year and \$186,000 the
5.7 second year are for transfer to the Minnesota
5.8 grown account and may be used as grants
5.9 for Minnesota grown promotion under
5.10 Minnesota Statutes, section 17.102. Grants
5.11 may be made for one year. Notwithstanding
5.12 Minnesota Statutes, section 16A.28, the
5.13 appropriations encumbered under contract
5.14 on or before June 30, 2017, for Minnesota
5.15 grown grants in this paragraph are available
5.16 until June 30, 2019.

5.17 \$634,000 the first year and \$634,000 the
5.18 second year are for continuation of the dairy
5.19 development and profitability enhancement
5.20 and dairy business planning grant programs
5.21 established under Laws 1997, chapter
5.22 216, section 7, subdivision 2, and Laws
5.23 2001, First Special Session chapter 2,
5.24 section 9, subdivision 2. The commissioner
5.25 may allocate the available sums among
5.26 permissible activities, including efforts to
5.27 improve the quality of milk produced in the
5.28 state, in the proportions that the commissioner
5.29 deems most beneficial to Minnesota's dairy
5.30 farmers. The commissioner must submit
5.31 a detailed accomplishment report and
5.32 a work plan detailing future plans for,
5.33 and anticipated accomplishments from,
5.34 expenditures under this program to the
5.35 chairs and ranking minority members of the
5.36 legislative committees with jurisdiction over

6.1 agriculture policy and finance on or before
 6.2 the start of each fiscal year. If significant
 6.3 changes are made to the plans in the course
 6.4 of the year, the commissioner must notify the
 6.5 chairs and ranking minority members.

6.6 The commissioner may use funds
 6.7 appropriated in this subdivision for annual
 6.8 cost-share payments to resident farmers
 6.9 or entities that sell, process, or package
 6.10 agricultural products in this state for the costs
 6.11 of organic certification. The commissioner
 6.12 may allocate these funds for assistance for
 6.13 persons transitioning from conventional to
 6.14 organic agriculture.

6.15 Subd. 4. **Agriculture, Bioenergy, and**
 6.16 **Bioproduct Advancement**

15,618,000

16,735,000

6.17 \$5,000,000 the first year and \$5,000,000 the
 6.18 second year are for transfer to the agriculture
 6.19 research, education, extension, and
 6.20 technology transfer fund under Minnesota
 6.21 Statutes, section 41A.14, subdivision 3.

6.22 The commissioner may use a portion of
 6.23 the appropriation each year only for direct
 6.24 expenses incurred by the commissioner to
 6.25 provide administrative services and to act
 6.26 as the fiscal agent for the board as required
 6.27 under Minnesota Statutes, section 41A.14,
 6.28 subdivision 1, paragraph (c). Of these
 6.29 amounts, at least \$600,000 each year is for
 6.30 agriculture rapid response under Minnesota
 6.31 Statutes, section 41A.14, subdivision 2,
 6.32 clause (2).

6.33 To the extent practicable, funds expended
 6.34 under Minnesota Statutes, section 41A.14,
 6.35 subdivision 2, clauses (1) and (2), must
 6.36 supplement and not supplant existing sources

7.1 and levels of funding. The board may award
7.2 grants to the University of Minnesota to
7.3 support the Forever Green Initiative.
7.4 \$383,000 in fiscal year 2016 and \$1,500,000
7.5 in fiscal year 2017 are for incentive payments
7.6 under Minnesota Statutes, sections 41A.16,
7.7 41A.17, and 41A.18. If the appropriation
7.8 exceeds the total amount for which all
7.9 producers are eligible in a fiscal year, the
7.10 balance of the appropriation is available
7.11 to the commissioner for the agricultural
7.12 growth, research, and innovation program
7.13 under Minnesota Statutes, section 41A.12.
7.14 If the appropriation in either year is not
7.15 sufficient to award full payment to all eligible
7.16 producers, the commissioner may transfer
7.17 a sum sufficient from the appropriation
7.18 for the agricultural growth, research, and
7.19 innovation program under this subdivision.
7.20 Notwithstanding Minnesota Statutes,
7.21 section 16A.28, the first year appropriation
7.22 is available until June 30, 2017, and the
7.23 second year appropriation is available until
7.24 June 30, 2018. The commissioner may use
7.25 up to 4.5 percent of the appropriation for
7.26 administration of the incentive payment
7.27 programs. These are onetime appropriations.
7.28 \$10,235,000 the first year and \$10,235,000
7.29 the second year are for the agricultural
7.30 growth, research, and innovation program
7.31 in Minnesota Statutes, section 41A.12. No
7.32 later than February 1, 2016, and February
7.33 1, 2017, the commissioner must report to
7.34 the legislative committees with jurisdiction
7.35 over agriculture policy and finance regarding
7.36 the commissioner's accomplishments

8.1 and anticipated accomplishments in
8.2 the following areas: facilitating the
8.3 start-up, modernization, or expansion of
8.4 livestock operations including beginning
8.5 and transitioning livestock operations;
8.6 developing new markets for Minnesota
8.7 farmers by providing more fruits, vegetables,
8.8 meat, grain, and dairy for Minnesota school
8.9 children; assisting value-added agricultural
8.10 businesses to begin or expand, access new
8.11 markets, or diversify products; facilitating
8.12 the start-up, modernization, or expansion
8.13 of other beginning and transitioning
8.14 farms; sustainable agriculture on farm
8.15 research and demonstration; development or
8.16 expansion of food hubs and other alternative
8.17 community-based food distribution systems;
8.18 and research on bioenergy, biobased content,
8.19 or biobased formulated products and other
8.20 renewable energy development. The
8.21 commissioner may use up to 4.5 percent
8.22 of this appropriation for costs incurred to
8.23 administer the program. Any unencumbered
8.24 balance does not cancel at the end of the first
8.25 year and is available for the second year.
8.26 Notwithstanding Minnesota Statutes, section
8.27 16A.28, the appropriations encumbered
8.28 under contract on or before June 30, 2017, for
8.29 agricultural growth, research, and innovation
8.30 grants are available until June 30, 2019.
8.31 The commissioner may use funds
8.32 appropriated for the agricultural growth,
8.33 research, and innovation program as provided
8.34 in this paragraph. The commissioner may
8.35 award grants to owners of Minnesota
8.36 facilities producing bioenergy, biobased

9.1 content, or a biobased formulated product;
9.2 to organizations that provide for on-station,
9.3 on-farm field scale research and outreach to
9.4 develop and test the agronomic and economic
9.5 requirements of diverse strands of prairie
9.6 plants and other perennials for bioenergy
9.7 systems; or to certain nongovernmental
9.8 entities. For the purposes of this paragraph,
9.9 "bioenergy" includes transportation fuels
9.10 derived from cellulosic material, as well as
9.11 the generation of energy for commercial heat,
9.12 industrial process heat, or electrical power
9.13 from cellulosic materials via gasification or
9.14 other processes. Grants are limited to 50
9.15 percent of the cost of research, technical
9.16 assistance, or equipment related to bioenergy,
9.17 biobased content, or biobased formulated
9.18 product production or \$500,000, whichever
9.19 is less. Grants to nongovernmental entities
9.20 for the development of business plans and
9.21 structures related to community ownership
9.22 of eligible bioenergy facilities together may
9.23 not exceed \$150,000. The commissioner
9.24 shall make a good-faith effort to select
9.25 projects that have merit and, when taken
9.26 together, represent a variety of bioenergy
9.27 technologies, biomass feedstocks, and
9.28 geographic regions of the state. Projects
9.29 must have a qualified engineer provide
9.30 certification on the technology and fuel
9.31 source. Grantees must provide reports at the
9.32 request of the commissioner.

9.33 Of the amount appropriated for the
9.34 agricultural growth, research, and innovation
9.35 program in this subdivision, \$1,000,000 the
9.36 first year and \$1,000,000 the second year

10.1 are for distribution in equal amounts to each
10.2 of the state's county fairs to preserve and
10.3 promote Minnesota agriculture.

10.4 Of the amount appropriated for the
10.5 agricultural growth, research, and innovation
10.6 program in this subdivision, \$250,000 the
10.7 first year and \$250,000 the second year
10.8 are for grants that enable retail petroleum
10.9 dispensers to dispense biofuels to the public
10.10 in accordance with the biofuel replacement
10.11 goals established under Minnesota Statutes,
10.12 section 239.7911. A retail petroleum
10.13 dispenser selling petroleum for use in spark
10.14 ignition engines for vehicle model years after
10.15 2000 is eligible for grant money under this
10.16 paragraph if the retail petroleum dispenser
10.17 has no more than 15 retail petroleum
10.18 dispensing sites and each site is located
10.19 in Minnesota. The grant money received
10.20 under this paragraph must be used for the
10.21 installation of appropriate technology that
10.22 uses fuel dispensing equipment appropriate
10.23 for at least one fuel dispensing site to
10.24 dispense gasoline that is blended with 15
10.25 percent of agriculturally derived, denatured
10.26 ethanol, by volume, and appropriate technical
10.27 assistance related to the installation. A grant
10.28 award must not exceed 85 percent of the cost
10.29 of the technical assistance and appropriate
10.30 technology, including remetering of and
10.31 retrofits for retail petroleum dispensers and
10.32 replacement of petroleum dispenser projects.

10.33 The commissioner may use up to \$35,000
10.34 of this appropriation for administrative
10.35 expenses. The commissioner shall cooperate
10.36 with the Minnesota Biofuels Association in

11.1 the implementation of the grant program. The
 11.2 commissioner must report to the legislative
 11.3 committees with jurisdiction over agriculture
 11.4 policy and finance by February 1 each year,
 11.5 detailing the number of grants awarded under
 11.6 this paragraph and the projected effect of
 11.7 the grant program on meeting the biofuel
 11.8 replacement goals under Minnesota Statutes,
 11.9 section 239.7911.

11.10 Of the amount appropriated for the
 11.11 agricultural growth, research, and innovation
 11.12 program in this subdivision, \$25,000 the first
 11.13 year is for the livestock industry study.

11.14 Of the amount appropriated for the
 11.15 agricultural growth, research, and innovation
 11.16 program in this subdivision, \$50,000 the first
 11.17 year is for the imported bait fish feasibility
 11.18 study.

11.19 Of the amount appropriated for the
 11.20 agricultural growth, research, and innovation
 11.21 program in this subdivision, \$25,000 the first
 11.22 year and \$25,000 the second year are for
 11.23 grants to the Southern Minnesota Initiative
 11.24 Foundation to promote local foods through an
 11.25 annual event that raises public awareness of
 11.26 local foods and connects local food producers
 11.27 and processors with potential buyers.

11.28	<u>Subd. 5. Administration and Financial</u>		
11.29	<u>Assistance</u>	<u>5,701,000</u>	<u>5,701,000</u>

11.30 \$150,000 the first year and \$150,000 the
 11.31 second year are for grants to the Center for
 11.32 Rural Policy and Development.

11.33 The base for the farm-to-foodshelf program
 11.34 in fiscal years 2018 and 2019 is \$1,100,000
 11.35 each year.

- 12.1 \$47,000 the first year and \$47,000 the second
12.2 year are for the Northern Crops Institute.
12.3 These appropriations may be spent to
12.4 purchase equipment.
- 12.5 \$18,000 the first year and \$18,000 the
12.6 second year are for grants to the Minnesota
12.7 Livestock Breeders Association.
- 12.8 \$235,000 the first year and \$235,000 the
12.9 second year are for grants to the Minnesota
12.10 Agricultural Education and Leadership
12.11 Council for programs of the council under
12.12 Minnesota Statutes, chapter 41D.
- 12.13 \$474,000 the first year and \$474,000 the
12.14 second year are for payments to county and
12.15 district agricultural societies and associations
12.16 under Minnesota Statutes, section 38.02,
12.17 subdivision 1. Aid payments to county and
12.18 district agricultural societies and associations
12.19 shall be disbursed no later than July 15 of
12.20 each year. These payments are the amount of
12.21 aid from the state for an annual fair held in
12.22 the previous calendar year.
- 12.23 \$1,000 the first year and \$1,000 the second
12.24 year are for grants to the Minnesota State
12.25 Poultry Association.
- 12.26 \$108,000 the first year and \$108,000 the
12.27 second year are for annual grants to the
12.28 Minnesota Turf Seed Council for basic
12.29 and applied research on: (1) the improved
12.30 production of forage and turf seed related to
12.31 new and improved varieties; and (2) native
12.32 plants, including plant breeding, nutrient
12.33 management, pest management, disease
12.34 management, yield, and viability. The grant
12.35 recipient may subcontract with a qualified

13.1 third party for some or all of the basic or
13.2 applied research.

13.3 \$550,000 the first year and \$550,000 the
13.4 second year are for grants to Second Harvest
13.5 Heartland on behalf of Minnesota's six
13.6 Second Harvest food banks for the purchase
13.7 of milk for distribution to Minnesota's food
13.8 shelves and other charitable organizations
13.9 that are eligible to receive food from the food
13.10 banks. Milk purchased under the grants must
13.11 be acquired from Minnesota milk processors
13.12 and based on low-cost bids. The milk must be
13.13 allocated to each Second Harvest food bank
13.14 serving Minnesota according to the formula
13.15 used in the distribution of United States
13.16 Department of Agriculture commodities
13.17 under The Emergency Food Assistance
13.18 Program (TEFAP). Second Harvest
13.19 Heartland must submit quarterly reports
13.20 to the commissioner on forms prescribed
13.21 by the commissioner. The reports must
13.22 include, but are not limited to, information
13.23 on the expenditure of funds, the amount
13.24 of milk purchased, and the organizations
13.25 to which the milk was distributed. Second
13.26 Harvest Heartland may enter into contracts
13.27 or agreements with food banks for shared
13.28 funding or reimbursement of the direct
13.29 purchase of milk. Each food bank receiving
13.30 money from this appropriation may use up to
13.31 two percent of the grant for administrative
13.32 expenses.

13.33 \$113,000 the first year and \$113,000 the
13.34 second year are for transfer to the Board of
13.35 Trustees of the Minnesota State Colleges
13.36 and Universities for statewide mental health

14.1 counseling support to farm families and
 14.2 business operators. South Central College
 14.3 shall serve as the fiscal agent.

14.4 \$17,000 the first year and \$17,000 the
 14.5 second year are for grants to the Minnesota
 14.6 Horticultural Society.

14.7 Sec. 3. **BOARD OF ANIMAL HEALTH** **\$** **5,318,000** **\$** **5,384,000**

14.8 Sec. 4. **AGRICULTURAL UTILIZATION**
 14.9 **RESEARCH INSTITUTE** **\$** **3,643,000** **\$** **3,643,000**

14.10 Sec. 5. **AVIAN INFLUENZA EMERGENCY RESPONSE.**

14.11 (a) \$514,000 is appropriated in fiscal year 2015 from the general fund to the
 14.12 commissioner of agriculture for the costs of avian influenza emergency response activities
 14.13 not covered by federal funding. This is a onetime appropriation and is available until
 14.14 June 30, 2016.

14.15 (b) \$379,000 is appropriated in fiscal year 2015 from the general fund to the Board of
 14.16 Animal Health for the costs of avian influenza emergency response activities not covered
 14.17 by federal funding. This is a onetime appropriation and is available until June 30, 2016.

14.18 (c) If an appropriation in this section is enacted in more than one act, the
 14.19 appropriation is to be given effect only once.

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

14.21 Sec. 6. **AVIAN INFLUENZA; FEDERAL FUNDS APPROPRIATION AND**
 14.22 **REPORTING.**

14.23 Any federal money received in fiscal years 2015 through 2017 by the commissioner
 14.24 of agriculture or the Board of Animal Health to address avian influenza is appropriated in
 14.25 the fiscal year when it is received. By May 8, 2015, the commissioner of management
 14.26 and budget shall report the anticipated federal funds appropriated under this section and
 14.27 their intended purpose to the Legislative Advisory Commission, consistent with the urgent
 14.28 federal funds request procedure under Minnesota Statutes, section 3.3005, subdivision
 14.29 4. By January 15, 2018, the commissioner of management and budget shall report the
 14.30 actual federal funds received and appropriated under this section and their actual use
 14.31 to the Legislative Advisory Commission.

ARTICLE 2

AGRICULTURE POLICY

15.1

15.2

15.3 Section 1. Minnesota Statutes 2014, section 13.643, subdivision 1, is amended to read:

15.4 Subdivision 1. **Department of Agriculture data.** (a) **Loan and grant applicant**
15.5 **data.** The following data on applicants, collected by the Department of Agriculture in its
15.6 sustainable agriculture revolving loan and grant programs program under sections 17.115
15.7 and section 17.116, are private or nonpublic: nonfarm income; credit history; insurance
15.8 coverage; machinery and equipment list; financial information; and credit information
15.9 requests.

15.10 (b) **Farm advocate data.** The following data supplied by farmer clients to
15.11 Minnesota farm advocates and to the Department of Agriculture are private data on
15.12 individuals: financial history, including listings of assets and debts, and personal and
15.13 emotional status information.

15.14 Sec. 2. Minnesota Statutes 2014, section 18B.01, subdivision 28, is amended to read:

15.15 Subd. 28. **Structural pest.** "Structural pest" means a an invertebrate pest, other
15.16 than a plant, or commensal rodent in, on, under, or near a structure such as a residential
15.17 or commercial building.

15.18 Sec. 3. Minnesota Statutes 2014, section 18B.01, subdivision 29, is amended to read:

15.19 Subd. 29. **Structural pest control.** "Structural pest control" means the control of
15.20 any structural pest through the ~~use of a device, a procedure, or application of pesticides or~~
15.21 through other means in or around a building or other structures, including trucks, boxcars,
15.22 ships, aircraft, docks, and fumigation vaults, ~~and the business activity related to use of a~~
15.23 ~~device, a procedure, or application of a pesticide.~~

15.24 Sec. 4. Minnesota Statutes 2014, section 18B.05, subdivision 1, is amended to read:

15.25 Subdivision 1. **Establishment.** A pesticide regulatory account is established in the
15.26 agricultural fund. Fees, assessments, and penalties collected under this chapter must
15.27 be deposited in the agricultural fund and credited to the pesticide regulatory account.
15.28 Money in the account, including interest, is appropriated to the commissioner for the
15.29 administration and enforcement of this chapter and up to \$20,000 per fiscal year may also
15.30 be used by the commissioner for purposes of section 18H.14, paragraph (e).

15.31 Sec. 5. Minnesota Statutes 2014, section 18B.32, subdivision 1, is amended to read:

16.1 Subdivision 1. **Requirement.** (a) A person may not engage in structural pest
16.2 control applications:

16.3 (1) for hire without a structural pest control license; and

16.4 (2) as a sole proprietorship, company, partnership, or corporation unless the person
16.5 is or employs a licensed master in structural pest control operations.

16.6 (b) A structural pest control licensee must have a valid license identification card
16.7 ~~when applying to purchase a restricted use pesticide or apply pesticides for hire and must~~
16.8 display it upon demand by an authorized representative of the commissioner or a law
16.9 enforcement officer. The license identification card must contain information required by
16.10 the commissioner.

16.11 ~~(c) Notwithstanding the licensing requirements of this subdivision, a person may~~
16.12 ~~control the following nuisance or economically damaging wild animals, by trapping,~~
16.13 ~~without a structural pest control license:~~

16.14 ~~(1) fur-bearing animals, as defined in section 97A.015, with a valid trapping license~~
16.15 ~~or special permit from the commissioner of natural resources; and~~

16.16 ~~(2) skunks, woodchucks, gophers, porcupines, coyotes, moles, and weasels.~~

16.17 Sec. 6. Minnesota Statutes 2014, section 18B.33, subdivision 1, is amended to read:

16.18 Subdivision 1. **Requirement.** (a) A person may not apply a pesticide for hire
16.19 without a commercial applicator license for the appropriate use categories or a structural
16.20 pest control license.

16.21 (b) A commercial applicator licensee must have a valid license identification card
16.22 ~~when applying to purchase a restricted use pesticide or apply pesticides for hire and must~~
16.23 display it upon demand by an authorized representative of the commissioner or a law
16.24 enforcement officer. The commissioner shall prescribe the information required on the
16.25 license identification card.

16.26 Sec. 7. Minnesota Statutes 2014, section 18B.34, subdivision 1, is amended to read:

16.27 Subdivision 1. **Requirement.** (a) Except for a licensed commercial applicator,
16.28 certified private applicator, or licensed structural pest control applicator, a person,
16.29 including a government employee, may not purchase or use a restricted use pesticide in
16.30 performance of official duties without having a noncommercial applicator license for an
16.31 appropriate use category.

16.32 (b) A licensee must have a valid license identification card when applying pesticides
16.33 and must display it upon demand by an authorized representative of the commissioner

17.1 or a law enforcement officer. The license identification card must contain information
17.2 required by the commissioner.

17.3 Sec. 8. Minnesota Statutes 2014, section 18C.425, subdivision 6, is amended to read:

17.4 Subd. 6. **Payment of inspection fee.** (a) The person who registers and distributes in
17.5 the state a specialty fertilizer, soil amendment, or plant amendment under section 18C.411
17.6 shall pay the inspection fee to the commissioner.

17.7 (b) The person licensed under section 18C.415 who distributes a fertilizer to a person
17.8 not required to be so licensed shall pay the inspection fee to the commissioner, except as
17.9 exempted under section 18C.421, subdivision 1, paragraph (b).

17.10 (c) The person responsible for payment of the inspection fees for fertilizers, soil
17.11 amendments, or plant amendments sold and used in this state must pay an inspection fee
17.12 of ~~30~~ 39 cents per ton, and until June 30, 2019, an additional 40 cents per ton, of fertilizer,
17.13 soil amendment, and plant amendment sold or distributed in this state, with a minimum
17.14 of \$10 on all tonnage reports. Notwithstanding section 18C.131, the commissioner
17.15 must deposit all revenue from the additional 40 cent per ton fee in the agricultural
17.16 fertilizer research and education account in section 18C.80. Products sold or distributed to
17.17 manufacturers or exchanged between them are exempt from the inspection fee imposed by
17.18 this subdivision if the products are used exclusively for manufacturing purposes.

17.19 (d) A registrant or licensee must retain invoices showing proof of fertilizer, plant
17.20 amendment, or soil amendment distribution amounts and inspection fees paid for a period
17.21 of three years.

17.22 Sec. 9. Minnesota Statutes 2014, section 18C.70, subdivision 2, is amended to read:

17.23 Subd. 2. **Powers and duties.** The council must review applications and select
17.24 projects to receive agricultural fertilizer research and education program grants, as
17.25 authorized in section 18C.71. The council must establish a program to provide grants to
17.26 research, education, and technology transfer projects related to agricultural fertilizer, soil
17.27 amendments, and plant amendments. For the purpose of this section, "fertilizer" includes
17.28 soil amendments and plant amendments, but does not include vegetable or animal manures
17.29 that are not manipulated. The commissioner is responsible for all fiscal and administrative
17.30 duties ~~in the first year and may use up to eight percent of program revenue to offset costs~~
17.31 ~~incurred. No later than October 1, 2007, the commissioner must provide the council with~~
17.32 ~~an estimate of the annual costs the commissioner would incur in administering the program.~~

18.1 Sec. 10. [18C.80] AGRICULTURAL FERTILIZER RESEARCH AND
18.2 EDUCATION ACCOUNT.

18.3 Subdivision 1. **Account; appropriation.** An agricultural fertilizer research
18.4 and education account is established in the agricultural fund. Money in the account,
18.5 including interest earned, is appropriated to the commissioner for grants determined by the
18.6 Minnesota Agricultural Fertilizer Research and Education Council under section 18C.71.
18.7 The commissioner may use up to \$80,000 each fiscal year for direct costs incurred to
18.8 provide fiscal and administrative support to the council as required under section 18C.70,
18.9 subdivision 2. The commissioner may also recover associated indirect costs from the
18.10 account as required under section 16A.127.

18.11 Subd. 2. **Expiration.** This section expires June 30, 2020.

18.12 Sec. 11. Minnesota Statutes 2014, section 18G.10, subdivision 3, is amended to read:

18.13 Subd. 3. **Cooperative agreements.** The commissioner may enter into cooperative
18.14 agreements with federal and state agencies for administration of the export certification
18.15 program. ~~An exporter of plants or plant products desiring to originate shipments from~~
18.16 ~~Minnesota to a foreign country requiring a phytosanitary certificate or export certificate~~
18.17 ~~must submit an application to the commissioner.~~

18.18 Sec. 12. Minnesota Statutes 2014, section 18G.10, subdivision 4, is amended to read:

18.19 Subd. 4. **Phytosanitary and export certificates.** An exporter of plants or plant
18.20 products desiring to originate shipments from Minnesota to a foreign country requiring
18.21 a phytosanitary certificate or export certificate must submit an application to the
18.22 commissioner. Application for phytosanitary certificates or export certificates must be
18.23 made on forms provided or approved by the commissioner. The commissioner ~~shall~~ may
18.24 conduct inspections of plants, plant products, or facilities for persons that have applied for
18.25 or intend to apply for a phytosanitary certificate or export certificate from the commissioner.
18.26 ~~Inspections must include one or more of the following as requested or required:~~

18.27 ~~(1) an inspection of the plants or plant products intended for export under a~~
18.28 ~~phytosanitary certificate or export certificate;~~

18.29 ~~(2) field inspections of growing plants to determine presence or absence of plant~~
18.30 ~~diseases, if necessary;~~

18.31 ~~(3) laboratory diagnosis for presence or absence of plant diseases, if necessary;~~

18.32 ~~(4) observation and evaluation of procedures and facilities utilized in handling~~
18.33 ~~plants and plant products, if necessary; and~~

19.1 ~~(5) review of United States Department of Agriculture, Federal Grain Inspection~~
 19.2 ~~Service Official Export Grain Inspection Certificate logs.~~

19.3 The commissioner may issue a phytosanitary certificate or export certificate if the
 19.4 plants or plant products satisfactorily meet the requirements of the importing foreign
 19.5 country and the United States Department of Agriculture requirements. The requirements
 19.6 of the destination countries must be met by the applicant.

19.7 Sec. 13. Minnesota Statutes 2014, section 18G.10, subdivision 5, is amended to read:

19.8 Subd. 5. **Certificate fees.** (a) The commissioner shall assess ~~the fees in paragraphs~~
 19.9 ~~(b) to (f) fees sufficient to recover all costs~~ for the inspection, service, and work performed
 19.10 in carrying out the issuance of a phytosanitary certificate or export certificate. The
 19.11 ~~inspection fee must be based on mileage and inspection time.~~

19.12 ~~(b) Mileage charge: current United States Internal Revenue Service mileage rate.~~

19.13 ~~(e) Inspection time: \$50 per hour minimum or fee necessary to cover department~~
 19.14 ~~costs. Inspection time includes the driving time to and from the location in addition to~~
 19.15 ~~the time spent conducting the inspection.~~

19.16 ~~(d) (b)~~ If laboratory analysis or other technical analysis is required to issue a
 19.17 certificate, the commissioner must set and collect the fee to recover this additional cost.

19.18 ~~(e) (c)~~ The certificate fee for product value greater than \$250: is \$75 or a fee amount,
 19.19 not to exceed \$300, that is sufficient to recover all processing costs for each phytosanitary
 19.20 or export certificate issued for any single shipment valued at more than \$250 in addition to
 19.21 any mileage or inspection time charges that are assessed.

19.22 ~~(f) Certificate fee for product value less than \$250: \$25 for each phytosanitary or~~
 19.23 ~~export certificate issued for any single shipment valued at less than \$250 in addition to~~
 19.24 ~~any mileage or inspection time charges that are assessed.~~

19.25 ~~(g) (d)~~ For services provided for in subdivision 7 that are goods and services
 19.26 provided for the direct and primary use of a private individual, business, or other entity,
 19.27 the commissioner must set and collect the fees to cover the cost of the services provided.

19.28 Sec. 14. Minnesota Statutes 2014, section 18H.02, subdivision 20, is amended to read:

19.29 Subd. 20. **Nursery stock.** "Nursery stock" means a plant intended for planting or
 19.30 propagation, including, but not limited to, trees, shrubs, vines, perennials, biennials, grafts,
 19.31 cuttings, and buds that may be sold for propagation, whether cultivated or wild, and all
 19.32 viable parts of these plants. Nursery stock does not include:

19.33 (1) field and forage crops or sod;

19.34 (2) ~~the seeds of grasses, cereal grains, vegetable crops, and flowers;~~

- 20.1 (3) vegetable plants, bulbs, or tubers;
20.2 (4) cut flowers, unless stems or other portions are intended for propagation;
20.3 (5) annuals; or
20.4 (6) Christmas trees.

20.5 Sec. 15. Minnesota Statutes 2014, section 18H.02, is amended by adding a subdivision
20.6 to read:

20.7 Subd. 32a. **Sod.** "Sod" means the upper portion of soil that contains the roots of
20.8 grasses and the living grass plants.

20.9 Sec. 16. Minnesota Statutes 2014, section 18H.02, is amended by adding a subdivision
20.10 to read:

20.11 Subd. 35. **Tropical plant.** "Tropical plant" means a plant that has a United States
20.12 Department of Agriculture hardiness zone designation of zone 6 or greater, or an annual
20.13 minimum hardiness temperature of -9 degrees Fahrenheit.

20.14 Sec. 17. Minnesota Statutes 2014, section 18H.06, subdivision 2, is amended to read:

20.15 Subd. 2. **Occasional sales.** (a) An individual may offer nursery stock for sale and be
20.16 exempt from the requirement to obtain a nursery stock ~~dealer~~ certificate if:

20.17 (1) the gross sales of all nursery stock in a calendar year do not exceed \$2,000;

20.18 (2) all nursery stock sold or distributed by the individual is intended for planting
20.19 in Minnesota;

20.20 (3) all nursery stock purchased or procured for resale or distribution was grown in
20.21 Minnesota and has been certified by the commissioner; and

20.22 (4) the individual conducts sales or distributions of nursery stock on ten or fewer
20.23 days in a calendar year.

20.24 (b) The commissioner may prescribe the conditions of the exempt nursery sales under
20.25 this subdivision and may conduct routine inspections of the nursery stock offered for sale.

20.26 Sec. 18. Minnesota Statutes 2014, section 18H.07, is amended to read:

20.27 **18H.07 FEE SCHEDULE.**

20.28 Subdivision 1. **Establishment of fees.** The commissioner shall establish fees
20.29 sufficient to allow for the administration and enforcement of this chapter and rules adopted
20.30 under this chapter, including the portion of general support costs and statewide indirect
20.31 costs of the agency attributable to that function, with a reserve sufficient for up to six
20.32 months. The commissioner shall review the fee schedule annually in consultation with

21.1 the Minnesota Nursery and Landscape Advisory Committee. For the certificate year
21.2 beginning January 1, 2006, the fees are as described in this section.

21.3 Subd. 2. **Nursery stock grower certificate.** (a) A nursery stock grower must
21.4 pay an annual fee based on the area of all acreage on which nursery stock is grown for
21.5 ~~certification~~ as follows:

- 21.6 (1) less than one-half acre, \$150;
- 21.7 (2) from one-half acre to two acres, \$200;
- 21.8 (3) over two acres up to five acres, \$300;
- 21.9 (4) over five acres up to ten acres, \$350;
- 21.10 (5) over ten acres up to 20 acres, \$500;
- 21.11 (6) over 20 acres up to 40 acres, \$650;
- 21.12 (7) over 40 acres up to 50 acres, \$800;
- 21.13 (8) over 50 acres up to 200 acres, \$1,100;
- 21.14 (9) over 200 acres up to 500 acres, \$1,500; and
- 21.15 (10) over 500 acres, \$1,500 plus \$2 for each additional acre.

21.16 (b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due
21.17 must be charged for each month, or portion thereof, that the fee is delinquent up to a
21.18 maximum of 30 percent for any application for renewal not postmarked by December 31
21.19 of the current year.

21.20 (c) A nursery stock grower found operating without a valid nursery stock grower
21.21 certificate cannot offer for sale or sell nursery stock until: (1) payment is received by the
21.22 commissioner for (i) the certificate fee due, and (ii) a penalty equal to the certificate fee
21.23 owed; and (2) a new certificate is issued to the nursery stock grower by the commissioner.

21.24 Subd. 3. **Nursery stock dealer certificate.** (a) A nursery stock dealer must pay an
21.25 annual fee based on the dealer's gross sales of certified nursery stock per location during
21.26 the most recent certificate year. A certificate applicant operating for the first time must pay
21.27 the minimum fee. The fees per sales location are:

- 21.28 (1) gross sales up to \$5,000, \$150;
- 21.29 (2) gross sales over \$5,000 up to \$20,000, \$175;
- 21.30 (3) gross sales over \$20,000 up to \$50,000, \$300;
- 21.31 (4) gross sales over \$50,000 up to \$75,000, \$425;
- 21.32 (5) gross sales over \$75,000 up to \$100,000, \$550;
- 21.33 (6) gross sales over \$100,000 up to \$200,000, \$675; and
- 21.34 (7) gross sales over \$200,000, \$800.

21.35 (b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due
21.36 must be charged for each month, or portion thereof, that the fee is delinquent up to a

22.1 maximum of 30 percent for any application for renewal not postmarked by December 31
22.2 of the current year.

22.3 (c) A nursery stock dealer found operating without a valid nursery stock dealer
22.4 certificate cannot offer for sale or sell nursery stock until: (1) payment is received by the
22.5 commissioner for (i) the certificate fee due, and (ii) a penalty equal to the certificate fee
22.6 owed; and (2) a new certificate is issued to the nursery stock dealer by the commissioner.

22.7 Subd. 4. **Reinspection; additional or optional inspection fees.** If a reinspection is
22.8 required or an additional inspection is needed or requested a fee must be assessed based
22.9 on mileage and inspection time as follows:

22.10 (1) mileage must be charged at the current United States Internal Revenue Service
22.11 reimbursement rate; and

22.12 (2) inspection time must be charged at ~~the rate of \$50 per hour~~ a rate sufficient to
22.13 recover all inspection costs, including the driving time to and from the location in addition
22.14 to the time spent conducting the inspection.

22.15 Sec. 19. Minnesota Statutes 2014, section 18H.17, is amended to read:

22.16 **18H.17 NURSERY AND PHYTOSANITARY ACCOUNT.**

22.17 A nursery and phytosanitary account is established in the state treasury. The fees
22.18 and penalties collected under this chapter and interest attributable to money in the account
22.19 must be deposited in the state treasury and credited to the nursery and phytosanitary
22.20 account in the agricultural fund. Money in the account, including interest earned, is
22.21 annually appropriated to the commissioner for the administration and enforcement for
22.22 this chapter. The commissioner may spend no more than \$20,000 from the account each
22.23 fiscal year for purposes of section 18H.14, paragraph (e).

22.24 Sec. 20. Minnesota Statutes 2014, section 21.89, subdivision 2, is amended to read:

22.25 Subd. 2. **Permits; issuance and revocation.** The commissioner shall issue a permit
22.26 to the initial labeler of agricultural, vegetable, flower, and wildflower seeds which are sold
22.27 for use in Minnesota and which conform to and are labeled under sections 21.80 to 21.92.
22.28 The categories of permits are as follows:

22.29 (1) for initial labelers who sell 50,000 pounds or less of agricultural seed each
22.30 calendar year, an annual permit issued for a fee established in section 21.891, subdivision
22.31 2, paragraph (b);

22.32 (2) for initial labelers who sell vegetable, flower, and wildflower seed packed for
22.33 use in home gardens or household plantings, and initial labelers who sell native grasses
22.34 and wildflower seed in commercial or agricultural quantities, an annual permit issued for

23.1 a fee established in section 21.891, subdivision 2, paragraph (c), based upon the gross
23.2 sales from the previous year; and

23.3 (3) for initial labelers who sell more than 50,000 pounds of agricultural seed
23.4 each calendar year, a permanent permit issued for a fee established in section 21.891,
23.5 subdivision 2, paragraph (d).

23.6 In addition, the person shall furnish to the commissioner an itemized statement of all
23.7 seeds sold in Minnesota for the periods established by the commissioner. This statement
23.8 shall be delivered, along with the payment of the fee, based upon the amount and type
23.9 of seed sold, to the commissioner no later than 30 days after the end of each reporting
23.10 period. Any person holding a permit shall show as part of the analysis labels or invoices
23.11 on all agricultural, vegetable, flower, wildflower, tree, or shrub seeds all information the
23.12 commissioner requires. The commissioner may revoke any permit in the event of failure
23.13 to comply with applicable laws and rules.

23.14 Sec. 21. Minnesota Statutes 2014, section 21.891, subdivision 2, is amended to read:

23.15 Subd. 2. **Seed fee permits.** (a) An initial labeler who wishes to sell seed in
23.16 Minnesota must comply with section 21.89, subdivisions 1 and 2, and the procedures in
23.17 this subdivision. Each initial labeler who wishes to sell seed in Minnesota must apply to
23.18 the commissioner to obtain a permit. The application must contain the name and address of
23.19 the applicant, the application date, and the name and title of the applicant's contact person.

23.20 (b) The application for a seed permit covered by section 21.89, subdivision 2, clause
23.21 (1), must be accompanied by an application fee of ~~\$50~~ \$75.

23.22 (c) The application for a seed permit covered by section 21.89, subdivision 2, clause
23.23 (2), must be accompanied by an application fee based on the level of annual gross sales
23.24 as follows:

23.25 (1) for gross sales of \$0 to \$25,000, the annual permit fee is ~~\$50~~ \$75;

23.26 (2) for gross sales of \$25,001 to \$50,000, the annual permit fee is ~~\$100~~ \$150;

23.27 (3) for gross sales of \$50,001 to \$100,000, the annual permit fee is ~~\$200~~ \$300;

23.28 (4) for gross sales of \$100,001 to \$250,000, the annual permit fee is ~~\$500~~ \$750;

23.29 (5) for gross sales of \$250,001 to \$500,000, the annual permit fee is ~~\$1,000~~ \$1,500;

23.30 and

23.31 (6) for gross sales of \$500,001 ~~and above~~ to \$1,000,000, the annual permit fee is
23.32 ~~\$2,000~~ \$3,000; and

23.33 (7) for gross sales of \$1,000,001 and above, the annual permit fee is \$4,500.

23.34 (d) The application for a seed permit covered by section 21.89, subdivision 2, clause
23.35 (3), must be accompanied by an application fee of ~~\$50~~ \$75. Initial labelers holding seed

24.1 fee permits covered under this paragraph need not apply for a new permit or pay the
24.2 application fee. Under this permit category, the fees for the following kinds of agricultural
24.3 seed sold either in bulk or containers are:

- 24.4 (1) oats, wheat, and barley, ~~6.3~~ 9 cents per hundredweight;
- 24.5 (2) rye, field beans, ~~soybeans~~, buckwheat, and flax, ~~8.4~~ 12 cents per hundredweight;
- 24.6 (3) field corn, ~~29.4~~ 17 cents per ~~hundredweight~~ 80,000 seed unit;
- 24.7 (4) forage, lawn and turf grasses, and legumes, ~~49~~ 69 cents per hundredweight;
- 24.8 (5) sunflower, ~~\$1.40~~ \$1.96 per hundredweight;
- 24.9 (6) sugar beet, ~~\$3.29~~ 12 cents per hundredweight 100,000 seed unit; and
- 24.10 (7) soybeans, 7.5 cents per 140,000 seed unit; and
- 24.11 ~~(7)~~ (8) for any agricultural seed not listed in clauses (1) to ~~(6)~~ (7), the fee for the crop
24.12 most closely resembling it in normal planting rate applies.

24.13 (e) If, for reasons beyond the control and knowledge of the initial labeler, seed is
24.14 shipped into Minnesota by a person other than the initial labeler, the responsibility for the
24.15 seed fees are transferred to the shipper. An application for a transfer of this responsibility
24.16 must be made to the commissioner. Upon approval by the commissioner of the transfer,
24.17 the shipper is responsible for payment of the seed permit fees.

24.18 (f) Seed permit fees may be included in the cost of the seed either as a hidden cost or
24.19 as a line item cost on each invoice for seed sold. To identify the fee on an invoice, the
24.20 words "Minnesota seed permit fees" must be used.

24.21 (g) All seed fee permit holders must file semiannual reports with the commissioner,
24.22 even if no seed was sold during the reporting period. Each semiannual report must be
24.23 submitted within 30 days of the end of each reporting period. The reporting periods are
24.24 October 1 to March 31 and April 1 to September 30 of each year or July 1 to December
24.25 31 and January 1 to June 30 of each year. Permit holders may change their reporting
24.26 periods with the approval of the commissioner.

24.27 (h) The holder of a seed fee permit must pay fees on all seed for which the permit
24.28 holder is the initial labeler and which are covered by sections 21.80 to 21.92 and sold
24.29 during the reporting period.

24.30 (i) If a seed fee permit holder fails to submit a semiannual report and pay the seed
24.31 fee within 30 days after the end of each reporting period, the commissioner shall assess a
24.32 penalty of \$100 or eight percent, calculated on an annual basis, of the fee due, whichever
24.33 is greater, but no more than \$500 for each late semiannual report. A \$15 penalty must be
24.34 charged when the semiannual report is late, even if no fee is due for the reporting period.
24.35 Seed fee permits may be revoked for failure to comply with the applicable provisions of
24.36 this paragraph or the Minnesota seed law.

25.1 Sec. 22. Minnesota Statutes 2014, section 21.891, subdivision 5, is amended to read:

25.2 Subd. 5. **Brand name registration fee.** The fee is ~~\$25~~ \$50 for each variety
25.3 registered for sale by brand name.

25.4 Sec. 23. Minnesota Statutes 2014, section 25.341, subdivision 2, is amended to read:

25.5 Subd. 2. **Application; fee; term.** A person who is required to have a commercial
25.6 feed license shall submit an application on a form provided or approved by the
25.7 commissioner accompanied by a fee of ~~\$25~~ \$75 paid to the commissioner for each
25.8 location. A license is not transferable from one person to another, from one ownership to
25.9 another, or from one location to another. The license year is the calendar year. A license
25.10 expires on December 31 of the year for which it is issued, except that a license is valid
25.11 through January 31 of the next year or until the issuance of the renewal license, whichever
25.12 comes first, if the licensee has filed a renewal application with the commissioner on or
25.13 before December 31 of the year for which the current license was issued. Any person who
25.14 is required to have, but fails to obtain a license or a licensee who fails to comply with
25.15 license renewal requirements, shall pay a ~~\$50~~ \$100 late fee in addition to the license fee.

25.16 Sec. 24. Minnesota Statutes 2014, section 25.39, subdivision 1, is amended to read:

25.17 Subdivision 1. **Amount of fee.** (a) An inspection fee at the rate of 16 cents per ton
25.18 must be paid to the commissioner on commercial feeds distributed in this state by the
25.19 person who first distributes the commercial feed, except that:

25.20 (1) no fee need be paid on:

25.21 (i) a commercial feed if the payment has been made by a previous distributor; or

25.22 (ii) customer formula feeds if the inspection fee is paid on the commercial feeds
25.23 which are used as ingredients; or

25.24 (2) a Minnesota feed distributor who can substantiate that greater than 50 percent
25.25 of the distribution of commercial feed is to purchasers outside the state may purchase
25.26 commercial feeds without payment of the inspection fee under a tonnage fee exemption
25.27 permit issued by the commissioner. Such location specific permits shall be issued on a
25.28 calendar year basis to commercial feed distributors who submit a \$100 nonrefundable
25.29 application fee and comply with rules adopted by the commissioner relative to record
25.30 keeping, tonnage of commercial feed distributed in Minnesota, total of all commercial
25.31 feed tonnage distributed, and all other information which the commissioner may require
25.32 so as to ensure that proper inspection fee payment has been made.

25.33 (b) In the case of pet food distributed in the state only in packages of ten pounds
25.34 or less, a listing of each product and a current label for each product must be submitted

26.1 annually on forms provided by the commissioner and accompanied by an annual fee of
26.2 ~~\$50~~ \$100 for each product in lieu of the inspection fee. This annual fee is due by July 1.
26.3 The inspection fee required by paragraph (a) applies to pet food distributed in packages
26.4 exceeding ten pounds.

26.5 (c) In the case of specialty pet food distributed in the state only in packages of
26.6 ten pounds or less, a listing of each product and a current label for each product must
26.7 be submitted annually on forms provided by the commissioner and accompanied by an
26.8 annual fee of ~~\$25~~ \$100 for each product in lieu of the inspection fee. This annual fee is
26.9 due by July 1. The inspection fee required by paragraph (a) applies to specialty pet food
26.10 distributed in packages exceeding ten pounds.

26.11 (d) The minimum inspection fee is ~~\$10~~ \$75 per annual reporting period.

26.12 Sec. 25. Minnesota Statutes 2014, section 25.39, subdivision 1a, is amended to read:

26.13 Subd. 1a. **Containers of ten pounds or less.** A distributor who is subject to the
26.14 annual fee specified in subdivision 1, paragraph (b) or (c), shall do the following:

26.15 (1) before beginning distribution, file with the commissioner a listing of pet and
26.16 specialty pet foods to be distributed in the state only in containers of ten pounds or less,
26.17 on forms provided by the commissioner. The listing under this clause must be renewed
26.18 annually before July 1 and is the basis for the payment of the annual fee. New products
26.19 added during the year must be submitted to the commissioner as a supplement to the
26.20 annual listing before distribution; and

26.21 (2) if the annual renewal of the listing is not received before July 1 or if an unlisted
26.22 product is distributed, pay a late filing fee of ~~\$10~~ \$100 per product in addition to the
26.23 normal charge for the listing. The late filing fee under this clause is in addition to any
26.24 other penalty under this chapter.

26.25 Sec. 26. Minnesota Statutes 2014, section 28A.03, is amended by adding a subdivision
26.26 to read:

26.27 Subd. 11. **HACCP plan.** "Hazard analysis critical control point plan" or "HACCP
26.28 plan" means a written document that delineates the formal procedures for following the
26.29 HACCP principles developed by the National Advisory Committee on Microbiological
26.30 Criteria for Foods.

26.31 Sec. 27. **[28A.152] COTTAGE FOODS EXEMPTION.**

26.32 Subdivision 1. **Licensing provisions applicability.** (a) The licensing provisions of
26.33 sections 28A.01 to 28A.16 do not apply to the following:

27.1 (1) an individual who prepares and sells food that is not potentially hazardous food,
27.2 as defined in Minnesota Rules, part 4626.0020, subpart 62, if the following requirements
27.3 are met:

27.4 (i) the prepared food offered for sale under this clause is labeled to accurately reflect
27.5 the name and address of the individual preparing and selling the food, the date on which
27.6 the food was prepared, and the ingredients and any possible allergens; and

27.7 (ii) the individual displays at the point of sale a clearly legible sign or placard stating:
27.8 "These products are homemade and not subject to state inspection."; and

27.9 (2) an individual who prepares and sells home-processed and home-canned food
27.10 products if the following requirements are met:

27.11 (i) the products are pickles, vegetables, or fruits having an equilibrium pH value of
27.12 4.6 or lower;

27.13 (ii) the products are home-processed and home-canned in Minnesota;

27.14 (iii) the individual displays at the point of sale a clearly legible sign or placard
27.15 stating: "These canned goods are homemade and not subject to state inspection."; and

27.16 (iv) each container of the product sold or offered for sale under this clause is
27.17 accurately labeled to provide the name and address of the individual who processed
27.18 and canned the goods, the date on which the goods were processed and canned, and
27.19 ingredients and any possible allergens.

27.20 (b) An individual who qualifies for an exemption under paragraph (a), clause (2), is
27.21 also exempt from the provisions of sections 31.31 and 31.392.

27.22 Subd. 2. **Direct sales to consumers.** (a) An individual qualifying for an exemption
27.23 under subdivision 1 may sell the exempt food:

27.24 (1) directly to the ultimate consumer;

27.25 (2) at a community event or farmers' market; or

27.26 (3) directly from the individual's home to the consumer, to the extent allowed by
27.27 local ordinance.

27.28 (b) If an exempt food product will be delivered to the ultimate consumer upon sale
27.29 of the food product, the individual who prepared the food product must be the person who
27.30 delivers the food product to the ultimate consumer.

27.31 (c) Food products exempt under subdivision 1, paragraph (a), clause (2), may not be
27.32 sold outside of Minnesota.

27.33 (d) Food products exempt under subdivision 1 may be sold over the Internet but
27.34 must be delivered directly to the ultimate consumer by the individual who prepared the
27.35 food product. The statement "These products are homemade and not subject to state
27.36 inspection." must be displayed on the Web site that offers the exempt foods for purchase.

28.1 Subd. 3. **Limitation on sales.** An individual selling exempt foods under this section
 28.2 is limited to total sales with gross receipts of \$18,000 or less in a calendar year.

28.3 Subd. 4. **Registration.** Except as provided in subdivision 8, an individual who
 28.4 prepares and sells exempt food under subdivision 1 must register annually with the
 28.5 commissioner. The annual registration fee is \$50.

28.6 Subd. 5. **Training.** Except as provided in subdivision 8, an individual who prepares
 28.7 and sells exempt food under subdivision 1 must complete a safe food handling training
 28.8 course that is approved by the commissioner. The training shall not exceed eight hours and
 28.9 must be completed every three years while the individual is registered under subdivision 4.

28.10 Subd. 6. **Local ordinances.** This section does not preempt the application of any
 28.11 business licensing requirement or sanitation, public health, or zoning ordinance of a
 28.12 political subdivision.

28.13 Subd. 7. **Account established.** A cottage foods account is created as a separate
 28.14 account in the agricultural fund in the state treasury for depositing money received by the
 28.15 commissioner under this section. Money in the account, including interest, is appropriated
 28.16 to the commissioner for purposes of this section.

28.17 Subd. 8. **Sales of less than \$5,000.** Subdivisions 4 and 5 do not apply to an individual
 28.18 with gross receipts of less than \$5,000 in a calendar year from the sale of exempt food.

28.19 Sec. 28. Minnesota Statutes 2014, section 32.075, is amended to read:

28.20 **32.075 TERM OF LICENSE; TRANSFERABILITY; FEES AND PENALTIES.**

28.21 ~~Every~~ An initial license issued by the commissioner ~~shall be for a period ending~~
 28.22 expires on the following December 31st day of December next following, and shall is not
 28.23 be transferable. A renewal license is valid for two years and expires on December 31 of
 28.24 the second year. The fee for each such an initial or renewal license shall be \$50 and each
 28.25 renewal thereof shall be \$25 and is \$60. The fee shall be paid to the commissioner before
 28.26 any the commissioner issues an initial or renewal license or renewal thereof is issued. If a
 28.27 license renewal is not applied for on or before January 1 of each year, a penalty of \$10 \$30
 28.28 shall be imposed. A person who does not renew a license within one year following its
 28.29 December 31 expiration date, except those persons who do not renew such license while
 28.30 engaged in active military service, shall be required to prove competency and qualification
 28.31 pursuant to section 32.073, before a license is issued. The commissioner may require any
 28.32 other person who renews a license to prove competency and qualification in the same
 28.33 manner. All license fees and penalties received by the commissioner shall be paid into the
 28.34 state treasury deposited in the dairy services account in the agricultural fund.

29.1 Sec. 29. Minnesota Statutes 2014, section 32.105, is amended to read:

29.2 **32.105 MILK PROCUREMENT FEE.**

29.3 Each dairy plant operator within the state must pay to the commissioner on or before
29.4 the 18th of each month a fee of ~~.71~~ 1.1 cents per hundredweight of milk purchased the
29.5 previous month. If a milk producer within the state ships milk out of the state for sale, the
29.6 producer must pay the fee to the commissioner unless the purchaser voluntarily pays the fee.

29.7 Producers who ship milk out of state or processors must submit monthly reports as
29.8 to milk purchases along with the appropriate procurement fee to the commissioner. The
29.9 commissioner may have access to all relevant purchase or sale records as necessary to
29.10 verify compliance with this section and may require the producer or purchaser to produce
29.11 records as necessary to determine compliance.

29.12 The fees collected under this section must be deposited in the dairy services account
29.13 in the agricultural fund. Money in the account, including interest earned, is appropriated
29.14 to the commissioner to administer this chapter.

29.15 Sec. 30. **[41A.14] AGRICULTURE RESEARCH, EDUCATION, EXTENSION,**
29.16 **AND TECHNOLOGY TRANSFER ADVISORY BOARD.**

29.17 Subdivision 1. **Creation.** (a) The Agriculture Research, Education, Extension, and
29.18 Technology Transfer Advisory Board is created and consists of the following members:

29.19 (1) the commissioner of agriculture;

29.20 (2) the dean of the College of Food, Agricultural and Natural Resource Sciences
29.21 at the University of Minnesota;

29.22 (3) a person representing the Minnesota State Colleges and Universities system,
29.23 appointed by the chancellor;

29.24 (4) a representative of the Minnesota Farm Bureau and a representative of the
29.25 Minnesota Farmers Union;

29.26 (5) a person representing agriculture industry statewide;

29.27 (6) a representative of each of the state commodity councils organized under section
29.28 17.54 and the Minnesota Pork Board;

29.29 (7) a person representing an association of primary manufacturers of forest products;

29.30 (8) a person representing organic or sustainable agriculture; and

29.31 (9) a person representing statewide environment and natural resource conservation
29.32 organizations.

29.33 The commissioner and the dean shall be cochairs. The commissioner, the dean, and the
29.34 representative of the Minnesota State Colleges and Universities system are nonvoting
29.35 members of the board.

30.1 (b) Members under paragraph (a), clauses (8) and (9), shall be appointed by the
30.2 commissioner. The commissioner shall not provide daily or expense compensation for
30.3 board members.

30.4 (c) The commissioner shall provide administrative services for the board and act
30.5 as its fiscal agent.

30.6 (d) For each board meeting, the commissioner shall provide advanced notice and a
30.7 copy of the meeting minutes to the chairs and ranking minority members of the house of
30.8 representatives and senate committees with jurisdiction over agriculture finance.

30.9 Subd. 2. **Duties; grants.** The board shall recommend to the commissioner
30.10 investments that will most efficiently achieve long-term agricultural productivity increases
30.11 through improved infrastructure, vision, and accountability. Priority shall be given to
30.12 human infrastructure. The board shall recommend and the commissioner shall determine
30.13 and award grants for:

30.14 (1) agricultural research and technology transfer needs and recipients including
30.15 agricultural research and extension at the University of Minnesota, research and outreach
30.16 centers; the College of Food, Agricultural and Natural Resource Sciences; the Minnesota
30.17 Agricultural Experiment Station; University of Minnesota Extension; the University of
30.18 Minnesota Veterinary School; the Veterinary Diagnostic Laboratory; the Stakman-Borlaug
30.19 Center; and the Minnesota Agricultural Fertilizer Research and Education Council;

30.20 (2) agriculture rapid response for plant and animal diseases and pests; and

30.21 (3) agricultural education including, but not limited to, challenge grants awarded by
30.22 the Minnesota Agriculture Education Leadership Council, farm business management,
30.23 and mentoring programs.

30.24 Subd. 3. **Fund.** An agriculture research, education, extension, and technology
30.25 transfer fund is created in the state treasury. The fund consists of money received in the
30.26 form of gifts, grants, reimbursement, or appropriations from any source for any of the
30.27 purposes provided in subdivision 2, and any interest or earnings of the fund. Money in
30.28 the fund is appropriated to the commissioner of agriculture for the purposes listed under
30.29 subdivision 2.

30.30 Sec. 31. **[41A.15] DEFINITIONS.**

30.31 Subdivision 1. **Scope.** For the purposes of sections 41A.15 to 41A.19, the terms
30.32 defined in this section have the meanings given them.

30.33 Subd. 2. **Advanced biofuel.** "Advanced biofuel" has the meaning given in section
30.34 239.051, subdivision 1a.

31.1 Subd. 3. **Biomass thermal production.** "Biomass thermal production" means the
 31.2 generation of energy for commercial heat or industrial process heat from a cellulosic
 31.3 material or other material composed of forestry or agricultural feedstocks for a new or
 31.4 expanding capacity facility or a facility that is displacing existing use of fossil fuel after
 31.5 the effective date of this section.

31.6 Subd. 4. **Cellulosic biomass.** "Cellulosic biomass" means material primarily made
 31.7 up of cellulose, hemicellulose, or lignin, or a combination of those ingredients.

31.8 Subd. 5. **Cellulosic sugar.** "Cellulosic sugar" means sugar derived from cellulosic
 31.9 biomass from agricultural or forestry resources.

31.10 Subd. 6. **Commissioner.** "Commissioner" means the commissioner of agriculture.

31.11 Subd. 7. **Cover crops.** "Cover crops" means grasses, legumes, forbs, or other
 31.12 herbaceous plants that are known to be noninvasive and not listed as a noxious weed in
 31.13 Minnesota and that are either interseeded into living cash crops or planted on agricultural
 31.14 fields during fallow periods for seasonal cover and conservation purposes.

31.15 Subd. 8. **MMbtu.** "MMbtu" means 1,000,000 British thermal units.

31.16 Subd. 9. **Perennial crops.** "Perennial crops" means agriculturally produced plants
 31.17 that are known to be noninvasive and not listed as a noxious weed in Minnesota and that
 31.18 have a life cycle of at least three years at the location where the plants are being cultivated.
 31.19 Biomass from alfalfa produced in a two-year rotation shall be considered a perennial crop.

31.20 Subd. 10. **Renewable chemical.** "Renewable chemical" means a chemical with
 31.21 biobased content as defined in section 41A.105, subdivision 1a.

31.22 Sec. 32. **[41A.16] ADVANCED BIOFUEL PRODUCTION INCENTIVE.**

31.23 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
 31.24 source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or
 31.25 less from the state border, raw materials may be sourced from within a 100-mile radius.
 31.26 Raw materials must be from agricultural or forestry sources or from solid waste. The
 31.27 facility must be located in Minnesota, must begin production at a specific location by June
 31.28 30, 2025, and must not begin operating above 95,000 MMbtu of annual biofuel production
 31.29 before July 1, 2015. Eligible facilities include existing companies and facilities that are
 31.30 adding advanced biofuel production capacity, or retrofitting existing capacity, as well as
 31.31 new companies and facilities. Production of conventional corn ethanol and conventional
 31.32 biodiesel is not eligible. Eligible advanced biofuel facilities must produce at least 95,000
 31.33 MMbtu a year.

31.34 (b) No payments shall be made for advanced biofuel production that occurs after
 31.35 June 30, 2035, for those eligible biofuel producers under paragraph (a).

32.1 (c) An eligible producer of advanced biofuel shall not transfer the producer's
32.2 eligibility for payments under this section to an advanced biofuel facility at a different
32.3 location.

32.4 (d) A producer that ceases production for any reason is ineligible to receive
32.5 payments under this section until the producer resumes production.

32.6 (e) Renewable chemical production for which payment has been received under
32.7 section 41A.17, and biomass thermal production for which payment has been received
32.8 under section 41A.18, are not eligible for payment under this section.

32.9 Subd. 2. **Payment amounts; limits.** (a) The commissioner shall make payments
32.10 to eligible producers of advanced biofuel. The amount of the payment for each eligible
32.11 producer's annual production is \$2.1053 per MMBtu for advanced biofuel production from
32.12 cellulosic biomass, and \$1.053 per MMBtu for advanced biofuel production from sugar or
32.13 starch at a specific location for ten years after the start of production.

32.14 (b) Total payments under this section to an eligible biofuel producer in a fiscal year
32.15 may not exceed the amount necessary for 57,885 MMBtu of biofuel production. Total
32.16 payments under this section to all eligible biofuel producers in a fiscal year may not exceed
32.17 the amount necessary for 340,499 MMBtu of biofuel production. The commissioner shall
32.18 award payments on a first-come, first-served basis within the limits of available funding.

32.19 (c) For purposes of this section, an entity that holds a controlling interest in more
32.20 than one advanced biofuel facility is considered a single eligible producer.

32.21 Subd. 3. **Perennial and cover crops required.** To be eligible for payment under
32.22 this section, a producer that produces advanced biofuel from agricultural cellulosic
32.23 biomass other than corn kernel fiber or biogas must derive at least the following portions
32.24 of the producer's total eligible MMBtus from perennial crop or cover crop biomass:

32.25 (1) ten percent during the first two years of eligible production;

32.26 (2) 30 percent during the third and fourth years of eligible production; and

32.27 (3) 50 percent during the fifth through tenth years of eligible production.

32.28 Subd. 4. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic
32.29 biomass must be produced using Minnesota state biomass harvesting guidelines or the
32.30 equivalent. All biomass from brushlands must be produced using Minnesota brushland
32.31 harvesting biomass harvest guidelines or the equivalent. Forestry-derived cellulosic
32.32 biomass that comes from land parcels greater than 160 acres must be certified by the Forest
32.33 Stewardship Council, Sustainable Forestry Initiative, or American Tree Farm System.
32.34 Uncertified land from parcels of 160 acres or less and federal land must be harvested by
32.35 a logger who has completed training for biomass harvesting from the Minnesota logger
32.36 education program or the equivalent and have a forest stewardship plan.

33.1 Subd. 5. **Agricultural cellulosic biomass sourcing plan.** (a) An eligible producer
33.2 who utilizes agricultural cellulosic biomass must submit a responsible biomass sourcing
33.3 plan for approval by the commissioner prior to applying for payments under this section.

33.4 The commissioner shall make the plan publicly available. The plan must:

33.5 (1) provide a detailed explanation of how agricultural cellulosic biomass will be
33.6 produced and managed in a way that preserves soil quality, does not increase soil and
33.7 nutrient runoff, avoids introduction of harmful invasive species, limits negative impacts
33.8 on wildlife habitat, and reduces greenhouse gas emissions;

33.9 (2) include the producer's approach to verifying that biomass suppliers are following
33.10 the plan;

33.11 (3) discuss how new technologies and practices that are not yet commercially viable
33.12 may be encouraged and adopted during the life of the facility, and how the producer will
33.13 encourage continuous improvement during the life of the project;

33.14 (4) include specific numeric goals and timelines for making progress;

33.15 (5) require agronomic practices that result in a positive Natural Resources
33.16 Conservation Service Soil Conditioning Index score for acres from which biomass from
33.17 corn stover will be harvested; and

33.18 (6) include biennial soil sampling to verify maintained or increased levels of soil
33.19 organic matter.

33.20 (b) An eligible producer who utilizes agricultural cellulosic biomass and receives
33.21 payments under this section shall submit an annual report on the producer's responsible
33.22 biomass sourcing plan to the commissioner by January 15 each year. The report must
33.23 include data on progress made by the producer in meeting specific goals laid out in the
33.24 plan. The commissioner shall make the report publicly available. The commissioner shall
33.25 perform an annual review of submitted reports and may make a determination that the
33.26 producer is not following the plan based on the reports submitted. The commissioner
33.27 may take appropriate steps, including reducing or ceasing payments, until the producer
33.28 is in compliance with the plan.

33.29 Subd. 6. **Claims.** (a) By the last day of October, January, April, and July, each
33.30 eligible biofuel producer shall file a claim for payment for advanced biofuel production
33.31 during the preceding three calendar months. An eligible biofuel producer that files a claim
33.32 under this subdivision shall include a statement of the eligible biofuel producer's total
33.33 advanced biofuel production in Minnesota during the quarter covered by the claim. For
33.34 each claim and statement of total advanced biofuel production filed under this subdivision,
33.35 the volume of advanced biofuel production must be examined by an independent certified
33.36 public accountant licensed under chapter 326A, in accordance with Statements on

34.1 Standards for Attestation Engagements established by the American Institute of Certified
34.2 Public Accountants.

34.3 (b) The commissioner must issue payments by November 15, February 15, May 15,
34.4 and August 15. A separate payment must be made for each claim filed.

34.5 Sec. 33. [41A.17] RENEWABLE CHEMICAL PRODUCTION INCENTIVE.

34.6 Subdivision 1. Eligibility. (a) A facility eligible for payment under this program
34.7 must source at least 80 percent biobased content, as defined in section 41A.105,
34.8 subdivision 1a, clause (1), from Minnesota. If a facility is sited 50 miles or less from the
34.9 state border, biobased content must be sourced from within a 100-mile radius. Biobased
34.10 content must be from agricultural or forestry sources or from solid waste. The facility
34.11 must be located in Minnesota, must begin production at a specific location by June 30,
34.12 2025, and must not begin production of 3,000,000 pounds of chemicals annually before
34.13 January 1, 2015. Eligible facilities include existing companies and facilities that are
34.14 adding production capacity, or retrofitting existing capacity, as well as new companies and
34.15 facilities. Eligible renewable chemical facilities must produce at least 3,000,000 pounds
34.16 per year. Renewable chemicals produced through processes that are fully commercial
34.17 before January 1, 2000, are not eligible.

34.18 (b) No payments shall be made for renewable chemical production that occurs after
34.19 June 30, 2035, for those eligible renewable chemical producers under paragraph (a).

34.20 (c) An eligible producer of renewable chemicals shall not transfer the producer's
34.21 eligibility for payments under this section to a renewable chemical facility at a different
34.22 location.

34.23 (d) A producer that ceases production for any reason is ineligible to receive
34.24 payments under this section until the producer resumes production.

34.25 (e) Advanced biofuel production for which payment has been received under section
34.26 41A.16, and biomass thermal production for which payment has been received under
34.27 section 41A.18, are not eligible for payment under this section.

34.28 Subd. 2. Payment amounts; bonus; limits. (a) The commissioner shall make
34.29 payments to eligible producers of renewable chemicals located in the state. The amount of
34.30 the payment for each producer's annual production is \$0.03 per pound of sugar-derived
34.31 renewable chemical, \$0.03 per pound of cellulosic sugar, and \$0.06 per pound of
34.32 cellulosic-derived renewable chemical produced at a specific location for ten years after
34.33 the start of production.

35.1 (b) An eligible facility producing renewable chemicals using agricultural cellulosic
35.2 biomass is eligible for a 20 percent bonus payment for each MMbtu produced from
35.3 agricultural biomass that is derived from perennial crop or cover crop biomass.

35.4 (c) Total payments under this section to an eligible renewable chemical producer in
35.5 a fiscal year may not exceed the amount necessary for 2,122,443 pounds of renewable
35.6 chemical production. Total payments under this section to all eligible renewable chemical
35.7 producers in a fiscal year may not exceed the amount necessary for 12,484,961 pounds of
35.8 renewable chemical production. The commissioner shall award payments on a first-come,
35.9 first-served basis within the limits of available funding.

35.10 (d) For purposes of this section, an entity that holds a controlling interest in more
35.11 than one renewable chemical production facility is considered a single eligible producer.

35.12 Subd. 3. **Cellulosic biomass requirements.** All forestry-derived cellulosic biomass
35.13 must be produced using Minnesota state biomass harvesting guidelines or the equivalent.
35.14 All cellulosic biomass from brushlands must be produced using Minnesota brushland
35.15 harvesting biomass harvest guidelines or the equivalent. Forestry-derived cellulosic
35.16 biomass that comes from land parcels greater than 160 acres must be certified by the Forest
35.17 Stewardship Council, Sustainable Forestry Initiative, or American Tree Farm System.
35.18 Uncertified land from parcels of 160 acres or less and federal land must be harvested by
35.19 a logger who has completed training for biomass harvesting from the Minnesota logger
35.20 education program or the equivalent and have a forest stewardship plan.

35.21 Subd. 4. **Agricultural cellulosic biomass sourcing plan.** (a) An eligible producer
35.22 who utilizes agricultural cellulosic biomass must submit a responsible biomass sourcing
35.23 plan to the commissioner prior to applying for payments under this section. The plan must:

35.24 (1) provide a detailed explanation of how agricultural cellulosic biomass will be
35.25 produced and managed in a way that preserves soil quality, does not increase soil and
35.26 nutrient runoff, avoids introduction of harmful invasive species, limits negative impacts
35.27 on wildlife habitat, and reduces greenhouse gas emissions;

35.28 (2) include the producer's approach to verifying that biomass suppliers are following
35.29 the plan;

35.30 (3) discuss how new technologies and practices that are not yet commercially viable
35.31 may be encouraged and adopted during the life of the facility, and how the producer will
35.32 encourage continuous improvement during the life of the project; and

35.33 (4) include specific numeric goals and timelines for making progress.

35.34 (b) An eligible producer who utilizes agricultural cellulosic biomass and receives
35.35 payments under this section shall submit an annual report on the producer's responsible
35.36 biomass sourcing plan to the commissioner by January 15 each year. The report must

36.1 include data on progress made by the producer in meeting specific goals laid out in the
36.2 plan. The commissioner shall make the report publicly available. The commissioner shall
36.3 perform an annual review of submitted reports and may make a determination that the
36.4 producer is not following the plan based on the reports submitted. The commissioner
36.5 may take appropriate steps, including reducing or ceasing payments, until the producer
36.6 is in compliance with the plan.

36.7 Subd. 5. **Claims.** (a) By the last day of October, January, April, and July, each
36.8 eligible renewable chemical producer shall file a claim for payment for renewable
36.9 chemical production during the preceding three calendar months. An eligible renewable
36.10 chemical producer that files a claim under this subdivision shall include a statement of
36.11 the eligible producer's total renewable chemical production in Minnesota during the
36.12 quarter covered by the claim. For each claim and statement of total renewable chemical
36.13 production filed under this paragraph, the volume of renewable chemical production must
36.14 be examined by an independent certified public accountant licensed under chapter 326A,
36.15 in accordance with Statements on Standards for Attestation Engagements established by
36.16 the American Institute of Certified Public Accountants.

36.17 (b) The commissioner must issue payments by November 15, February 15, May 15,
36.18 and August 15. A separate payment must be made for each claim filed.

36.19 Sec. 34. **[41A.18] BIOMASS THERMAL PRODUCTION INCENTIVE.**

36.20 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
36.21 source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or
36.22 less from the state border, raw materials should be sourced from within a 100-mile radius.
36.23 Raw materials must be from agricultural or forestry sources. The facility must be located
36.24 in Minnesota, must have begun production at a specific location by June 30, 2025, and
36.25 must not begin before July 1, 2015. Eligible facilities include existing companies and
36.26 facilities that are adding production capacity, or retrofitting existing capacity, as well as
36.27 new companies and facilities. Eligible biomass thermal production facilities must produce
36.28 at least 1,000 MMbtu per year.

36.29 (b) No payments shall be made for biomass thermal production that occurs after June
36.30 30, 2035, for those eligible biomass thermal producers under paragraph (a).

36.31 (c) An eligible producer of biomass thermal production shall not transfer the
36.32 producer's eligibility for payments under this section to a biomass thermal production
36.33 facility at a different location.

36.34 (d) A producer that ceases production for any reason is ineligible to receive
36.35 payments under this section until the producer resumes production.

37.1 (e) Biofuel production for which payment has been received under section 41A.16,
37.2 and renewable chemical production for which payment has been received under section
37.3 41A.17, are not eligible for payment under this section.

37.4 Subd. 2. **Payment amounts; bonus; limits; blending.** (a) The commissioner shall
37.5 make payments to eligible producers of biomass thermal located in the state. The amount
37.6 of the payment for each producer's annual production is \$5.00 per MMbtu of biomass
37.7 thermal production produced at a specific location for ten years after the start of production.

37.8 (b) An eligible facility producing biomass thermal using agricultural cellulosic
37.9 biomass is eligible for a 20 percent bonus payment for each MMbtu produced from
37.10 agricultural biomass that is derived from perennial crop or cover crop biomass.

37.11 (c) Total payments under this section to an eligible thermal producer in a fiscal
37.12 year may not exceed the amount necessary for 1,362 MMbtu of thermal production.
37.13 Total payments under this section to all eligible thermal producers in a fiscal year may
37.14 not exceed the amount necessary for 6,810 MMbtu of total thermal production. The
37.15 commissioner shall award payments on a first-come, first-served basis within the limits of
37.16 available funding.

37.17 (d) An eligible facility may blend a cellulosic feedstock with other fuels in the
37.18 biomass thermal production facility, but only the percentage attributable to cellulosic
37.19 material is eligible to receive payment.

37.20 (e) For purposes of this section, an entity that holds a controlling interest in more
37.21 than one biomass thermal production facility is considered a single eligible producer.

37.22 Subd. 3. **Cellulosic biomass requirements.** All forestry-derived cellulosic biomass
37.23 must be produced using Minnesota state biomass harvesting guidelines or the equivalent.
37.24 All biomass from brushland must be produced using Minnesota brushland harvesting
37.25 biomass guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from
37.26 land parcels greater than 160 acres must be certified by the Forest Stewardship Council,
37.27 the Sustainable Forestry Initiative, or American Tree Farm. Uncertified land from parcels
37.28 of 160 acres or less and federal land must be harvested by a logger who has completed
37.29 training for biomass harvesting from the Minnesota logger education program or the
37.30 equivalent and have a forest stewardship plan.

37.31 Subd. 4. **Agricultural cellulosic biomass sourcing plan.** (a) An eligible producer
37.32 who utilizes agricultural cellulosic biomass must submit a responsible biomass sourcing
37.33 plan to the commissioner prior to applying for payments under this section. The plan must:

37.34 (1) provide a detailed explanation of how agricultural cellulosic biomass will be
37.35 produced and managed in a way that preserves soil quality, does not increase soil and

38.1 nutrient runoff, avoids introduction of harmful invasive species, limits negative impacts
38.2 on wildlife habitat, and reduces greenhouse gas emissions;

38.3 (2) include the producer's approach to verifying that biomass suppliers are following
38.4 the plan;

38.5 (3) discuss how new technologies and practices that are not yet commercially viable
38.6 may be encouraged and adopted during the life of the facility, and how the producer will
38.7 encourage continuous improvement during the life of the project; and

38.8 (4) include specific numeric goals and timelines for making progress.

38.9 (b) An eligible producer who utilizes agricultural cellulosic biomass and receives
38.10 payments under this section shall submit an annual report on the producer's responsible
38.11 biomass sourcing plan to the commissioner by January 15 each year. The report must
38.12 include data on progress made by the producer in meeting specific goals laid out in the
38.13 plan. The commissioner shall make the report publicly available. The commissioner shall
38.14 perform an annual review of submitted reports and may make a determination that the
38.15 producer is not following the plan based on the reports submitted. The commissioner
38.16 may take appropriate steps, including reducing or ceasing payments, until the producer
38.17 is in compliance with the plan.

38.18 Subd. 5. **Claims.** (a) By the last day of October, January, April, and July, each
38.19 producer shall file a claim for payment for biomass thermal production during the
38.20 preceding three calendar months. A producer that files a claim under this subdivision shall
38.21 include a statement of the producer's total biomass thermal production in Minnesota during
38.22 the quarter covered by the claim. For each claim and statement of total biomass thermal
38.23 production filed under this paragraph, the volume of biomass thermal production must
38.24 be examined by an independent certified public accountant licensed under chapter 326A,
38.25 in accordance with Statements on Standards for Attestation Engagements established by
38.26 the American Institute of Certified Public Accountants.

38.27 (b) The commissioner must issue payments by November 15, February 15, May 15,
38.28 and August 15. A separate payment shall be made for each claim filed.

38.29 **Sec. 35. [41A.19] REPORT; INCENTIVE PROGRAMS.**

38.30 By January 15 each year, the commissioner shall report on the incentive programs
38.31 under sections 41A.16, 41A.17, and 41A.18 to the legislative committees with jurisdiction
38.32 over environment and agriculture policy and finance. The report shall include information
38.33 on production and incentive expenditures under the programs.

38.34 **Sec. 36. Minnesota Statutes 2014, section 41B.03, subdivision 6, is amended to read:**

39.1 Subd. 6. **Application fee.** The authority may impose a reasonable nonrefundable
39.2 application fee for each application submitted for a beginning farmer loan or a
39.3 seller-sponsored loan. The application fee is initially \$50. The authority may review the
39.4 fee annually and make adjustments as necessary. The fee must be deposited in the state
39.5 treasury and credited to ~~an account in the special revenue fund. Money in the account is~~
39.6 ~~appropriated to the commissioner for administrative expenses of the beginning farmer~~
39.7 ~~and seller-sponsored loan programs~~ the Rural Finance Authority administrative account
39.8 established in subdivision 7.

39.9 Sec. 37. Minnesota Statutes 2014, section 41B.03, is amended by adding a subdivision
39.10 to read:

39.11 Subd. 7. **Rural Finance Authority administrative account.** There is established
39.12 in the agricultural fund a Rural Finance Authority administrative account. Money in the
39.13 account, including interest, is appropriated to the commissioner of agriculture for the
39.14 administrative expenses of the loan programs administered by the Rural Finance Authority.

39.15 Sec. 38. Minnesota Statutes 2014, section 41B.04, subdivision 17, is amended to read:

39.16 Subd. 17. **Application and origination fee.** The authority may impose a reasonable
39.17 nonrefundable application fee for each application and an origination fee for each loan
39.18 issued under the loan restructuring program. The origination fee is 1.5 percent of the
39.19 authority's participation interest in the loan and the application fee is \$50. The authority
39.20 may review the fees annually and make adjustments as necessary. The fees must be
39.21 deposited in the state treasury and credited to ~~an account in the special revenue fund.~~
39.22 ~~Money in the account is appropriated to the commissioner for administrative expenses~~
39.23 ~~of the loan restructuring program~~ the Rural Finance Authority administrative account
39.24 established in section 41B.03.

39.25 Sec. 39. Minnesota Statutes 2014, section 41B.043, subdivision 3, is amended to read:

39.26 Subd. 3. **Application and origination fee.** The authority may impose a reasonable
39.27 nonrefundable application fee for each application submitted for a participation issued
39.28 under the agricultural improvement loan program. The application fee is initially \$50. The
39.29 authority may review the fees annually and make adjustments as necessary. The fees must
39.30 be deposited in the state treasury and credited to ~~an account in the special revenue fund.~~
39.31 ~~Money in this account is appropriated to the commissioner for administrative expenses of~~
39.32 ~~the agricultural improvement loan program~~ the Rural Finance Authority administrative
39.33 account established in section 41B.03.

40.1 Sec. 40. Minnesota Statutes 2014, section 41B.045, subdivision 3, is amended to read:

40.2 Subd. 3. **Specifications.** ~~No loan may be made to refinance an existing debt.~~ Each
40.3 loan participation must be secured by a mortgage on real property and such other security
40.4 as the authority may require.

40.5 Sec. 41. Minnesota Statutes 2014, section 41B.045, subdivision 4, is amended to read:

40.6 Subd. 4. **Application and origination fee.** The authority may impose a reasonable
40.7 nonrefundable application fee for each application for a loan participation and an
40.8 origination fee for each loan issued under the livestock expansion loan program. The
40.9 origination fee initially shall be set at 1.5 percent and the application fee at \$50. The
40.10 authority may review the fees annually and make adjustments as necessary. The fees must
40.11 be deposited in the state treasury and credited to ~~an account in the special revenue fund.~~
40.12 ~~Money in this account is appropriated to the commissioner for administrative expenses of~~
40.13 ~~the livestock expansion loan program~~ the Rural Finance Authority administrative account
40.14 established in section 41B.03.

40.15 Sec. 42. Minnesota Statutes 2014, section 41B.046, subdivision 5, is amended to read:

40.16 Subd. 5. **Loans.** (a) The authority may participate in a stock loan with an eligible
40.17 lender to a farmer who is eligible under subdivision 4. Participation is limited to 45
40.18 percent of the principal amount of the loan or \$40,000, whichever is less. The interest
40.19 rates and repayment terms of the authority's participation interest may differ from the
40.20 interest rates and repayment terms of the lender's retained portion of the loan, but the
40.21 authority's interest rate must not exceed 50 percent of the lender's interest rate.

40.22 (b) No more than 95 percent of the purchase price of the stock may be financed
40.23 under this program.

40.24 (c) Security for stock loans must be the stock purchased, a personal note executed by
40.25 the borrower, and whatever other security is required by the eligible lender or the authority.

40.26 (d) The authority may impose a reasonable nonrefundable application fee for each
40.27 application for a stock loan. The authority may review the fee annually and make
40.28 adjustments as necessary. The application fee is initially \$50. Application fees received
40.29 by the authority must be deposited in the ~~revolving loan account established in section~~
40.30 ~~41B.06~~ Rural Finance Authority administrative account established in section 41B.03.

40.31 (e) Stock loans under this program will be made using money in the revolving
40.32 loan account established in section 41B.06.

40.33 (f) The authority may not grant stock loans in a cumulative amount exceeding
40.34 \$2,000,000 for the financing of stock purchases in any one cooperative.

41.1 (g) Repayments of financial assistance under this section, including principal and
41.2 interest, must be deposited into the revolving loan account established in section 41B.06.

41.3 Sec. 43. Minnesota Statutes 2014, section 41B.047, subdivision 1, is amended to read:

41.4 Subdivision 1. **Establishment.** The authority shall establish and implement a
41.5 disaster recovery loan program to help farmers:

41.6 (1) clean up, repair, or replace farm structures and septic and water systems, as well
41.7 as replace seed, other crop inputs, feed, and livestock, when damaged by high winds,
41.8 hail, tornado, or flood; ~~or~~

41.9 (2) purchase watering systems, irrigation systems, and other drought mitigation
41.10 systems and practices when drought is the cause of the purchase; or

41.11 (3) restore farmland.

41.12 Sec. 44. Minnesota Statutes 2014, section 41B.047, subdivision 4, is amended to read:

41.13 Subd. 4. **Loans.** (a) The authority may participate in a disaster recovery loan with
41.14 an eligible lender to a farmer who is eligible under subdivision 3. Participation is limited
41.15 to 45 percent of the principal amount of the loan or \$50,000, whichever is less. The
41.16 interest rates and repayment terms of the authority's participation interest may differ from
41.17 the interest rates and repayment terms of the lender's retained portion of the loan, but the
41.18 authority's interest rate must not exceed four percent.

41.19 (b) Standards for loan amortization shall be set by the Rural Finance Authority
41.20 not to exceed ten years.

41.21 (c) Security for the disaster recovery loans must be a personal note executed by the
41.22 borrower and whatever other security is required by the eligible lender or the authority.

41.23 (d) The authority may impose a reasonable nonrefundable application fee for a
41.24 disaster recovery loan. The authority may review the fee annually and make adjustments
41.25 as necessary. The application fee is initially \$50. Application fees received by the
41.26 authority must be deposited in the revolving loan account established under section
41.27 ~~41B.06~~ Rural Finance Authority administrative account established in section 41B.03.

41.28 (e) Disaster recovery loans under this program will be made using money in the
41.29 revolving loan account established under section 41B.06.

41.30 (f) Repayments of financial assistance under this section, including principal and
41.31 interest, must be deposited into the revolving loan account established under section
41.32 41B.06.

41.33 Sec. 45. Minnesota Statutes 2014, section 41B.048, subdivision 6, is amended to read:

42.1 Subd. 6. **Loans.** (a) The authority may disburse loans through a fiscal agent to
42.2 farmers and agricultural landowners who are eligible under subdivision 5. The total
42.3 accumulative loan principal must not exceed \$75,000 per loan.

42.4 (b) The fiscal agent may impose a loan origination fee in the amount of one percent
42.5 of the total approved loan. This fee is to be paid by the borrower to the fiscal agent at
42.6 the time of loan closing.

42.7 (c) The loan may be disbursed over a period not to exceed 12 years.

42.8 (d) A borrower may receive loans, depending on the availability of funds, for planted
42.9 areas up to 160 acres for up to:

42.10 (1) the total amount necessary for establishment of the crop;

42.11 (2) the total amount of maintenance costs, including weed control, during the first
42.12 three years; and

42.13 (3) 70 percent of the estimated value of one year's growth of the crop for years
42.14 four through 12.

42.15 (e) Security for the loan must be the crop, a personal note executed by the borrower, an
42.16 interest in the land upon which the crop is growing, and whatever other security is required
42.17 by the fiscal agent or the authority. All recording fees must be paid by the borrower.

42.18 (f) The authority may prescribe forms and establish an application process for
42.19 applicants to apply for a loan.

42.20 (g) The authority may impose a reasonable, nonrefundable application fee for each
42.21 application for a loan under this program. The application fee is initially \$50. Application
42.22 fees received by the authority must be deposited in the ~~revolving loan account established~~
42.23 ~~under section 41B.06~~ Rural Finance Authority administrative account established in
42.24 section 41B.03.

42.25 (h) Loans under the program must be made using money in the revolving loan
42.26 account established under section 41B.06.

42.27 (i) All repayments of financial assistance granted under this section, including
42.28 principal and interest, must be deposited into the revolving loan account established
42.29 under section 41B.06.

42.30 (j) The interest payable on loans made by the authority for the agroforestry loan
42.31 program must, if funded by revenue bond proceeds, be at a rate not less than the rate on the
42.32 revenue bonds, and may be established at a higher rate necessary to pay costs associated
42.33 with the issuance of the revenue bonds and a proportionate share of the cost of administering
42.34 the program. The interest payable on loans for the agroforestry loan program funded from
42.35 sources other than revenue bond proceeds must be at a rate determined by the authority.

43.1 (k) Loan principal balance outstanding plus all assessed interest must be repaid
43.2 within 120 days of harvest, but no later than 15 years from planting.

43.3 Sec. 46. Minnesota Statutes 2014, section 41B.049, subdivision 4, is amended to read:

43.4 Subd. 4. **Loans.** (a) The authority may make a direct loan or participate in a loan
43.5 with an eligible lender to a farmer who is eligible under subdivision 3. Repayment terms
43.6 of the authority's participation interest may differ from repayment terms of the lender's
43.7 retained portion of the loan. Loans made under this section must be no-interest loans.

43.8 (b) Application for a direct loan or a loan participation must be made on forms
43.9 prescribed by the authority.

43.10 (c) Standards for loan amortization shall be set by the Rural Finance Authority
43.11 not to exceed ten years.

43.12 (d) Security for the loans must be a personal note executed by the borrower and
43.13 whatever other security is required by the eligible lender or the authority.

43.14 (e) No loan proceeds may be used to refinance a debt existing prior to application.

43.15 (f) The authority may impose a reasonable nonrefundable application fee for
43.16 each application for a direct loan or a loan participation. The authority may review the
43.17 application fees annually and make adjustments as necessary. The application fee is
43.18 initially set at \$100 for a loan under subdivision 1. The fees received by the authority must
43.19 be deposited in the ~~revolving loan account established in section 41B.06~~ Rural Finance
43.20 Authority administrative account established in section 41B.03.

43.21 Sec. 47. Minnesota Statutes 2014, section 41B.055, subdivision 3, is amended to read:

43.22 Subd. 3. **Loans.** (a) The authority may participate in a livestock equipment loan
43.23 equal to 90 percent of the purchased equipment value with an eligible lender to a farmer
43.24 who is eligible under subdivision 2. Participation is limited to 45 percent of the principal
43.25 amount of the loan or \$40,000, whichever is less. The interest rates and repayment terms
43.26 of the authority's participation interest may differ from the interest rates and repayment
43.27 terms of the lender's retained portion of the loan, but the authority's interest rate must
43.28 not exceed three percent. The authority may review the interest annually and make
43.29 adjustments as necessary.

43.30 (b) Standards for loan amortization must be set by the Rural Finance Authority
43.31 and must not exceed ten years.

43.32 (c) Security for a livestock equipment loan must be a personal note executed by the
43.33 borrower and whatever other security is required by the eligible lender or the authority.

43.34 (d) Refinancing of existing debt is not an eligible purpose.

44.1 (e) The authority may impose a reasonable, nonrefundable application fee for
 44.2 a livestock equipment loan. The authority may review the fee annually and make
 44.3 adjustments as necessary. The initial application fee is \$50. Application fees received
 44.4 by the authority must be deposited in the revolving loan account established in section
 44.5 ~~41B.06~~ Rural Finance Authority administrative account established in section 41B.03.

44.6 (f) Loans under this program must be made using money in the revolving loan
 44.7 account established in section 41B.06.

44.8 Sec. 48. Minnesota Statutes 2014, section 41B.056, subdivision 2, is amended to read:

44.9 Subd. 2. **Definitions.** (a) The definitions in this subdivision apply to this section.

44.10 (b) "Intermediary" means any lending institution or other organization of a for-profit
 44.11 or nonprofit nature that is in good standing with the state of Minnesota that has the
 44.12 appropriate business structure and trained personnel suitable to providing efficient
 44.13 disbursement of loan funds and the servicing and collection of loans.

44.14 (c) "Specialty crops" means agricultural crops, such as annuals, flowers, perennials,
 44.15 and other horticultural products, that are intensively cultivated.

44.16 (d) "Eligible livestock" means ~~poultry that has been allowed access to the outside,~~
 44.17 ~~sheep, or goats~~ beef cattle, dairy cattle, swine, poultry, goats, mules, farmed cervidae,
 44.18 ratitae, bison, sheep, horses, and llamas.

44.19 Sec. 49. **[41B.057] FARM OPPORTUNITY LOAN PROGRAM.**

44.20 Subdivision 1. Establishment. The authority shall establish a farm opportunity loan
 44.21 program to provide loans that enable farmers to:

44.22 (1) add value to crops or livestock produced in Minnesota;

44.23 (2) adopt best management practices that emphasize sufficiency and self-sufficiency;

44.24 (3) reduce or improve management of agricultural inputs resulting in environmental
 44.25 improvements; or

44.26 (4) increase production of on-farm energy.

44.27 Subd. 2. Loan criteria. (a) The farm opportunity loan program shall provide loans
 44.28 for purchase of new or used equipment and installation of equipment for projects that
 44.29 make environmental improvements and enhance farm profitability. The loan program
 44.30 shall also be used to add value to crops or livestock produced in Minnesota by, but not
 44.31 limited to, initiating or expanding livestock product processing; purchasing equipment to
 44.32 initiate, upgrade, or modernize value-added agricultural businesses; or increasing farmers'
 44.33 processing and aggregating capacity facilitating entry into farm-to-institution and other

45.1 markets. Eligible loan uses do not include expenses related to seeds, fertilizer, fuel, or
 45.2 other operating expenses.

45.3 (b) The authority may impose a reasonable, nonrefundable application fee for a farm
 45.4 opportunity loan. The authority may review the fee annually and make adjustments as
 45.5 necessary. The initial application fee is \$50. Application fees received by the authority
 45.6 must be deposited in the Rural Finance Authority administrative account established
 45.7 in section 41B.03.

45.8 (c) Loans may only be made to Minnesota residents engaged in farming. Standards
 45.9 for loan amortization must be set by the Rural Finance Authority and must not exceed
 45.10 ten years.

45.11 (d) The borrower must show the ability to repay the loan.

45.12 (e) Refinancing of existing debt is not an eligible expense.

45.13 (f) Loans under this program must be made using money in the revolving loan
 45.14 account established in section 41B.06.

45.15 Subd. 3. **Loan participation.** The authority may participate in a farm opportunity
 45.16 loan with an eligible lender, as defined in section 41B.02, subdivision 8, to a farmer or a
 45.17 group of farmers on joint projects who are eligible under subdivision 2, paragraph (c),
 45.18 and who are actively engaged in farming. Participation is limited to 45 percent of the
 45.19 principal amount of the loan or \$45,000 per individual, whichever is less. For loans to a
 45.20 group made up of four or more individuals, participation is limited to 45 percent of the
 45.21 principal amount of the loan or \$180,000, whichever is less. The interest rate on the
 45.22 loans must not exceed six percent.

45.23 Sec. 50. Minnesota Statutes 2014, section 41B.06, is amended to read:

45.24 **41B.06 RURAL FINANCE AUTHORITY REVOLVING LOAN ACCOUNT.**

45.25 There is established in the rural finance administration fund a Rural Finance
 45.26 Authority revolving loan account that is eligible to receive appropriations and the transfer
 45.27 of loan funds from other programs. All repayments of financial assistance granted from
 45.28 this account, including principal and interest, must be deposited into this account. Interest
 45.29 earned on money in the account accrues to the account, and the money in the account is
 45.30 appropriated to the commissioner of agriculture for purposes of the Rural Finance Authority
 45.31 livestock equipment, methane digester, disaster recovery, value-added agricultural
 45.32 product, agroforestry, ~~and agricultural microloan,~~ and farm opportunity loan programs,
 45.33 including costs incurred by the authority to establish and administer the programs.

46.1 Sec. 51. Minnesota Statutes 2014, section 135A.52, is amended by adding a
46.2 subdivision to read:

46.3 Subd. 6. **Farm business management.** Minnesota State Colleges and Universities
46.4 campuses that offer farm business management may specify space availability in the
46.5 delivery of farm business management courses.

46.6 Sec. 52. Minnesota Statutes 2014, section 500.24, subdivision 4, is amended to read:

46.7 Subd. 4. **Reports.** (a) The chief executive officer of every pension or investment
46.8 fund, corporation, limited partnership, limited liability company, or entity that is seeking
46.9 to qualify for an exemption from the commissioner, and the trustee of a family farm trust
46.10 that holds any interest in agricultural land or land used for the breeding, feeding, pasturing,
46.11 growing, or raising of livestock, dairy or poultry, or products thereof, or land used for
46.12 the production of agricultural crops or fruit or other horticultural products, other than a
46.13 bona fide encumbrance taken for purposes of security, or which is engaged in farming
46.14 or proposing to commence farming in this state after May 20, 1973, shall file with the
46.15 commissioner a report containing the following information and documents:

46.16 (1) the name of the pension or investment fund, corporation, limited partnership, or
46.17 limited liability company and its place of incorporation, certification, or registration;

46.18 (2) the address of the pension or investment plan headquarters or of the registered
46.19 office of the corporation in this state, the name and address of its registered agent in this state
46.20 and, in the case of a foreign corporation, limited partnership, or limited liability company,
46.21 the address of its principal office in its place of incorporation, certification, or registration;

46.22 (3) the acreage and location listed by quarter-quarter section, township, and county
46.23 of each lot or parcel of agricultural land or land used for the keeping or feeding of poultry
46.24 in this state owned or leased by the pension or investment fund, limited partnership,
46.25 corporation, or limited liability company;

46.26 (4) the names and addresses of the officers, administrators, directors, or trustees of
46.27 the pension or investment fund, or of the officers, shareholders owning more than ten
46.28 percent of the stock, including the percent of stock owned by each such shareholder, the
46.29 members of the board of directors of the corporation, and the members of the limited
46.30 liability company, and the general and limited partners and the percentage of interest in
46.31 the partnership by each partner;

46.32 (5) the farm products which the pension or investment fund, limited partnership,
46.33 corporation, or limited liability company produces or intends to produce on its agricultural
46.34 land;

47.1 (6) with the first report, a copy of the title to the property where the farming operations
47.2 are or will occur indicating the particular exception claimed under subdivision 3; and

47.3 (7) with the first or second report, a copy of the conservation plan proposed by the
47.4 soil and water conservation district, and with subsequent reports a statement of whether
47.5 the conservation plan was implemented.

47.6 The report of a corporation, trust, limited liability company, or partnership seeking
47.7 to qualify hereunder as a family farm corporation, an authorized farm corporation, an
47.8 authorized livestock farm corporation, a family farm partnership, an authorized farm
47.9 partnership, a family farm limited liability company, an authorized farm limited liability
47.10 company, or a family farm trust or under an exemption from the commissioner shall
47.11 contain the following additional information: the number of shares, partnership interests,
47.12 or governance and financial rights owned by persons or current beneficiaries of a family
47.13 farm trust residing on the farm or actively engaged in farming, or their relatives within
47.14 the third degree of kindred according to the rules of the civil law or their spouses; the
47.15 name, address, and number of shares owned by each shareholder, partnership interests
47.16 owned by each partner or governance and financial rights owned by each member, and a
47.17 statement as to percentage of gross receipts of the corporation derived from rent, royalties,
47.18 dividends, interest, and annuities. No pension or investment fund, limited partnership,
47.19 corporation, or limited liability company shall commence farming in this state until the
47.20 commissioner has inspected the report and certified that its proposed operations comply
47.21 with the provisions of this section.

47.22 (b) Every pension or investment fund, limited partnership, trust, corporation, or
47.23 limited liability company as described in paragraph (a) shall, prior to April 15 of each
47.24 year, file with the commissioner a report containing the information required in paragraph
47.25 (a), based on its operations in the preceding calendar year and its status at the end of the
47.26 year. A pension or investment fund, limited partnership, corporation, or limited liability
47.27 company that does not file the report by April 15 must pay a \$500 civil penalty. The
47.28 penalty is a lien on the land being farmed under subdivision 3 until the penalty is paid.

47.29 (c) The commissioner may, for good cause shown, issue a written waiver or
47.30 reduction of the civil penalty for failure to make a timely filing of the annual report
47.31 required by this subdivision. The waiver or reduction is final and conclusive with respect
47.32 to the civil penalty, and may not be reopened or modified by an officer, employee, or
47.33 agent of the state, except upon a showing of fraud or malfeasance or misrepresentation
47.34 of a material fact. The report required under paragraph (b) must be completed prior to a
47.35 reduction or waiver under this paragraph. The commissioner may enter into an agreement
47.36 under this paragraph only once for each corporation or partnership.

48.1 (d) All reports required by paragraph (a) shall include a filing fee of \$15. The fee
 48.2 must be deposited in the state treasury and credited to an account in the agricultural fund.
 48.3 Money in the account, including interest, is appropriated to the commissioner for the
 48.4 administrative expenses of this section.

48.5 ~~(d)~~ (e) Failure to file a required report or the willful filing of false information is a
 48.6 gross misdemeanor.

48.7 Sec. 53. Laws 2014, chapter 312, article 12, section 3, is amended to read:

48.8 Sec. 3. **AGRICULTURE.** \$ -0- \$ **2,750,000**

48.9 \$2,000,000 in 2015 is for a grant to Second
 48.10 Harvest Heartland on behalf of the six
 48.11 Feeding America food banks that serve
 48.12 Minnesota to compensate agricultural
 48.13 producers and processors for costs incurred
 48.14 to harvest and package for transfer surplus
 48.15 fruits, vegetables, or other agricultural
 48.16 commodities that would otherwise go
 48.17 unharvested or, be discarded, or be sold in
 48.18 a secondary market. Surplus commodities
 48.19 must be distributed statewide to food
 48.20 shelves and other charitable organizations
 48.21 that are eligible to receive food from the
 48.22 food banks. Surplus food acquired under
 48.23 this appropriation must be from Minnesota
 48.24 producers and processors. Second Harvest
 48.25 Heartland must report when required by, and
 48.26 in the form prescribed by, the commissioner.
 48.27 ~~For fiscal year 2015,~~ Second Harvest
 48.28 Heartland may use up to 11 percent of any
 48.29 grant received for administrative expenses
 48.30 and up to four percent of the grant for
 48.31 transportation expenses. ~~For fiscal years~~
 48.32 ~~2016 and 2017,~~ Second Harvest Heartland
 48.33 ~~may use up to five percent of any grant~~
 48.34 ~~received for administrative expenses.~~ This

49.1 is a onetime appropriation and is available
49.2 until June 30, 2017.

49.3 The commissioner shall examine how other
49.4 states are implementing the industrial hemp
49.5 research authority provided in Public Law
49.6 113-79 and gauge the interest of Minnesota
49.7 higher education institutions. No later
49.8 than January 15, 2015, the commissioner
49.9 must report the information and items for
49.10 legislative consideration to the legislative
49.11 committees with jurisdiction over agriculture
49.12 policy and finance.

49.13 \$350,000 in 2015 is for an increase in retail
49.14 food handler inspections.

49.15 \$200,000 in 2015 is added to the
49.16 appropriation in Laws 2013, chapter 114,
49.17 article 1, section 3, subdivision 4, for
49.18 distribution to the state's county fairs. This is
49.19 a onetime appropriation.

49.20 \$200,000 in 2015 is for a grant as determined
49.21 by the commissioner to a public higher
49.22 education institution to research porcine
49.23 epidemic diarrhea virus. This is a onetime
49.24 appropriation and is available until June 30,
49.25 2017.

49.26 Sec. 54. **LIVESTOCK INDUSTRY STUDY.**

49.27 The commissioner of agriculture must identify causes of the relative growth or
49.28 decline in the number of head of poultry and livestock produced in Minnesota, Iowa,
49.29 North Dakota, South Dakota, Wisconsin, and Nebraska over the last ten years, including
49.30 but not limited to the impact of nuisance conditions and lawsuits filed against poultry or
49.31 livestock farms. No later than February 1, 2016, the commissioner must report findings
49.32 by poultry and livestock sector and provide recommendations on how to strengthen and
49.33 expand Minnesota animal agriculture to the legislative committees with jurisdiction over
49.34 agriculture policy and finance.

50.1 Sec. 55. **FEASIBILITY STUDY; IMPORTING BAIT FISH FOR RESALE.**

50.2 The commissioner of agriculture shall conduct a study to assess the feasibility of a
50.3 Minnesota company with a valid importation permit under Minnesota Statutes, section
50.4 97C.515, procuring health-certified, farm-raised bait fish from an out-of-state facility and
50.5 transporting the fish directly to a Minnesota facility for the purpose of resale. The work
50.6 group also must study how to increase Minnesota production of the bait fish species that
50.7 would otherwise be imported from producers in other states. The commissioner shall
50.8 appoint a work group of seven individuals to conduct the study, including representatives
50.9 of the Departments of Agriculture and Natural Resources, Explore Minnesota, and private
50.10 aquaculture, a University of Minnesota aquatic invasive species specialist, a Minnesota
50.11 aquaculture extension agent, and a United States Fish and Wildlife aquatic invasive
50.12 species specialist. The work group shall report the study to the legislative policy and
50.13 finance committees and divisions with jurisdiction over agriculture, environment, and
50.14 natural resources by February 1, 2016.

50.15 Sec. 56. **CORRECTIONAL FACILITY VOCATIONAL TRAINING PILOT**
50.16 **PROGRAM.**

50.17 Subdivision 1. **Pilot program.** The commissioner of agriculture must coordinate
50.18 a pilot program operated by the Northeast Regional Corrections Center to train inmates
50.19 for careers as meat cutters upon release. The commissioner must facilitate program
50.20 development and ensure that the program prepares inmates to meet applicable food safety
50.21 and licensure requirements.

50.22 Subd. 2. **Program development.** In facilitating development of the pilot program,
50.23 the commissioner must consult with the commissioner of employment and economic
50.24 development and a representative of each of the following organizations:

50.25 (1) Northeast Regional Corrections Center; and

50.26 (2) United Food and Commercial Workers.

50.27 Subd. 3. **Report required.** No later than February 1, 2017, the commissioner must
50.28 report on the progress and outcomes of the program to the legislative committees with
50.29 jurisdiction over agriculture, economic development, higher education, and public safety.

50.30 Subd. 4. **Expiration.** This section expires on June 30, 2017.

50.31 Sec. 57. **URBAN AGRICULTURE DEVELOPMENT PROPOSAL.**

50.32 The commissioner of agriculture must convene interested stakeholders and develop
50.33 a proposal to effectively and efficiently promote urban agriculture in Minnesota cities.
50.34 For purposes of this section, "urban agriculture" means producing agricultural plants,

51.1 poultry, or livestock on public or private property within city limits. No later than January
51.2 15, 2016, the commissioner must report to the legislative committees with jurisdiction
51.3 over agriculture policy and finance and submit proposed legislation that includes a new
51.4 definition of urban agriculture if the commissioner and stakeholders determine that a
51.5 different definition more accurately defines urban agriculture.

51.6 Sec. 58. **BALANCES TRANSFERRED; ACCOUNTS ABOLISHED.**

51.7 The balances in the accounts created under Minnesota Statutes, sections 41B.03,
51.8 subdivision 6; 41B.04, subdivision 17; 41B.043, subdivision 3; and 41B.045, subdivision
51.9 4, are transferred to the Rural Finance Authority administrative account established under
51.10 Minnesota Statutes, section 41B.03, subdivision 7, and the original accounts are abolished.

51.11 The balance in the account created under Minnesota Statutes, section 17.115,
51.12 is transferred to the Rural Finance Authority revolving loan account established under
51.13 Minnesota Statutes, section 41B.06, and the original account is abolished.

51.14 Sec. 59. **REPEALER.**

51.15 Minnesota Statutes 2014, sections 17.115; 28A.15, subdivisions 9 and 10; and
51.16 116V.03, are repealed.

APPENDIX
Article locations in H1437-2

ARTICLE 1 AGRICULTURE APPROPRIATIONS Page.Ln 1.27
ARTICLE 2 AGRICULTURE POLICY Page.Ln 15.1

17.115 SHARED SAVINGS LOAN PROGRAM.

Subdivision 1. **Establishment.** The commissioner shall establish a shared savings loan program to provide loans that enable farmers to adopt best management practices that emphasize sufficiency and self-sufficiency in agricultural inputs, including energy efficiency, reduction or improved management of inputs, increasing energy production by agricultural producers, and environmental improvements.

Subd. 2. **Loan criteria.** (a) The shared savings loan program must provide loans for purchase of new or used machinery and installation of equipment for projects that make environmental improvements and enhance farm profitability. Eligible loan uses do not include seed, fertilizer, or fuel.

(b) Loans may not exceed \$40,000 per individual applying for a loan and may not exceed \$160,000 for loans to four or more individuals on joint projects. The loan repayment period may be up to seven years as determined by project cost and energy savings. The interest rate on the loans must not exceed six percent.

(c) Loans may only be made to residents of this state engaged in farming.

Subd. 3. **Awarding of loans.** (a) Applications for loans must be made to the commissioner on forms prescribed by the commissioner.

(b) The applications must be reviewed, ranked, and recommended by a loan review panel appointed by the commissioner. The loan review panel shall consist of two lenders with agricultural experience, two resident farmers of the state using sustainable agriculture methods, two resident farmers of the state using organic agriculture methods, a farm management specialist, a representative from a postsecondary education institution, and a chair from the department.

(c) The loan review panel shall rank applications according to the following criteria:

- (1) realize savings to the cost of agricultural production;
- (2) reduce or make more efficient use of energy or inputs;
- (3) increase overall farm profitability; and
- (4) result in environmental benefits.

(d) A loan application must show that the loan can be repaid by the applicant.

(e) The commissioner must consider the recommendations of the loan review panel and may make loans for eligible projects.

Subd. 4. **Administration; information dissemination.** The amount in the revolving loan account is appropriated to the commissioner to make loans under this section and administer the loan program. The interest on the money in the revolving loan account and the interest on loans repaid to the state may be spent by the commissioner for administrative expenses. The commissioner shall collect and disseminate information relating to projects for which loans are given under this section.

Subd. 5. **Farm manure digester technology.** Appropriations in Laws 1998, chapter 401, section 6, must be used for revolving loans for demonstration projects of farm manure digester technology. Notwithstanding the limitations of subdivision 2, paragraphs (b) and (c), loans under this subdivision are no-interest loans in principal amounts not to exceed \$200,000 and may be made to any resident of this state. Loans for one or more projects must be made only after the commissioner seeks applications. Loans under this program may be used as a match for federal loans or grants. Money repaid from loans must be returned to the revolving fund for future projects.

28A.15 EXCLUSIONS.

Subd. 9. **Community event or farmers' market.** An individual who prepares and sells food that is not potentially hazardous food, as defined in rules adopted under section 31.11, at a community event or farmers' market with gross receipts of \$5,000 or less in a calendar year from the prepared food items. If the food is not prepared in a kitchen that is licensed or inspected, the seller must post a visible sign or placard stating that: "These products are homemade and not subject to state inspection." Prepared foods sold under this subdivision must be labeled to accurately reflect the name and address of the person preparing and selling the foods.

Subd. 10. **Certain home-processed and home-canned foods.** (a) A person who receives less than \$5,000 in gross receipts in a calendar year from the sale of home-processed and home-canned food products and meets the requirements in clauses (1) to (5):

- (1) the products are pickles, vegetables, or fruits having an equilibrium pH value of 4.6 or lower;
- (2) the products are home-processed and home-canned in Minnesota;

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(3) the products are sold or offered for sale at a community or social event or a farmers' market in Minnesota;

(4) the seller displays at the point of sale a clearly legible sign or placard stating: "These canned goods are homemade and not subject to state inspection" unless the products were processed and canned in a kitchen that is licensed or inspected; and

(5) each container of the product sold or offered for sale under this exemption is accurately labeled to provide the name and address of the person who processed and canned the goods and the date on which the goods were processed and canned.

(b) A person who qualifies for an exemption under paragraph (a) is also exempt from the provisions of sections 31.31 and 31.392.

(c) A person claiming an exemption under this subdivision is urged to:

(1) attend and successfully complete a better process school recognized by the commissioner; and

(2) have the recipe and manufacturing process reviewed by a person knowledgeable in the food canning industry and recognized by the commissioner as a process authority.

(d) The commissioner, in close cooperation with the commissioner of health and the Minnesota Extension Service, shall attempt to maximize the availability of information and technical services and support for persons who wish to home process and home can low acid and acidified food products.

116V.03 APPROPRIATION.

\$1,000,000 in fiscal year 2014 and each year thereafter is appropriated from the general fund to the Agricultural Utilization Research Institute established under section 116V.01.