

**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
- 04/30/2015 Adoption of Report: Placed on the General Register  
Read Second Time
- 05/04/2015 Calendar for the Day, Amended  
Read Third Time as Amended  
Passed by the House as Amended and transmitted to the Senate to include Floor Amendments

1.1 A bill for an act  
 1.2 relating to agriculture; establishing a budget for agriculture; appropriating money  
 1.3 for agriculture, animal health, avian influenza response activities, and agricultural  
 1.4 utilization research; making policy and technical changes to various agricultural  
 1.5 related provisions, including provisions related to pesticide control, plant  
 1.6 protection, nursery law, seeds, dairy, food handlers, food, farmland, farming, and  
 1.7 loans; authorizing the Industrial Hemp Development Act; establishing poultry  
 1.8 worker extra unemployment benefits; modifying license exclusions for the direct  
 1.9 sale of certain prepared food; establishing the Agriculture Research, Education,  
 1.10 Extension, and Technology Transfer Advisory Board; providing incentive  
 1.11 payments; requiring studies; requiring reports; providing a vocational training  
 1.12 pilot program; establishing the farm opportunity loan program; modifying fees  
 1.13 and surcharges; creating accounts; amending Minnesota Statutes 2014, sections  
 1.14 3.737, by adding a subdivision; 13.643, subdivision 1; 18B.01, subdivisions  
 1.15 28, 29; 18B.05, subdivision 1; 18B.32, subdivision 1; 18B.33, subdivision 1;  
 1.16 18B.34, subdivision 1; 18C.425, subdivision 6; 18C.70, subdivision 2; 18G.10,  
 1.17 subdivisions 3, 4, 5; 18H.02, subdivision 20, by adding subdivisions; 18H.06,  
 1.18 subdivision 2; 18H.07; 18H.17; 18J.01; 18J.02; 18J.03; 18J.04, subdivisions  
 1.19 1, 2, 3, 4; 18J.05, subdivisions 1, 2, 6; 18J.06; 18J.07, subdivisions 3, 4, 5;  
 1.20 18J.09; 18J.11, subdivision 1, by adding a subdivision; 21.89, subdivision  
 1.21 2; 21.891, subdivisions 2, 5; 25.341, subdivision 2; 25.39, subdivisions 1,  
 1.22 1a; 28A.03, by adding a subdivision; 32.075; 32.105; 41B.03, subdivision 6,  
 1.23 by adding a subdivision; 41B.04, subdivision 17; 41B.043, subdivision 3;  
 1.24 41B.045, subdivisions 3, 4; 41B.046, subdivision 5; 41B.047, subdivisions 1,  
 1.25 3, 4; 41B.048, subdivision 6; 41B.049, subdivision 4; 41B.055, subdivision 3;  
 1.26 41B.056, subdivision 2; 41B.06; 135A.52, by adding a subdivision; 375.30,  
 1.27 subdivision 2; 500.24, subdivision 4; Laws 2014, chapter 312, article 12, section  
 1.28 3; proposing coding for new law in Minnesota Statutes, chapters 18C; 28A; 41A;  
 1.29 41B; proposing coding for new law as Minnesota Statutes, chapter 18K; repealing  
 1.30 Minnesota Statutes 2014, sections 17.115; 28A.15, subdivisions 9, 10; 116V.03.

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

1.32 **ARTICLE 1**

1.33 **AGRICULTURE APPROPRIATIONS**

1.34 Section 1. **AGRICULTURE APPROPRIATIONS**

2.1 The sums shown in the columns marked "Appropriations" are appropriated to the  
 2.2 agencies and for the purposes specified in this article. The appropriations are from the  
 2.3 general fund, or another named fund, and are available for the fiscal years indicated  
 2.4 for each purpose. The figures "2016" and "2017" used in this article mean that the  
 2.5 appropriations listed under them are available for the fiscal year ending June 30, 2016, or  
 2.6 June 30, 2017, respectively. "The first year" is fiscal year 2016. "The second year" is fiscal  
 2.7 year 2017. "The biennium" is fiscal years 2016 and 2017.

2.8 **APPROPRIATIONS**  
 2.9 **Available for the Year**  
 2.10 **Ending June 30**  
 2.11 **2016** **2017**

2.12 **Sec. 2. DEPARTMENT OF AGRICULTURE**

2.13 **Subdivision 1. Total Appropriation** **\$ 41,514,000** **\$ 42,599,000**

2.14	<u>Appropriations by Fund</u>	
2.15	<u>2016</u>	<u>2017</u>
2.16	<u>General</u> 40,936,000	42,021,000
2.17	<u>Remediation</u> 388,000	388,000
2.18	<u>Agricultural</u> 190,000	190,000

2.19 The amounts that may be spent for each  
 2.20 purpose are specified in the following  
 2.21 subdivisions.

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

2.23	<u>Appropriations by Fund</u>	
2.24	<u>2016</u>	<u>2017</u>
2.25	<u>General</u> 15,799,000	15,824,000
2.26	<u>Agricultural</u> 190,000	190,000
2.27	<u>Remediation</u> 388,000	388,000

2.28 \$25,000 the first year and \$25,000 the second  
 2.29 year are to develop and maintain cottage  
 2.30 food license exemption outreach and training  
 2.31 materials.

2.32 \$75,000 the second year is for a coordinator  
 2.33 for the correctional facility vocational  
 2.34 training pilot program.

3.1 \$388,000 the first year and \$388,000 the  
3.2 second year are from the remediation fund  
3.3 for administrative funding for the voluntary  
3.4 cleanup program.

3.5 \$225,000 the first year and \$175,000  
3.6 the second year are for compensation  
3.7 for destroyed or crippled animals under  
3.8 Minnesota Statutes, section 3.737, or to  
3.9 compensate commercial poultry producers  
3.10 for losses attributable to highly pathogenic  
3.11 avian influenza. The first year appropriation  
3.12 is for claims submitted during fiscal year  
3.13 2016 and for all claims submitted during  
3.14 fiscal year 2014 or 2015 that were not paid  
3.15 by the commissioner due to a shortage of  
3.16 funding. If the amount in the first year is  
3.17 insufficient, the amount in the second year is  
3.18 available in the first year.

3.19 \$125,000 the first year and \$125,000 the  
3.20 second year are for compensation for crop  
3.21 damage under Minnesota Statutes, section  
3.22 3.7371. If the amount in the first year is  
3.23 insufficient, the amount in the second year is  
3.24 available in the first year.

3.25 If the commissioner determines that claims  
3.26 made under Minnesota Statutes, section  
3.27 3.737 or 3.7371, are unusually high, amounts  
3.28 appropriated for either program may be  
3.29 transferred to the appropriation for the other  
3.30 program.

3.31 \$70,000 the first year and \$70,000 the second  
3.32 year are for additional cannery inspections.

3.33 \$100,000 the first year and \$100,000 the  
3.34 second year are for increased oversight of  
3.35 delegated local health boards.

4.1 \$100,000 the first year and \$100,000 the  
 4.2 second year are to decrease the turnaround  
 4.3 time for retail food handler plan reviews.

4.4 \$1,024,000 the first year and \$1,024,000 the  
 4.5 second year are to streamline the retail food  
 4.6 safety regulatory and licensing experience  
 4.7 for regulated businesses and to decrease the  
 4.8 inspection delinquency rate.

4.9 \$1,350,000 the first year and \$1,350,000 the  
 4.10 second year are for additional inspections of  
 4.11 food manufacturers and wholesalers.

4.12 \$150,000 the first year and \$150,000 the  
 4.13 second year are for additional funding for  
 4.14 dairy inspection services.

4.15 \$150,000 the first year and \$150,000 the  
 4.16 second year are for additional funding for  
 4.17 laboratory services operations.

4.18 \$250,000 the first year and \$250,000  
 4.19 the second year are for additional meat  
 4.20 inspection services, including inspections  
 4.21 provided under the correctional facility  
 4.22 vocational training pilot program.

4.23 Notwithstanding Minnesota Statutes, section  
 4.24 18B.05, \$90,000 the first year and \$90,000  
 4.25 the second year are from the pesticide  
 4.26 regulatory account in the agricultural fund  
 4.27 for an increase in the operating budget for  
 4.28 the Laboratory Services Division.

4.29 \$100,000 the first year and \$100,000 the  
 4.30 second year are from the pesticide regulatory  
 4.31 account in the agricultural fund to update  
 4.32 and modify applicator education and training  
 4.33 materials.

4.34 **Subd. 3. Agricultural Marketing and**  
 4.35 **Development**

3,873,000

3,873,000

5.1 The commissioner must provide one-stop  
5.2 access for farmers in need of information or  
5.3 assistance to obtain or renew licenses, meet  
5.4 state regulatory requirements, or resolve  
5.5 disputes with state agencies.

5.6 The commissioner must provide outreach  
5.7 to urban farmers regarding the department's  
5.8 financial and technical assistance programs  
5.9 and must assist urban farmers in applying for  
5.10 assistance.

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

5.22 \$634,000 the first year and \$634,000 the  
5.23 second year are for continuation of the dairy  
5.24 development and profitability enhancement  
5.25 and dairy business planning grant programs  
5.26 established under Laws 1997, chapter  
5.27 216, section 7, subdivision 2, and Laws  
5.28 2001, First Special Session chapter 2,  
5.29 section 9, subdivision 2. The commissioner  
5.30 may allocate the available sums among  
5.31 permissible activities, including efforts to  
5.32 improve the quality of milk produced in the  
5.33 state, in the proportions that the commissioner  
5.34 deems most beneficial to Minnesota's dairy  
5.35 farmers. The commissioner must submit

6.1 a detailed accomplishment report and  
 6.2 a work plan detailing future plans for,  
 6.3 and anticipated accomplishments from,  
 6.4 expenditures under this program to the  
 6.5 chairs and ranking minority members of the  
 6.6 legislative committees with jurisdiction over  
 6.7 agriculture policy and finance on or before  
 6.8 the start of each fiscal year. If significant  
 6.9 changes are made to the plans in the course  
 6.10 of the year, the commissioner must notify the  
 6.11 chairs and ranking minority members.

6.12 The commissioner may use funds  
 6.13 appropriated in this subdivision for annual  
 6.14 cost-share payments to resident farmers  
 6.15 or entities that sell, process, or package  
 6.16 agricultural products in this state for the costs  
 6.17 of organic certification. The commissioner  
 6.18 may allocate these funds for assistance for  
 6.19 persons transitioning from conventional to  
 6.20 organic agriculture.

6.21	<b><u>Subd. 4. Agriculture, Bioenergy, and</u></b>		
6.22	<b><u>Bioproduct Advancement</u></b>	<u>15,563,000</u>	<u>16,623,000</u>

6.23 \$1,000,000 each year is for transfer to  
 6.24 the Board of Regents of the University of  
 6.25 Minnesota for research to determine (1) what  
 6.26 is causing avian influenza, (2) why some  
 6.27 fowl are more susceptible, and (3) prevention  
 6.28 measures that can be taken.

6.29 \$4,000,000 the first year and \$4,000,000 the  
 6.30 second year are for transfer to the agriculture  
 6.31 research, education, extension, and  
 6.32 technology transfer fund under Minnesota  
 6.33 Statutes, section 41A.14, subdivision 3.

6.34 The commissioner may use a portion of  
 6.35 the appropriation each year only for direct  
 6.36 expenses incurred by the commissioner to

7.1 provide administrative services and to act  
7.2 as the fiscal agent for the board as required  
7.3 under Minnesota Statutes, section 41A.14,  
7.4 subdivision 1, paragraph (c). Of these  
7.5 amounts, at least \$600,000 each year is for  
7.6 agriculture rapid response under Minnesota  
7.7 Statutes, section 41A.14, subdivision 2,  
7.8 clause (2), including but not limited to  
7.9 compensation to state agencies for highly  
7.10 pathogenic avian influenza emergency  
7.11 response activities, including but not limited  
7.12 to mental health counseling and other  
7.13 emotional assistance, that are not eligible for  
7.14 federal reimbursement or are in excess of  
7.15 federal awards.

7.16 To the extent practicable, funds expended  
7.17 under Minnesota Statutes, section 41A.14,  
7.18 subdivision 2, clauses (1) and (2), must  
7.19 supplement and not supplant existing sources  
7.20 and levels of funding. The board may award  
7.21 grants to the University of Minnesota to  
7.22 support the Forever Green Initiative.

7.23 \$328,000 in fiscal year 2016 and \$1,388,000  
7.24 in fiscal year 2017 are for incentive payments  
7.25 under Minnesota Statutes, sections 41A.16,  
7.26 41A.17, and 41A.18. If the appropriation  
7.27 exceeds the total amount for which all  
7.28 producers are eligible in a fiscal year, the  
7.29 balance of the appropriation is available  
7.30 to the commissioner for the agricultural  
7.31 growth, research, and innovation program  
7.32 under Minnesota Statutes, section 41A.12.

7.33 If the appropriation in either year is not  
7.34 sufficient to award full payment to all eligible  
7.35 producers, the commissioner may transfer  
7.36 a sum sufficient from the appropriation

8.1 for the agricultural growth, research, and  
8.2 innovation program under this subdivision.  
8.3 Notwithstanding Minnesota Statutes,  
8.4 section 16A.28, the first year appropriation  
8.5 is available until June 30, 2017, and the  
8.6 second year appropriation is available until  
8.7 June 30, 2018. The commissioner may use  
8.8 up to 4.5 percent of the appropriation for  
8.9 administration of the incentive payment  
8.10 programs. These are onetime appropriations.  
8.11 \$10,235,000 the first year and \$10,235,000  
8.12 the second year are for the agricultural  
8.13 growth, research, and innovation program  
8.14 in Minnesota Statutes, section 41A.12. No  
8.15 later than February 1, 2016, and February  
8.16 1, 2017, the commissioner must report to  
8.17 the legislative committees with jurisdiction  
8.18 over agriculture policy and finance regarding  
8.19 the commissioner's accomplishments  
8.20 and anticipated accomplishments in  
8.21 the following areas: facilitating the  
8.22 start-up, modernization, or expansion of  
8.23 livestock operations including beginning  
8.24 and transitioning livestock operations;  
8.25 developing new markets for Minnesota  
8.26 farmers by providing more fruits, vegetables,  
8.27 meat, grain, and dairy for Minnesota school  
8.28 children; assisting value-added agricultural  
8.29 businesses to begin or expand, access new  
8.30 markets, or diversify products; facilitating  
8.31 the start-up, modernization, or expansion  
8.32 of other beginning and transitioning  
8.33 farms; sustainable agriculture on farm  
8.34 research and demonstration; development or  
8.35 expansion of food hubs and other alternative  
8.36 community-based food distribution systems;

9.1 and research on bioenergy, biobased content,  
9.2 or biobased formulated products and other  
9.3 renewable energy development. The  
9.4 commissioner may use up to 4.5 percent  
9.5 of this appropriation for costs incurred to  
9.6 administer the program. Any unencumbered  
9.7 balance does not cancel at the end of the first  
9.8 year and is available for the second year.  
9.9 Notwithstanding Minnesota Statutes, section  
9.10 16A.28, the appropriations encumbered  
9.11 under contract on or before June 30, 2017, for  
9.12 agricultural growth, research, and innovation  
9.13 grants are available until June 30, 2019.

9.14 The commissioner may use funds  
9.15 appropriated for the agricultural growth,  
9.16 research, and innovation program as provided  
9.17 in this paragraph. The commissioner may  
9.18 award grants to owners of Minnesota  
9.19 facilities producing bioenergy, biobased  
9.20 content, or a biobased formulated product;  
9.21 to organizations that provide for on-station,  
9.22 on-farm field scale research and outreach to  
9.23 develop and test the agronomic and economic  
9.24 requirements of diverse strands of prairie  
9.25 plants and other perennials for bioenergy  
9.26 systems; or to certain nongovernmental  
9.27 entities. For the purposes of this paragraph,  
9.28 "bioenergy" includes transportation fuels  
9.29 derived from cellulosic material, as well as  
9.30 the generation of energy for commercial heat,  
9.31 industrial process heat, or electrical power  
9.32 from cellulosic materials via gasification or  
9.33 other processes. Grants are limited to 50  
9.34 percent of the cost of research, technical  
9.35 assistance, or equipment related to bioenergy,  
9.36 biobased content, or biobased formulated

10.1 product production or \$500,000, whichever  
10.2 is less. Grants to nongovernmental entities  
10.3 for the development of business plans and  
10.4 structures related to community ownership  
10.5 of eligible bioenergy facilities together may  
10.6 not exceed \$150,000. The commissioner  
10.7 shall make a good-faith effort to select  
10.8 projects that have merit and, when taken  
10.9 together, represent a variety of bioenergy  
10.10 technologies, biomass feedstocks, and  
10.11 geographic regions of the state. Projects  
10.12 must have a qualified engineer provide  
10.13 certification on the technology and fuel  
10.14 source. Grantees must provide reports at the  
10.15 request of the commissioner.

10.16 Of the amount appropriated for the  
10.17 agricultural growth, research, and innovation  
10.18 program in this subdivision, \$1,000,000 the  
10.19 first year and \$1,000,000 the second year  
10.20 are for distribution in equal amounts to each  
10.21 of the state's county fairs to preserve and  
10.22 promote Minnesota agriculture.

10.23 Of the amount appropriated for the  
10.24 agricultural growth, research, and innovation  
10.25 program in this subdivision, \$250,000 the  
10.26 first year and \$250,000 the second year  
10.27 are for grants that enable retail petroleum  
10.28 dispensers to dispense biofuels to the public  
10.29 in accordance with the biofuel replacement  
10.30 goals established under Minnesota Statutes,  
10.31 section 239.7911. A retail petroleum  
10.32 dispenser selling petroleum for use in spark  
10.33 ignition engines for vehicle model years after  
10.34 2000 is eligible for grant money under this  
10.35 paragraph if the retail petroleum dispenser  
10.36 has no more than 15 retail petroleum

11.1 dispensing sites and each site is located  
11.2 in Minnesota. The grant money received  
11.3 under this paragraph must be used for the  
11.4 installation of appropriate technology that  
11.5 uses fuel dispensing equipment appropriate  
11.6 for at least one fuel dispensing site to  
11.7 dispense gasoline that is blended with 15  
11.8 percent of agriculturally derived, denatured  
11.9 ethanol, by volume, and appropriate technical  
11.10 assistance related to the installation. A grant  
11.11 award must not exceed 85 percent of the cost  
11.12 of the technical assistance and appropriate  
11.13 technology, including remetering of and  
11.14 retrofits for retail petroleum dispensers and  
11.15 replacement of petroleum dispenser projects.  
11.16 The commissioner may use up to \$35,000  
11.17 of this appropriation for administrative  
11.18 expenses. The commissioner shall cooperate  
11.19 with the Minnesota Biofuels Association in  
11.20 the implementation of the grant program. The  
11.21 commissioner must report to the legislative  
11.22 committees with jurisdiction over agriculture  
11.23 policy and finance by February 1 each year,  
11.24 detailing the number of grants awarded under  
11.25 this paragraph and the projected effect of  
11.26 the grant program on meeting the biofuel  
11.27 replacement goals under Minnesota Statutes,  
11.28 section 239.7911.  
11.29 Of the amount appropriated for the  
11.30 agricultural growth, research, and innovation  
11.31 program in this subdivision, \$25,000 the first  
11.32 year is for the livestock industry study.  
11.33 Of the amount appropriated for the  
11.34 agricultural growth, research, and innovation  
11.35 program in this subdivision, \$50,000 the first

12.1 year is for the imported bait fish feasibility  
 12.2 study.

12.3 Of the amount appropriated for the  
 12.4 agricultural growth, research, and innovation  
 12.5 program in this subdivision, \$25,000 the first  
 12.6 year and \$25,000 the second year are for  
 12.7 grants to the Southern Minnesota Initiative  
 12.8 Foundation to promote local foods through an  
 12.9 annual event that raises public awareness of  
 12.10 local foods and connects local food producers  
 12.11 and processors with potential buyers.

12.12 Subd. 5. **Administration and Financial**  
 12.13 **Assistance**

5,701,000

5,701,000

12.14 \$150,000 the first year and \$150,000 the  
 12.15 second year are for grants to the Center for  
 12.16 Rural Policy and Development.

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

12.20 \$47,000 the first year and \$47,000 the second  
 12.21 year are for the Northern Crops Institute.

12.22 These appropriations may be spent to  
 12.23 purchase equipment.

12.24 \$18,000 the first year and \$18,000 the  
 12.25 second year are for grants to the Minnesota  
 12.26 Livestock Breeders Association.

12.27 \$235,000 the first year and \$235,000 the  
 12.28 second year are for grants to the Minnesota  
 12.29 Agricultural Education and Leadership  
 12.30 Council for programs of the council under  
 12.31 Minnesota Statutes, chapter 41D.

12.32 \$474,000 the first year and \$474,000 the  
 12.33 second year are for payments to county and  
 12.34 district agricultural societies and associations  
 12.35 under Minnesota Statutes, section 38.02,

13.1 subdivision 1. Aid payments to county and  
13.2 district agricultural societies and associations  
13.3 shall be disbursed no later than July 15 of  
13.4 each year. These payments are the amount of  
13.5 aid from the state for an annual fair held in  
13.6 the previous calendar year.

13.7 \$1,000 the first year and \$1,000 the second  
13.8 year are for grants to the Minnesota State  
13.9 Poultry Association.

13.10 \$108,000 the first year and \$108,000 the  
13.11 second year are for annual grants to the  
13.12 Minnesota Turf Seed Council for basic  
13.13 and applied research on: (1) the improved  
13.14 production of forage and turf seed related to  
13.15 new and improved varieties; and (2) native  
13.16 plants, including plant breeding, nutrient  
13.17 management, pest management, disease  
13.18 management, yield, and viability. The grant  
13.19 recipient may subcontract with a qualified  
13.20 third party for some or all of the basic or  
13.21 applied research.

13.22 \$550,000 the first year and \$550,000 the  
13.23 second year are for grants to Second Harvest  
13.24 Heartland on behalf of Minnesota's six  
13.25 Second Harvest food banks for the purchase  
13.26 of milk for distribution to Minnesota's food  
13.27 shelves and other charitable organizations  
13.28 that are eligible to receive food from the food  
13.29 banks. Milk purchased under the grants must  
13.30 be acquired from Minnesota milk processors  
13.31 and based on low-cost bids. The milk must be  
13.32 allocated to each Second Harvest food bank  
13.33 serving Minnesota according to the formula  
13.34 used in the distribution of United States  
13.35 Department of Agriculture commodities

14.1 under The Emergency Food Assistance  
 14.2 Program (TEFAP). Second Harvest  
 14.3 Heartland must submit quarterly reports  
 14.4 to the commissioner on forms prescribed  
 14.5 by the commissioner. The reports must  
 14.6 include, but are not limited to, information  
 14.7 on the expenditure of funds, the amount  
 14.8 of milk purchased, and the organizations  
 14.9 to which the milk was distributed. Second  
 14.10 Harvest Heartland may enter into contracts  
 14.11 or agreements with food banks for shared  
 14.12 funding or reimbursement of the direct  
 14.13 purchase of milk. Each food bank receiving  
 14.14 money from this appropriation may use up to  
 14.15 two percent of the grant for administrative  
 14.16 expenses.

14.17 \$113,000 the first year and \$113,000 the  
 14.18 second year are for transfer to the Board of  
 14.19 Trustees of the Minnesota State Colleges  
 14.20 and Universities for statewide mental health  
 14.21 counseling support to farm families and  
 14.22 business operators. South Central College  
 14.23 shall serve as the fiscal agent.

14.24 \$17,000 the first year and \$17,000 the  
 14.25 second year are for grants to the Minnesota  
 14.26 Horticultural Society.

14.27	Sec. 3. <b><u>BOARD OF ANIMAL HEALTH</u></b>	<b><u>\$</u></b>	<b><u>5,318,000</u></b>	<b><u>\$</u></b>	<b><u>5,384,000</u></b>
14.28	Sec. 4. <b><u>AGRICULTURAL UTILIZATION</u></b>				
14.29	<b><u>RESEARCH INSTITUTE</u></b>	<b><u>\$</u></b>	<b><u>3,643,000</u></b>	<b><u>\$</u></b>	<b><u>3,643,000</u></b>

14.30       Sec. 5. **AVIAN INFLUENZA RESPONSE ACTIVITIES; APPROPRIATIONS.**

14.31       (a) \$3,619,000 is appropriated from the general fund in fiscal year 2015 to the  
 14.32 commissioner of agriculture for avian influenza emergency response activities. This is  
 14.33 a onetime appropriation and is available until expended.

15.1 (b) \$1,853,000 is appropriated from the general fund in fiscal year 2015 to the Board  
15.2 of Animal Health for avian influenza emergency response activities. This is a onetime  
15.3 appropriation and is available until expended.

15.4 (c) \$103,000 is appropriated from the general fund in fiscal year 2015 to the  
15.5 commissioner of health for avian influenza emergency response activities. This is a  
15.6 onetime appropriation and is available until expended.

15.7 (d) \$350,000 is appropriated from the general fund in fiscal year 2015 to the  
15.8 commissioner of natural resources for sampling wild animals to detect and monitor the  
15.9 avian influenza virus. This is a onetime appropriation and is available until expended.

15.10 (e) \$544,000 is appropriated from the general fund in fiscal year 2015 to the  
15.11 commissioner of public safety to operate the State Emergency Operation Center in  
15.12 coordination with the statewide avian influenza response activities. Appropriations under  
15.13 this paragraph may also be used to support a staff person at the state's agricultural incident  
15.14 command post in Willmar. This is a onetime appropriation and is available until expended.

15.15 (f) The commissioner of management and budget may transfer unexpended balances  
15.16 from the appropriations in this section to any state agency for operating expenses related  
15.17 to avian influenza emergency response activities. The commissioner of management and  
15.18 budget must report each transfer to the chairs and ranking minority members of the senate  
15.19 Committee on Finance and the house of representatives Committee on Ways and Means.

15.20 **Sec. 6. AVIAN INFLUENZA; FEDERAL FUNDS APPROPRIATION AND**  
15.21 **REPORTING.**

15.22 All federal money received in fiscal years 2015 through 2017 by the Board of Animal  
15.23 Health or the commissioner of agriculture, health, natural resources, or public safety to  
15.24 address avian influenza is appropriated in the fiscal year when it is received. Before  
15.25 spending federal funds appropriated in this section, the commissioner of management and  
15.26 budget shall report the anticipated federal funds appropriated under this section and their  
15.27 intended purpose to the Legislative Advisory Commission, consistent with the urgent  
15.28 federal funds request procedure under Minnesota Statutes, section 3.3005, subdivision  
15.29 4. By January 15, 2018, the commissioner of management and budget shall report the  
15.30 actual federal funds received and appropriated under this section and their actual use  
15.31 to the Legislative Advisory Commission.

15.32 **Sec. 7. POULTRY WORKER EXTRA UNEMPLOYMENT BENEFITS.**

15.33 Subdivision 1. **Extra benefits; availability.** Extra unemployment benefits are  
15.34 available to an applicant if the applicant was laid off by a commercial poultry producer as

16.1 a result of the confirmed presence of highly pathogenic avian influenza in the commercial  
16.2 poultry producer's flock.

16.3 Subd. 2. **Payment from fund.** Extra unemployment benefits are payable from  
16.4 the unemployment insurance trust fund.

16.5 Subd. 3. **Eligibility conditions.** An applicant is eligible to receive extra  
16.6 unemployment benefits under this section for any week through December 31, 2016,  
16.7 following the effective date of the applicant's benefit account of regular unemployment  
16.8 benefits, as a result of a layoff described under subdivision 1, if:

16.9 (1) a majority of the applicant's wage credits were with a commercial poultry  
16.10 producer described in subdivision 1;

16.11 (2) the applicant meets the eligibility requirements of Minnesota Statutes, section  
16.12 268.085;

16.13 (3) the applicant is not subject to a disqualification under Minnesota Statutes, section  
16.14 268.095; and

16.15 (4) the applicant is not entitled to regular unemployment benefits and the applicant  
16.16 is not entitled to receive unemployment benefits under any other state or federal law  
16.17 for that week.

16.18 Subd. 4. **Weekly amount of extra benefits.** The weekly extra unemployment  
16.19 benefits amount available to an applicant is the same as the applicant's weekly regular  
16.20 unemployment benefit amount on the benefit account established as a result of a layoff  
16.21 under subdivision 1.

16.22 Subd. 5. **Maximum amount of extra unemployment benefits.** (a) The maximum  
16.23 amount of extra unemployment benefits available is equal to 13 weeks at the applicant's  
16.24 weekly extra unemployment benefits amount.

16.25 (b) If an applicant qualifies for a new regular benefit account under Minnesota  
16.26 Statutes, section 268.07, at any time after exhausting regular unemployment benefits  
16.27 as a result of the layoff under subdivision 1, the applicant must apply for and exhaust  
16.28 entitlement to those new regular unemployment benefits.

16.29 Subd. 6. **Program expiration.** This extra unemployment benefit program expires  
16.30 on December 31, 2016. No extra unemployment benefits may be paid for any week after  
16.31 the expiration of this program.

16.32 Sec. 8. **EFFECTIVE DATE.**

16.33 Section 5 is effective the day following final enactment.

## ARTICLE 2

## AGRICULTURE POLICY

17.1

17.2

17.3 Section 1. Minnesota Statutes 2014, section 3.737, is amended by adding a subdivision  
17.4 to read:

17.5 Subd. 6. **Federal reimbursement.** The commissioner must pursue federal  
17.6 reimbursement for any compensation payment issued under this section while:

17.7 (1) the United States Fish and Wildlife Service lists the Minnesota population of gray  
17.8 wolves as endangered and threatened wildlife under the federal Endangered Species Act; or

17.9 (2) the federal government otherwise prohibits livestock producers from protecting  
17.10 their livestock from wolf depredation.

17.11 Sec. 2. Minnesota Statutes 2014, section 13.643, subdivision 1, is amended to read:

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

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

17.22 Sec. 3. Minnesota Statutes 2014, section 18B.01, subdivision 28, is amended to read:

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

17.26 Sec. 4. Minnesota Statutes 2014, section 18B.01, subdivision 29, is amended to read:

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

18.1 Sec. 5. Minnesota Statutes 2014, section 18B.05, subdivision 1, is amended to read:

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

18.8 Sec. 6. Minnesota Statutes 2014, section 18B.32, subdivision 1, is amended to read:

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

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

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

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

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

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

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

18.25 Sec. 7. Minnesota Statutes 2014, section 18B.33, subdivision 1, is amended to read:

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

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

19.1 Sec. 8. Minnesota Statutes 2014, section 18B.34, subdivision 1, is amended to read:

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

19.7 (b) A licensee must have a valid license identification card when applying pesticides  
19.8 and must display it upon demand by an authorized representative of the commissioner  
19.9 or a law enforcement officer. The license identification card must contain information  
19.10 required by the commissioner.

19.11 Sec. 9. Minnesota Statutes 2014, section 18C.425, subdivision 6, is amended to read:

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

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

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

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

19.30 Sec. 10. Minnesota Statutes 2014, section 18C.70, subdivision 2, is amended to read:

19.31 Subd. 2. **Powers and duties.** The council must review applications and select  
19.32 projects to receive agricultural fertilizer research and education program grants, as  
19.33 authorized in section 18C.71. The council must establish a program to provide grants to  
19.34 research, education, and technology transfer projects related to agricultural fertilizer, soil

20.1 amendments, and plant amendments. For the purpose of this section, "fertilizer" includes  
 20.2 soil amendments and plant amendments, but does not include vegetable or animal manures  
 20.3 that are not manipulated. The commissioner is responsible for all fiscal and administrative  
 20.4 duties ~~in the first year and may use up to eight percent of program revenue to offset costs~~  
 20.5 ~~incurred. No later than October 1, 2007, the commissioner must provide the council with~~  
 20.6 ~~an estimate of the annual costs the commissioner would incur in administering the program.~~

20.7       Sec. 11. **[18C.80] AGRICULTURAL FERTILIZER RESEARCH AND**  
 20.8 **EDUCATION ACCOUNT.**

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

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

20.18       Sec. 12. Minnesota Statutes 2014, section 18G.10, subdivision 3, is amended to read:

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

20.24       Sec. 13. Minnesota Statutes 2014, section 18G.10, subdivision 4, is amended to read:

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

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

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

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

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

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

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

21.14 Sec. 14. Minnesota Statutes 2014, section 18G.10, subdivision 5, is amended to read:

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

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

21.20 ~~(c) Inspection time: \$50 per hour minimum or fee necessary to cover department~~  
 21.21 ~~costs. Inspection time includes the driving time to and from the location in addition to~~  
 21.22 ~~the time spent conducting the inspection.~~

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

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

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

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

22.1 Sec. 15. Minnesota Statutes 2014, section 18H.02, subdivision 20, is amended to read:

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

- 22.6 (1) field and forage crops or sod;
- 22.7 (2) ~~the seeds of grasses, cereal grains, vegetable crops, and flowers~~;
- 22.8 (3) vegetable plants, bulbs, or tubers;
- 22.9 (4) cut flowers, unless stems or other portions are intended for propagation;
- 22.10 (5) annuals; or
- 22.11 (6) Christmas trees.

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

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

22.16 Sec. 17. Minnesota Statutes 2014, section 18H.02, is amended by adding a subdivision  
22.17 to read:

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

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

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

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

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

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

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

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

23.1 Sec. 19. Minnesota Statutes 2014, section 18H.07, is amended to read:

23.2 **18H.07 FEE SCHEDULE.**

23.3 Subdivision 1. **Establishment of fees.** The commissioner shall establish fees  
23.4 sufficient to allow for the administration and enforcement of this chapter and rules adopted  
23.5 under this chapter, including the portion of general support costs and statewide indirect  
23.6 costs of the agency attributable to that function, with a reserve sufficient for up to six  
23.7 months. The commissioner shall review the fee schedule annually in consultation with  
23.8 the Minnesota Nursery and Landscape Advisory Committee. For the certificate year  
23.9 beginning January 1, 2006, the fees are as described in this section.

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

- 23.13 (1) less than one-half acre, \$150;  
23.14 (2) from one-half acre to two acres, \$200;  
23.15 (3) over two acres up to five acres, \$300;  
23.16 (4) over five acres up to ten acres, \$350;  
23.17 (5) over ten acres up to 20 acres, \$500;  
23.18 (6) over 20 acres up to 40 acres, \$650;  
23.19 (7) over 40 acres up to 50 acres, \$800;  
23.20 (8) over 50 acres up to 200 acres, \$1,100;  
23.21 (9) over 200 acres up to 500 acres, \$1,500; and  
23.22 (10) over 500 acres, \$1,500 plus \$2 for each additional acre.

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

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

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

- 23.35 (1) gross sales up to \$5,000, \$150;  
23.36 (2) gross sales over \$5,000 up to \$20,000, \$175;

- 24.1 (3) gross sales over \$20,000 up to \$50,000, \$300;  
 24.2 (4) gross sales over \$50,000 up to \$75,000, \$425;  
 24.3 (5) gross sales over \$75,000 up to \$100,000, \$550;  
 24.4 (6) gross sales over \$100,000 up to \$200,000, \$675; and  
 24.5 (7) gross sales over \$200,000, \$800.

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

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

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

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

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

24.22 Sec. 20. Minnesota Statutes 2014, section 18H.17, is amended to read:

24.23 **18H.17 NURSERY AND PHYTOSANITARY ACCOUNT.**

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

24.31 Sec. 21. Minnesota Statutes 2014, section 18J.01, is amended to read:

24.32 **18J.01 DEFINITIONS.**

24.33 (a) The definitions in sections 18G.02, 18H.02, 18K.03, 27.01, 223.16, 231.01,  
 24.34 and 232.21 apply to this chapter.

25.1 (b) For purposes of this chapter, "associated rules" means rules adopted under this  
25.2 chapter, chapter 18G, 18H, 18K, 27, 223, 231, or 232, or sections 21.80 to 21.92.

25.3 Sec. 22. Minnesota Statutes 2014, section 18J.02, is amended to read:

25.4 **18J.02 DUTIES OF COMMISSIONER.**

25.5 The commissioner shall administer and enforce this chapter, chapters 18G, 18H,  
25.6 18K, 27, 223, 231, and 232; sections 21.80 to 21.92; and associated rules.

25.7 Sec. 23. Minnesota Statutes 2014, section 18J.03, is amended to read:

25.8 **18J.03 CIVIL LIABILITY.**

25.9 A person regulated by this chapter, chapter 18G, 18H, 18K, 27, 223, 231, or 232,  
25.10 or sections 21.80 to 21.92, is civilly liable for any violation of one of those statutes or  
25.11 associated rules by the person's employee or agent.

25.12 Sec. 24. Minnesota Statutes 2014, section 18J.04, subdivision 1, is amended to read:

25.13 Subdivision 1. **Access and entry.** The commissioner, upon presentation of official  
25.14 department credentials, must be granted immediate access at reasonable times to sites  
25.15 where a person manufactures, distributes, uses, handles, disposes of, stores, or transports  
25.16 seeds, plants, grain, household goods, general merchandise, produce, or other living or  
25.17 nonliving products or other objects regulated under chapter 18G, 18H, 18K, 27, 223, 231,  
25.18 or 232; sections 21.80 to 21.92; or associated rules.

25.19 Sec. 25. Minnesota Statutes 2014, section 18J.04, subdivision 2, is amended to read:

25.20 Subd. 2. **Purpose of entry.** (a) The commissioner may enter sites for:

25.21 (1) inspection of inventory and equipment for the manufacture, storage, handling,  
25.22 distribution, disposal, or any other process regulated under chapter 18G, 18H, 18K, 27,  
25.23 223, 231, or 232; sections 21.80 to 21.92; or associated rules;

25.24 (2) sampling of sites, seeds, plants, products, grain, household goods, general  
25.25 merchandise, produce, or other living or nonliving objects that are manufactured, stored,  
25.26 distributed, handled, or disposed of at those sites and regulated under chapter 18G, 18H,  
25.27 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules;

25.28 (3) inspection of records related to the manufacture, distribution, storage, handling,  
25.29 or disposal of seeds, plants, products, grain, household goods, general merchandise,  
25.30 produce, or other living or nonliving objects regulated under chapter 18G, 18H, 18K, 27,  
25.31 223, 231, or 232; sections 21.80 to 21.92; or associated rules;

26.1 (4) investigating compliance with chapter 18G, 18H, 18K, 27, 223, 231, or 232;  
26.2 sections 21.80 to 21.92; or associated rules; or

26.3 (5) other purposes necessary to implement chapter 18G, 18H, 18K, 27, 223, 231, or  
26.4 232; sections 21.80 to 21.92; or associated rules.

26.5 (b) The commissioner may enter any public or private premises during or after  
26.6 regular business hours without notice of inspection when a suspected violation of chapter  
26.7 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules may  
26.8 threaten public health or the environment.

26.9 Sec. 26. Minnesota Statutes 2014, section 18J.04, subdivision 3, is amended to read:

26.10 Subd. 3. **Notice of inspection samples and analyses.** (a) The commissioner shall  
26.11 provide the owner, operator, or agent in charge with a receipt describing any samples  
26.12 obtained. If requested, the commissioner shall split any samples obtained and provide  
26.13 them to the owner, operator, or agent in charge. If an analysis is made of the samples,  
26.14 a copy of the results of the analysis must be furnished to the owner, operator, or agent  
26.15 in charge within 30 days after an analysis has been performed. If an analysis is not  
26.16 performed, the commissioner must notify the owner, operator, or agent in charge within 30  
26.17 days of the decision not to perform the analysis.

26.18 (b) The sampling and analysis must be done according to methods provided for  
26.19 under applicable provisions of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections  
26.20 21.80 to 21.92; or associated rules. In cases not covered by those sections and methods  
26.21 or in cases where methods are available in which improved applicability has been  
26.22 demonstrated the commissioner may adopt appropriate methods from other sources.

26.23 Sec. 27. Minnesota Statutes 2014, section 18J.04, subdivision 4, is amended to read:

26.24 Subd. 4. **Inspection requests by others.** (a) A person who believes that a violation  
26.25 of chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated  
26.26 rules has occurred may request an inspection by giving notice to the commissioner of the  
26.27 violation. The notice must be in writing, state with reasonable particularity the grounds  
26.28 for the notice, and be signed by the person making the request.

26.29 (b) If after receiving a notice of violation the commissioner reasonably believes that  
26.30 a violation has occurred, the commissioner shall make a special inspection in accordance  
26.31 with the provisions of this section as soon as practicable, to determine if a violation has  
26.32 occurred.

26.33 (c) An inspection conducted pursuant to a notice under this subdivision may cover  
26.34 an entire site and is not limited to the portion of the site specified in the notice. If the

27.1 commissioner determines that reasonable grounds to believe that a violation occurred  
27.2 do not exist, the commissioner must notify the person making the request in writing of  
27.3 the determination.

27.4 Sec. 28. Minnesota Statutes 2014, section 18J.05, subdivision 1, is amended to read:

27.5 Subdivision 1. **Enforcement required.** (a) A violation of chapter 18G, 18H, 18K, 27,  
27.6 223, 231, or 232; sections 21.80 to 21.92; or an associated rule is a violation of this chapter.

27.7 (b) Upon the request of the commissioner, county attorneys, sheriffs, and other  
27.8 officers having authority in the enforcement of the general criminal laws must take action  
27.9 to the extent of their authority necessary or proper for the enforcement of chapter 18G,  
27.10 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules or valid  
27.11 orders, standards, stipulations, and agreements of the commissioner.

27.12 Sec. 29. Minnesota Statutes 2014, section 18J.05, subdivision 2, is amended to read:

27.13 Subd. 2. **Commissioner's discretion.** If minor violations of chapter 18G, 18H,  
27.14 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules occur or the  
27.15 commissioner believes the public interest will be best served by a suitable notice of  
27.16 warning in writing, this section does not require the commissioner to:

- 27.17 (1) report the violation for prosecution;  
27.18 (2) institute seizure proceedings; or  
27.19 (3) issue a withdrawal from distribution, stop-sale, or other order.

27.20 Sec. 30. Minnesota Statutes 2014, section 18J.05, subdivision 6, is amended to read:

27.21 Subd. 6. **Agent for service of process.** All persons licensed, permitted, registered,  
27.22 or certified under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or  
27.23 associated rules must appoint the commissioner as the agent upon whom all legal process  
27.24 may be served and service upon the commissioner is deemed to be service on the licensee,  
27.25 permittee, registrant, or certified person.

27.26 Sec. 31. Minnesota Statutes 2014, section 18J.06, is amended to read:

27.27 **18J.06 FALSE STATEMENT OR RECORD.**

27.28 A person must not knowingly make or offer a false statement, record, or other  
27.29 information as part of:

- 27.30 (1) an application for registration, license, certification, or permit under chapter 18G,  
27.31 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules;

28.1 (2) records or reports required under chapter 18G, 18H, 18K, 27, 223, 231, or 232;  
28.2 sections 21.80 to 21.92; or associated rules; or

28.3 (3) an investigation of a violation of chapter 18G, 18H, 18K, 27, 223, 231, or 232;  
28.4 sections 21.80 to 21.92; or associated rules.

28.5 Sec. 32. Minnesota Statutes 2014, section 18J.07, subdivision 3, is amended to read:

28.6 Subd. 3. **Cancellation of registration, permit, license, certification.** The  
28.7 commissioner may cancel or revoke a registration, permit, license, or certification  
28.8 provided for under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92;  
28.9 or associated rules or refuse to register, permit, license, or certify under provisions of  
28.10 chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated rules  
28.11 if the registrant, permittee, licensee, or certified person has used fraudulent or deceptive  
28.12 practices in the evasion or attempted evasion of a provision of chapter 18G, 18H, 18K, 27,  
28.13 223, 231, or 232; sections 21.80 to 21.92; or associated rules.

28.14 Sec. 33. Minnesota Statutes 2014, section 18J.07, subdivision 4, is amended to read:

28.15 Subd. 4. **Service of order or notice.** (a) If a person is not available for service of an  
28.16 order, the commissioner may attach the order to the facility, site, seed or seed container,  
28.17 plant or other living or nonliving object regulated under chapter 18G, 18H, 18K, 27, 223,  
28.18 231, or 232; sections 21.80 to 21.92; or associated rules and notify the owner, custodian,  
28.19 other responsible party, or registrant.

28.20 (b) The seed, seed container, plant, or other living or nonliving object regulated  
28.21 under chapter 18G, 18H, 18K, 27, 223, 231, or 232; sections 21.80 to 21.92; or associated  
28.22 rules may not be sold, used, tampered with, or removed until released under conditions  
28.23 specified by the commissioner, by an administrative law judge, or by a court.

28.24 Sec. 34. Minnesota Statutes 2014, section 18J.07, subdivision 5, is amended to read:

28.25 Subd. 5. **Unsatisfied judgments.** (a) An applicant for a license, permit, registration,  
28.26 or certification under provisions of this chapter, chapter 18G, 18H, 18K, 27, 223, 231, or  
28.27 232; sections 21.80 to 21.92; or associated rules may not allow a final judgment against  
28.28 the applicant for damages arising from a violation of those statutes or rules to remain  
28.29 unsatisfied for a period of more than 30 days.

28.30 (b) Failure to satisfy, within 30 days, a final judgment resulting from a violation of this  
28.31 chapter results in automatic suspension of the license, permit, registration, or certification.

29.1 Sec. 35. Minnesota Statutes 2014, section 18J.09, is amended to read:

29.2 **18J.09 CREDITING OF PENALTIES, FEES, AND COSTS.**

29.3 Penalties, cost reimbursements, fees, and other money collected under this chapter  
29.4 must be deposited into the state treasury and credited to the appropriate nursery and  
29.5 phytosanitary, industrial hemp, or seed account.

29.6 Sec. 36. Minnesota Statutes 2014, section 18J.11, subdivision 1, is amended to read:

29.7 Subdivision 1. **General violation.** Except as provided in subdivisions 2 ~~and~~ 3, and  
29.8 4, a person is guilty of a misdemeanor if the person violates this chapter or an order,  
29.9 standard, stipulation, agreement, or schedule of compliance of the commissioner.

29.10 Sec. 37. Minnesota Statutes 2014, section 18J.11, is amended by adding a subdivision  
29.11 to read:

29.12 Subd. 4. **Controlled substance offenses.** Prosecution under this section does not  
29.13 preclude prosecution under chapter 152.

29.14 Sec. 38. **[18K.01] SHORT TITLE.**

29.15 This chapter may be referred to as the "Industrial Hemp Development Act."

29.16 Sec. 39. **[18K.02] FINDINGS; PURPOSE.**

29.17 The legislature finds that the development and use of industrial hemp can improve  
29.18 the state's economy and agricultural vitality and the production of industrial hemp can  
29.19 be regulated so as not to interfere with the strict regulation of controlled substances in  
29.20 this state. The purpose of the Industrial Hemp Development Act is to promote the state  
29.21 economy and agriculture industry by permitting the development of a regulated industrial  
29.22 hemp industry while maintaining strict control of marijuana.

29.23 Sec. 40. **[18K.03] DEFINITIONS.**

29.24 Subdivision 1. **Scope.** The definitions in this section apply to this chapter.

29.25 Subd. 2. **Commissioner.** "Commissioner" means the commissioner of agriculture.

29.26 Subd. 3. **Industrial hemp.** "Industrial hemp" means the plant Cannabis sativa L.  
29.27 and any part of the plant, whether growing or not, with a delta-9 tetrahydrocannabinol  
29.28 concentration of not more than 0.3 percent on a dry weight basis. Industrial hemp is not  
29.29 marijuana as defined in section 152.01, subdivision 9.

29.30 Subd. 4. **Marijuana.** "Marijuana" has the meaning given in section 152.01,  
29.31 subdivision 9.

30.1 Sec. 41. **[18K.035] PILOT PROGRAM; OTHER RESEARCH AUTHORIZED.**

30.2 Subdivision 1. **Authorized activity.** The commissioner may grow or cultivate  
30.3 industrial hemp pursuant to a pilot program administered by the commissioner to study the  
30.4 growth, cultivation, or marketing of industrial hemp. The commissioner may:

30.5 (1) authorize institutions of higher education to grow or cultivate industrial hemp as  
30.6 part of the commissioner's pilot program or as is necessary to perform other agricultural,  
30.7 renewable energy, or academic research; and

30.8 (2) contract with public or private entities for testing or other activities authorized  
30.9 under this subdivision.

30.10 Authorized activity under this section may include collecting seed from wild hemp sources.

30.11 Subd. 2. **Site registration.** Before growing or cultivating industrial hemp pursuant  
30.12 to this section, each site must be registered with and certified by the commissioner. A  
30.13 person must register each site annually in the form prescribed by the commissioner and  
30.14 must pay the annual registration and certification fee established by the commissioner in  
30.15 accordance with section 16A.1285, subdivision 2.

30.16 Subd. 3. **Rulemaking.** The commissioner may adopt rules that govern the pilot  
30.17 program pursuant to this section and Public Law 113-79.

30.18 Sec. 42. **[18K.04] AGRICULTURAL CROP; POSSESSION AUTHORIZED.**

30.19 Industrial hemp is an agricultural crop in this state. A person may possess, transport,  
30.20 process, sell, or buy industrial hemp that is grown pursuant to this chapter.

30.21 Sec. 43. **[18K.05] LICENSING.**

30.22 Subdivision 1. **Requirement; issuance; presumption.** (a) A person must obtain a  
30.23 license from the commissioner before growing industrial hemp for commercial purposes.  
30.24 A person must apply to the commissioner in the form prescribed by the commissioner and  
30.25 must pay the annual registration and inspection fee established by the commissioner in  
30.26 accordance with section 16A.1285, subdivision 2. The license application must include  
30.27 the name and address of the applicant and the legal description of the land area or areas  
30.28 where industrial hemp will be grown by the applicant.

30.29 (b) When an applicant has paid the fee and completed the application process to the  
30.30 satisfaction of the commissioner, the commissioner must issue a license which is valid  
30.31 until December 31 of the year of application.

30.32 (c) A person licensed under this section is presumed to be growing industrial hemp  
30.33 for commercial purposes.

31.1 Subd. 2. **Background check; data classification.** The commissioner must require  
31.2 each first-time applicant for a license to submit to a background investigation conducted  
31.3 by the Bureau of Criminal Apprehension as a condition of licensure. As part of the  
31.4 background investigation, the Bureau of Criminal Apprehension must conduct criminal  
31.5 history checks of Minnesota records and is authorized to exchange fingerprints with the  
31.6 United States Department of Justice, Federal Bureau of Investigation for the purpose of a  
31.7 criminal background check of the national files. The cost of the investigation must be paid  
31.8 by the applicant. Criminal history records provided to the commissioner under this section  
31.9 must be treated as private data on individuals, as defined in section 13.02, subdivision 12.

31.10 Subd. 3. **Federal requirements.** The applicant must demonstrate to the satisfaction  
31.11 of the commissioner that the applicant has complied with all applicable federal  
31.12 requirements pertaining to the production, distribution, and sale of industrial hemp.

31.13 Sec. 44. **[18K.06] ANNUAL REPORT; SALES NOTIFICATION.**

31.14 (a) Annually, a licensee must file with the commissioner:

31.15 (1) documentation demonstrating to the commissioner's satisfaction that the seeds  
31.16 planted by the licensee are of a type and variety that contain no more than three-tenths of  
31.17 one percent delta-9 tetrahydrocannabinol; and

31.18 (2) a copy of any contract to grow industrial hemp.

31.19 (b) Within 30 days, a licensee must notify the commissioner of each sale or  
31.20 distribution of industrial hemp grown by the licensee including, but not limited to, the  
31.21 name and address of the person receiving the industrial hemp and the amount of industrial  
31.22 hemp sold or distributed.

31.23 Sec. 45. **[18K.07] RULEMAKING.**

31.24 (a) The commissioner shall adopt rules governing the production, testing, and  
31.25 licensing of industrial hemp, including, but not limited to:

31.26 (1) supervising and inspecting industrial hemp during its growth and harvest;

31.27 (2) testing industrial hemp to determine delta-9 tetrahydrocannabinol levels;

31.28 (3) using the results of the background checks required under section 18K.05 to  
31.29 approve or deny a license application; and

31.30 (4) any other rule or procedure necessary to carry out the purposes of this chapter.

31.31 (b) Rules issued under this section must be consistent with federal law regarding  
31.32 the production, distribution, and sale of industrial hemp.

31.33 **EFFECTIVE DATE.** This section is effective the day after the federal government  
31.34 authorizes the commercial production of industrial hemp in this country.

32.1 Sec. 46. **[18K.08] FEES.**

32.2 Fees collected under this chapter must be credited to the industrial hemp account,  
32.3 which is hereby established in the agricultural fund in the state treasury. Interest earned  
32.4 in the account accrues to the account. Funds in the industrial hemp account are annually  
32.5 appropriated to the commissioner to implement and enforce this chapter.

32.6 Sec. 47. **[18K.09] DEFENSE FOR POSSESSION OF MARIJUANA.**

32.7 It is an affirmative defense to a prosecution for the possession of marijuana under  
32.8 chapter 152 if:

32.9 (1) the defendant possesses industrial hemp grown pursuant to this chapter; or

32.10 (2) the defendant has a valid controlled substance registration from the United States  
32.11 Department of Justice, Drug Enforcement Administration, if required under federal law.

32.12 Sec. 48. Minnesota Statutes 2014, section 21.89, subdivision 2, is amended to read:

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

32.17 (1) for initial labelers who sell 50,000 pounds or less of agricultural seed each  
32.18 calendar year, an annual permit issued for a fee established in section 21.891, subdivision  
32.19 2, paragraph (b);

32.20 (2) for initial labelers who sell vegetable, flower, and wildflower seed packed for  
32.21 use in home gardens or household plantings, and initial labelers who sell native grasses  
32.22 and wildflower seed in commercial or agricultural quantities, an annual permit issued for  
32.23 a fee established in section 21.891, subdivision 2, paragraph (c), based upon the gross  
32.24 sales from the previous year; and

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

32.28 In addition, the person shall furnish to the commissioner an itemized statement of all  
32.29 seeds sold in Minnesota for the periods established by the commissioner. This statement  
32.30 shall be delivered, along with the payment of the fee, based upon the amount and type  
32.31 of seed sold, to the commissioner no later than 30 days after the end of each reporting  
32.32 period. Any person holding a permit shall show as part of the analysis labels or invoices  
32.33 on all agricultural, vegetable, flower, wildflower, tree, or shrub seeds all information the

33.1 commissioner requires. The commissioner may revoke any permit in the event of failure  
33.2 to comply with applicable laws and rules.

33.3 Sec. 49. Minnesota Statutes 2014, section 21.891, subdivision 2, is amended to read:

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

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

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

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

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

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

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

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

33.19 and

33.20 (6) for gross sales of \$500,001 ~~and above~~ to \$1,000,000, the annual permit fee is  
33.21 ~~\$2,000~~ \$3,000; and

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

33.23 (d) The application for a seed permit covered by section 21.89, subdivision 2, clause  
33.24 (3), must be accompanied by an application fee of ~~\$50~~ \$75. Initial labelers holding seed  
33.25 fee permits covered under this paragraph need not apply for a new permit or pay the  
33.26 application fee. Under this permit category, the fees for the following kinds of agricultural  
33.27 seed sold either in bulk or containers are:

33.28 (1) oats, wheat, and barley, ~~6.3~~ 9 cents per hundredweight;

33.29 (2) rye, field beans, ~~soybeans~~, buckwheat, and flax, ~~8.4~~ 12 cents per hundredweight;

33.30 (3) field corn, ~~29.4~~ 17 cents per ~~hundredweight~~ 80,000 seed unit;

33.31 (4) forage, lawn and turf grasses, and legumes, ~~49~~ 69 cents per hundredweight;

33.32 (5) sunflower, ~~\$1.40~~ \$1.96 per hundredweight;

33.33 (6) sugar beet, ~~\$3.29~~ 12 cents per hundredweight 100,000 seed unit; and

33.34 (7) soybeans, 7.5 cents per 140,000 seed unit; and

34.1 ~~(7)~~ (8) for any agricultural seed not listed in clauses (1) to ~~(6)~~ (7), the fee for the crop  
34.2 most closely resembling it in normal planting rate applies.

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

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

34.11 (g) All seed fee permit holders must file semiannual reports with the commissioner,  
34.12 even if no seed was sold during the reporting period. Each semiannual report must be  
34.13 submitted within 30 days of the end of each reporting period. The reporting periods are  
34.14 October 1 to March 31 and April 1 to September 30 of each year or July 1 to December  
34.15 31 and January 1 to June 30 of each year. Permit holders may change their reporting  
34.16 periods with the approval of the commissioner.

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

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

34.27 Sec. 50. Minnesota Statutes 2014, section 21.891, subdivision 5, is amended to read:

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

34.30 Sec. 51. Minnesota Statutes 2014, section 25.341, subdivision 2, is amended to read:

34.31 Subd. 2. **Application; fee; term.** A person who is required to have a commercial  
34.32 feed license shall submit an application on a form provided or approved by the  
34.33 commissioner accompanied by a fee of ~~\$25~~ \$75 paid to the commissioner for each  
34.34 location. A license is not transferable from one person to another, from one ownership to

35.1 another, or from one location to another. The license year is the calendar year. A license  
35.2 expires on December 31 of the year for which it is issued, except that a license is valid  
35.3 through January 31 of the next year or until the issuance of the renewal license, whichever  
35.4 comes first, if the licensee has filed a renewal application with the commissioner on or  
35.5 before December 31 of the year for which the current license was issued. Any person who  
35.6 is required to have, but fails to obtain a license or a licensee who fails to comply with  
35.7 license renewal requirements, shall pay a ~~\$50~~ \$100 late fee in addition to the license fee.

35.8 Sec. 52. Minnesota Statutes 2014, section 25.39, subdivision 1, is amended to read:

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

35.12 (1) no fee need be paid on:

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

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

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

35.25 (b) In the case of pet food distributed in the state only in packages of ten pounds  
35.26 or less, a listing of each product and a current label for each product must be submitted  
35.27 annually on forms provided by the commissioner and accompanied by an annual fee of  
35.28 ~~\$50~~ \$100 for each product in lieu of the inspection fee. This annual fee is due by July 1.  
35.29 The inspection fee required by paragraph (a) applies to pet food distributed in packages  
35.30 exceeding ten pounds.

35.31 (c) In the case of specialty pet food distributed in the state only in packages of  
35.32 ten pounds or less, a listing of each product and a current label for each product must  
35.33 be submitted annually on forms provided by the commissioner and accompanied by an  
35.34 annual fee of ~~\$25~~ \$100 for each product in lieu of the inspection fee. This annual fee is

36.1 due by July 1. The inspection fee required by paragraph (a) applies to specialty pet food  
36.2 distributed in packages exceeding ten pounds.

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

36.4 Sec. 53. Minnesota Statutes 2014, section 25.39, subdivision 1a, is amended to read:

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

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

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

36.17 Sec. 54. Minnesota Statutes 2014, section 28A.03, is amended by adding a subdivision  
36.18 to read:

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

36.23 Sec. 55. **[28A.152] COTTAGE FOODS EXEMPTION.**

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

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

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

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

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

37.3 (i) the products are pickles, vegetables, or fruits having an equilibrium pH value of  
37.4 4.6 or lower;

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

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

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

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

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

37.16 (1) directly to the ultimate consumer;

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

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

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

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

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

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

37.31 Subd. 4. **Registration.** An individual who prepares and sells exempt food under  
37.32 subdivision 1 must register annually with the commissioner. The annual registration fee is  
37.33 \$50. An individual with \$5,000 or less in annual gross receipts from the sale of exempt  
37.34 food under this section is not required to pay the registration fee.

37.35 Subd. 5. **Training.** (a) An individual with gross receipts between \$5,000 and  
37.36 \$18,000 in a calendar year from the sale of exempt food under this section must complete a

38.1 safe food handling training course that is approved by the commissioner before registering  
38.2 under subdivision 4. The training shall not exceed eight hours and must be completed  
38.3 every three years while the individual is registered under subdivision 4.

38.4 (b) An individual with gross receipts of less than \$5,000 in a calendar year from  
38.5 the sale of exempt food under this section must satisfactorily complete an online course  
38.6 and exam as approved by the commissioner before registering under subdivision 4. The  
38.7 commissioner shall offer the online course and exam under this paragraph at no cost to  
38.8 the individual.

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

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

38.16 Sec. 56. Minnesota Statutes 2014, section 32.075, is amended to read:

38.17 **32.075 TERM OF LICENSE; TRANSFERABILITY; FEES AND PENALTIES.**

38.18 ~~Every~~ An initial license issued by the commissioner ~~shall be for a period ending~~  
38.19 expires on the following December 31st day of December next following, and ~~shall~~ is not  
38.20 be transferable. A renewal license is valid for two years and expires on December 31 of  
38.21 the second year. The fee for each such an initial or renewal license shall be \$50 and each  
38.22 renewal thereof shall be \$25 and is \$60. The fee shall be paid to the commissioner before  
38.23 any the commissioner issues an initial or renewal license or renewal thereof is issued. If a  
38.24 license renewal is not applied for on or before January 1 of each year, a penalty of \$10 \$30  
38.25 shall be imposed. A person who does not renew a license within one year following its  
38.26 December 31 expiration date, except those persons who do not renew such license while  
38.27 engaged in active military service, shall be required to prove competency and qualification  
38.28 pursuant to section 32.073, before a license is issued. The commissioner may require any  
38.29 other person who renews a license to prove competency and qualification in the same  
38.30 manner. All license fees and penalties received by the commissioner shall be paid into the  
38.31 state treasury deposited in the dairy services account in the agricultural fund.

38.32 Sec. 57. Minnesota Statutes 2014, section 32.105, is amended to read:

38.33 **32.105 MILK PROCUREMENT FEE.**

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

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

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

39.13 Sec. 58. [41A.14] AGRICULTURE RESEARCH, EDUCATION, EXTENSION,  
39.14 AND TECHNOLOGY TRANSFER ADVISORY BOARD.

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

39.17 (1) the commissioner of agriculture;

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

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

39.22 (4) a representative of the Minnesota Farm Bureau and a representative of the  
39.23 Minnesota Farmers Union;

39.24 (5) a person representing agriculture industry statewide;

39.25 (6) a representative of each of the state commodity councils organized under section  
39.26 17.54 and the Minnesota Pork Board;

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

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

39.29 (9) a person representing statewide environment and natural resource conservation  
39.30 organizations.

39.31 The commissioner and the dean shall be cochairs. The commissioner, the dean, and the  
39.32 representative of the Minnesota State Colleges and Universities system are nonvoting  
39.33 members of the board.

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

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

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

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

40.14 (1) agricultural research and technology transfer needs and recipients including  
40.15 agricultural research and extension at the University of Minnesota, research and outreach  
40.16 centers; the College of Food, Agricultural and Natural Resource Sciences; the Minnesota  
40.17 Agricultural Experiment Station; University of Minnesota Extension; the University of  
40.18 Minnesota Veterinary School; the Veterinary Diagnostic Laboratory; the Stakman-Borlaug  
40.19 Center; and the Minnesota Agricultural Fertilizer Research and Education Council;

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

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

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

40.30 Sec. 59. **[41A.15] DEFINITIONS.**

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

40.33 Subd. 2. **Advanced biofuel.** "Advanced biofuel" has the meaning given in section  
40.34 239.051, subdivision 1a.

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

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

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

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

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

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

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

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

41.22 Sec. 60. **[41A.16] ADVANCED BIOFUEL PRODUCTION INCENTIVE.**

41.23 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must  
41.24 source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or  
41.25 less from the state border, raw materials may be sourced from within a 100-mile radius.  
41.26 Raw materials must be from agricultural or forestry sources or from solid waste. The  
41.27 facility must be located in Minnesota, must begin production at a specific location by June  
41.28 30, 2025, and must not begin operating above 95,000 MMbtu of annual biofuel production  
41.29 before July 1, 2015. Eligible facilities include existing companies and facilities that are  
41.30 adding advanced biofuel production capacity, or retrofitting existing capacity, as well as  
41.31 new companies and facilities. Production of conventional corn ethanol and conventional  
41.32 biodiesel is not eligible. Eligible advanced biofuel facilities must produce at least 95,000  
41.33 MMbtu a year.

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

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

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

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

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

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

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

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

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

42.26 (2) 30 percent during the third and fourth years of eligible production; and

42.27 (3) 50 percent during the fifth through tenth years of eligible production.

42.28 Subd. 4. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic  
42.29 biomass must be produced using Minnesota state biomass harvesting guidelines or the  
42.30 equivalent. All biomass from brushlands must be produced using Minnesota brushland  
42.31 harvesting biomass harvest guidelines or the equivalent. Forestry-derived cellulosic  
42.32 biomass that comes from land parcels greater than 160 acres must be certified by the Forest  
42.33 Stewardship Council, Sustainable Forestry Initiative, or American Tree Farm System.  
42.34 Uncertified land from parcels of 160 acres or less and federal land must be harvested by  
42.35 a logger who has completed training for biomass harvesting from the Minnesota logger  
42.36 education program or the equivalent and have a forest stewardship plan.

43.1 Subd. 5. **Agricultural cellulosic biomass sourcing plan.** (a) An eligible producer  
43.2 who utilizes agricultural cellulosic biomass must submit a responsible biomass sourcing  
43.3 plan for approval by the commissioner prior to applying for payments under this section.  
43.4 The commissioner shall make the plan publicly available. The plan must:

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

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

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

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

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

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

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

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

44.1 Standards for Attestation Engagements established by the American Institute of Certified  
44.2 Public Accountants.

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

44.5 Sec. 61. [41A.17] RENEWABLE CHEMICAL PRODUCTION INCENTIVE.

44.6 Subdivision 1. Eligibility. (a) A facility eligible for payment under this program  
44.7 must source at least 80 percent biobased content, as defined in section 41A.105,  
44.8 subdivision 1a, clause (1), from Minnesota. If a facility is sited 50 miles or less from the  
44.9 state border, biobased content must be sourced from within a 100-mile radius. Biobased  
44.10 content must be from agricultural or forestry sources or from solid waste. The facility  
44.11 must be located in Minnesota, must begin production at a specific location by June 30,  
44.12 2025, and must not begin production of 3,000,000 pounds of chemicals annually before  
44.13 January 1, 2015. Eligible facilities include existing companies and facilities that are  
44.14 adding production capacity, or retrofitting existing capacity, as well as new companies and  
44.15 facilities. Eligible renewable chemical facilities must produce at least 3,000,000 pounds  
44.16 per year. Renewable chemicals produced through processes that are fully commercial  
44.17 before January 1, 2000, are not eligible.

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

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

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

44.25 (e) Advanced biofuel production for which payment has been received under section  
44.26 41A.16, and biomass thermal production for which payment has been received under  
44.27 section 41A.18, are not eligible for payment under this section.

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

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

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

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

45.12 Subd. 3. **Cellulosic biomass requirements.** All forestry-derived cellulosic biomass  
45.13 must be produced using Minnesota state biomass harvesting guidelines or the equivalent.  
45.14 All cellulosic biomass from brushlands must be produced using Minnesota brushland  
45.15 harvesting biomass harvest guidelines or the equivalent. Forestry-derived cellulosic  
45.16 biomass that comes from land parcels greater than 160 acres must be certified by the Forest  
45.17 Stewardship Council, Sustainable Forestry Initiative, or American Tree Farm System.  
45.18 Uncertified land from parcels of 160 acres or less and federal land must be harvested by  
45.19 a logger who has completed training for biomass harvesting from the Minnesota logger  
45.20 education program or the equivalent and have a forest stewardship plan.

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

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

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

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

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

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

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

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

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

46.19 **Sec. 62. [41A.18] BIOMASS THERMAL PRODUCTION INCENTIVE.**

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

46.29 (b) No payments shall be made for biomass thermal production that occurs after June  
46.30 30, 2035, for those eligible biomass thermal producers under paragraph (a).

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

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

47.1 (e) Biofuel production for which payment has been received under section 41A.16,  
47.2 and renewable chemical production for which payment has been received under section  
47.3 41A.17, are not eligible for payment under this section.

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

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

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

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

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

47.22 Subd. 3. **Cellulosic biomass requirements.** All forestry-derived cellulosic biomass  
47.23 must be produced using Minnesota state biomass harvesting guidelines or the equivalent.  
47.24 All biomass from brushland must be produced using Minnesota brushland harvesting  
47.25 biomass guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from  
47.26 land parcels greater than 160 acres must be certified by the Forest Stewardship Council,  
47.27 the Sustainable Forestry Initiative, or American Tree Farm. Uncertified land from parcels  
47.28 of 160 acres or less and federal land must be harvested by a logger who has completed  
47.29 training for biomass harvesting from the Minnesota logger education program or the  
47.30 equivalent and have a forest stewardship plan.

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

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

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

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

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

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

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

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

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

48.29 **Sec. 63. [41A.19] REPORT; INCENTIVE PROGRAMS.**

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

48.34 **Sec. 64.** Minnesota Statutes 2014, section 41B.03, subdivision 6, is amended to read:

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

49.9 Sec. 65. Minnesota Statutes 2014, section 41B.03, is amended by adding a subdivision  
49.10 to read:

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

49.15 Sec. 66. Minnesota Statutes 2014, section 41B.04, subdivision 17, is amended to read:

49.16 Subd. 17. **Application and origination fee.** The authority may impose a reasonable  
49.17 nonrefundable application fee for each application and an origination fee for each loan  
49.18 issued under the loan restructuring program. The origination fee is 1.5 percent of the  
49.19 authority's participation interest in the loan and the application fee is \$50. The authority  
49.20 may review the fees annually and make adjustments as necessary. The fees must be  
49.21 deposited in the state treasury and credited to ~~an account in the special revenue fund.~~  
49.22 ~~Money in the account is appropriated to the commissioner for administrative expenses~~  
49.23 ~~of the loan restructuring program~~ the Rural Finance Authority administrative account  
49.24 established in section 41B.03.

49.25 Sec. 67. Minnesota Statutes 2014, section 41B.043, subdivision 3, is amended to read:

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

50.1 Sec. 68. Minnesota Statutes 2014, section 41B.045, subdivision 3, is amended to read:

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

50.5 Sec. 69. Minnesota Statutes 2014, section 41B.045, subdivision 4, is amended to read:

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

50.15 Sec. 70. Minnesota Statutes 2014, section 41B.046, subdivision 5, is amended to read:

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

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

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

50.26 (d) The authority may impose a reasonable nonrefundable application fee for each  
50.27 application for a stock loan. The authority may review the fee annually and make  
50.28 adjustments as necessary. The application fee is initially \$50. Application fees received  
50.29 by the authority must be deposited in the ~~revolving loan account established in section~~  
50.30 ~~41B.06~~ Rural Finance Authority administrative account established in section 41B.03.

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

50.33 (f) The authority may not grant stock loans in a cumulative amount exceeding  
50.34 \$2,000,000 for the financing of stock purchases in any one cooperative.

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

51.3 Sec. 71. Minnesota Statutes 2014, section 41B.047, subdivision 1, is amended to read:

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

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

51.9 (2) purchase watering systems, irrigation systems, and other drought mitigation  
51.10 systems and practices when drought is the cause of the purchase;

51.11 (3) restore farmland; or

51.12 (4) replace flocks, make building improvements, or obtain an operating line of credit  
51.13 if the loss or damage is due to the confirmed presence of highly pathogenic avian influenza  
51.14 in a commercial poultry flock in Minnesota.

51.15 Sec. 72. Minnesota Statutes 2014, section 41B.047, subdivision 3, is amended to read:

51.16 Subd. 3. **Eligibility.** To be eligible for this program, a borrower must:

51.17 (1) meet the requirements of section 41B.03, subdivision 1;

51.18 (2) certify that the damage or loss was sustained within a county that was the subject  
51.19 of (i) a state or federal disaster declaration or (ii) a peacetime emergency declaration  
51.20 made by the governor under section 12.31;

51.21 (3) demonstrate an ability to repay the loan;

51.22 (4) have a total net worth, including assets and liabilities of the borrower's spouse  
51.23 and dependents, of less than \$660,000 in 2004 and an amount in subsequent years which  
51.24 is adjusted for inflation by multiplying that amount by the cumulative inflation rate as  
51.25 determined by the Consumer Price Index; and

51.26 (5) have received at least 50 percent of average annual gross income from farming  
51.27 for the past three years.

51.28 Sec. 73. Minnesota Statutes 2014, section 41B.047, subdivision 4, is amended to read:

51.29 Subd. 4. **Loans.** (a) The authority may participate in a disaster recovery loan with  
51.30 an eligible lender to a farmer who is eligible under subdivision 3. Participation is limited  
51.31 to 45 percent of the principal amount of the loan or ~~\$50,000~~ \$200,000, whichever is less.

51.32 The interest rates and repayment terms of the authority's participation interest may differ

52.1 from the interest rates and repayment terms of the lender's retained portion of the loan, but  
52.2 the authority's interest rate must not exceed four percent.

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

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

52.7 (d) The authority may impose a reasonable nonrefundable application fee for a  
52.8 disaster recovery loan. The authority may review the fee annually and make adjustments  
52.9 as necessary. The application fee is initially \$50. Application fees received by the  
52.10 authority must be deposited in the ~~revolving loan account established under section~~  
52.11 ~~41B.06~~ Rural Finance Authority administrative account established in section 41B.03.

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

52.14 (f) Repayments of financial assistance under this section, including principal and  
52.15 interest, must be deposited into the revolving loan account established under section  
52.16 41B.06.

52.17 Sec. 74. Minnesota Statutes 2014, section 41B.048, subdivision 6, is amended to read:

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

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

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

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

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

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

52.30 (3) 70 percent of the estimated value of one year's growth of the crop for years  
52.31 four through 12.

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

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

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

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

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

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

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

53.21 Sec. 75. Minnesota Statutes 2014, section 41B.049, subdivision 4, is amended to read:

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

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

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

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

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

53.33 (f) The authority may impose a reasonable nonrefundable application fee for  
53.34 each application for a direct loan or a loan participation. The authority may review the  
53.35 application fees annually and make adjustments as necessary. The application fee is

54.1 initially set at \$100 for a loan under subdivision 1. The fees received by the authority must  
54.2 be deposited in the ~~revolving loan account established in section 41B.06~~ Rural Finance  
54.3 Authority administrative account established in section 41B.03.

54.4 Sec. 76. Minnesota Statutes 2014, section 41B.055, subdivision 3, is amended to read:

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

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

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

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

54.18 (e) The authority may impose a reasonable, nonrefundable application fee for  
54.19 a livestock equipment loan. The authority may review the fee annually and make  
54.20 adjustments as necessary. The initial application fee is \$50. Application fees received  
54.21 by the authority must be deposited in the ~~revolving loan account established in section~~  
54.22 41B.06 Rural Finance Authority administrative account established in section 41B.03.

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

54.25 Sec. 77. Minnesota Statutes 2014, section 41B.056, subdivision 2, is amended to read:

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

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

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

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

55.4 Sec. 78. **[41B.057] FARM OPPORTUNITY LOAN PROGRAM.**

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

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

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

55.9 (3) reduce or improve management of agricultural inputs resulting in environmental  
55.10 improvements; or

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

55.12 Subd. 2. **Loan criteria.** (a) The farm opportunity loan program shall provide loans  
55.13 for purchase of new or used equipment and installation of equipment for projects that  
55.14 make environmental improvements and enhance farm profitability. The loan program  
55.15 shall also be used to add value to crops or livestock produced in Minnesota by, but not  
55.16 limited to, initiating or expanding livestock product processing; purchasing equipment to  
55.17 initiate, upgrade, or modernize value-added agricultural businesses; or increasing farmers'  
55.18 processing and aggregating capacity facilitating entry into farm-to-institution and other  
55.19 markets. Eligible loan uses do not include expenses related to seeds, fertilizer, fuel, or  
55.20 other operating expenses.

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

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

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

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

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

55.33 Subd. 3. **Loan participation.** The authority may participate in a farm opportunity  
55.34 loan with an eligible lender, as defined in section 41B.02, subdivision 8, to a farmer or a  
55.35 group of farmers on joint projects who are eligible under subdivision 2, paragraph (c),

56.1 and who are actively engaged in farming. Participation is limited to 45 percent of the  
 56.2 principal amount of the loan or \$45,000 per individual, whichever is less. For loans to a  
 56.3 group made up of four or more individuals, participation is limited to 45 percent of the  
 56.4 principal amount of the loan or \$180,000, whichever is less. The interest rate on the  
 56.5 loans must not exceed six percent.

56.6 Sec. 79. Minnesota Statutes 2014, section 41B.06, is amended to read:

56.7 **41B.06 RURAL FINANCE AUTHORITY REVOLVING LOAN ACCOUNT.**

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

56.17 Sec. 80. Minnesota Statutes 2014, section 135A.52, is amended by adding a  
 56.18 subdivision to read:

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

56.22 Sec. 81. Minnesota Statutes 2014, section 375.30, subdivision 2, is amended to read:

56.23 Subd. 2. **Wild hemp.** A county board, by resolution, may appropriate and spend  
 56.24 money as necessary to spray and otherwise eradicate wild hemp, ~~commonly known as~~  
 56.25 ~~marijuana~~, on private property within the county. The county board may authorize the  
 56.26 use of county equipment, personnel and supplies and materials to spray or otherwise  
 56.27 eradicate wild hemp on private property, and may pro rate the expenses involved between  
 56.28 the county and owner or occupant of the property. Industrial hemp grown by a person  
 56.29 licensed under chapter 18K is not wild hemp.

56.30 Sec. 82. Minnesota Statutes 2014, section 500.24, subdivision 4, is amended to read:

56.31 Subd. 4. **Reports.** (a) The chief executive officer of every pension or investment  
 56.32 fund, corporation, limited partnership, limited liability company, or entity that is seeking

57.1 to qualify for an exemption from the commissioner, and the trustee of a family farm trust  
57.2 that holds any interest in agricultural land or land used for the breeding, feeding, pasturing,  
57.3 growing, or raising of livestock, dairy or poultry, or products thereof, or land used for  
57.4 the production of agricultural crops or fruit or other horticultural products, other than a  
57.5 bona fide encumbrance taken for purposes of security, or which is engaged in farming  
57.6 or proposing to commence farming in this state after May 20, 1973, shall file with the  
57.7 commissioner a report containing the following information and documents:

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

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

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

57.18 (4) the names and addresses of the officers, administrators, directors, or trustees of  
57.19 the pension or investment fund, or of the officers, shareholders owning more than ten  
57.20 percent of the stock, including the percent of stock owned by each such shareholder, the  
57.21 members of the board of directors of the corporation, and the members of the limited  
57.22 liability company, and the general and limited partners and the percentage of interest in  
57.23 the partnership by each partner;

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

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

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

57.32 The report of a corporation, trust, limited liability company, or partnership seeking  
57.33 to qualify hereunder as a family farm corporation, an authorized farm corporation, an  
57.34 authorized livestock farm corporation, a family farm partnership, an authorized farm  
57.35 partnership, a family farm limited liability company, an authorized farm limited liability  
57.36 company, or a family farm trust or under an exemption from the commissioner shall



59.1 \$2,000,000 in 2015 is for a grant to Second  
59.2 Harvest Heartland on behalf of the six  
59.3 Feeding America food banks that serve  
59.4 Minnesota to compensate agricultural  
59.5 producers and processors for costs incurred  
59.6 to harvest and package for transfer surplus  
59.7 fruits, vegetables, or other agricultural  
59.8 commodities that would otherwise go  
59.9 unharvested ~~or~~ be discarded, or be sold in  
59.10 a secondary market. Surplus commodities  
59.11 must be distributed statewide to food  
59.12 shelves and other charitable organizations  
59.13 that are eligible to receive food from the  
59.14 food banks. Surplus food acquired under  
59.15 this appropriation must be from Minnesota  
59.16 producers and processors. Second Harvest  
59.17 Heartland must report when required by, and  
59.18 in the form prescribed by, the commissioner.  
59.19 ~~For fiscal year 2015, Second Harvest~~  
59.20 ~~Heartland may use up to 11 percent of any~~  
59.21 ~~grant received for administrative expenses~~  
59.22 ~~and up to four percent of the grant for~~  
59.23 ~~transportation expenses. For fiscal years~~  
59.24 ~~2016 and 2017, Second Harvest Heartland~~  
59.25 ~~may use up to five percent of any grant~~  
59.26 ~~received for administrative expenses. This~~  
59.27 ~~is a onetime appropriation and is available~~  
59.28 ~~until June 30, 2017.~~  
59.29 The commissioner shall examine how other  
59.30 states are implementing the industrial hemp  
59.31 research authority provided in Public Law  
59.32 113-79 and gauge the interest of Minnesota  
59.33 higher education institutions. No later  
59.34 than January 15, 2015, the commissioner  
59.35 must report the information and items for  
59.36 legislative consideration to the legislative

60.1 committees with jurisdiction over agriculture  
60.2 policy and finance.  
60.3 \$350,000 in 2015 is for an increase in retail  
60.4 food handler inspections.  
60.5 \$200,000 in 2015 is added to the  
60.6 appropriation in Laws 2013, chapter 114,  
60.7 article 1, section 3, subdivision 4, for  
60.8 distribution to the state's county fairs. This is  
60.9 a onetime appropriation.  
60.10 \$200,000 in 2015 is for a grant as determined  
60.11 by the commissioner to a public higher  
60.12 education institution to research porcine  
60.13 epidemic diarrhea virus. This is a onetime  
60.14 appropriation and is available until June 30,  
60.15 2017.

60.16 Sec. 84. **LIVESTOCK INDUSTRY STUDY.**

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

60.25 Sec. 85. **FEASIBILITY STUDY; IMPORTING BAIT FISH FOR RESALE.**

60.26 The commissioner of agriculture shall conduct a study to assess the feasibility of a  
60.27 Minnesota company with a valid importation permit under Minnesota Statutes, section  
60.28 97C.515, procuring health-certified, farm-raised bait fish from an out-of-state facility and  
60.29 transporting the fish directly to a Minnesota facility for the purpose of resale. The work  
60.30 group also must study how to increase Minnesota production of the bait fish species that  
60.31 would otherwise be imported from producers in other states. The commissioner shall  
60.32 appoint a work group of seven individuals to conduct the study, including representatives  
60.33 of the Departments of Agriculture and Natural Resources, Explore Minnesota, and private

61.1 aquaculture, a University of Minnesota aquatic invasive species specialist, a Minnesota  
61.2 aquaculture extension agent, and a United States Fish and Wildlife aquatic invasive  
61.3 species specialist. The work group shall report the study to the legislative policy and  
61.4 finance committees and divisions with jurisdiction over agriculture, environment, and  
61.5 natural resources by February 1, 2016.

61.6 Sec. 86. **CORRECTIONAL FACILITY VOCATIONAL TRAINING PILOT**  
61.7 **PROGRAM.**

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

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

61.16 (1) Northeast Regional Corrections Center; and

61.17 (2) United Food and Commercial Workers.

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

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

61.22 Sec. 87. **URBAN AGRICULTURE DEVELOPMENT PROPOSAL.**

61.23 The commissioner of agriculture must convene interested stakeholders and develop  
61.24 a proposal to effectively and efficiently promote urban agriculture in Minnesota cities.  
61.25 For purposes of this section, "urban agriculture" means producing agricultural plants,  
61.26 poultry, or livestock on public or private property within city limits. No later than January  
61.27 15, 2016, the commissioner must report to the legislative committees with jurisdiction  
61.28 over agriculture policy and finance and submit proposed legislation that includes a new  
61.29 definition of urban agriculture if the commissioner and stakeholders determine that a  
61.30 different definition more accurately defines urban agriculture.

61.31 Sec. 88. **BALANCES TRANSFERRED; ACCOUNTS ABOLISHED.**

61.32 The balances in the accounts created under Minnesota Statutes, sections 41B.03,  
61.33 subdivision 6; 41B.04, subdivision 17; 41B.043, subdivision 3; and 41B.045, subdivision

62.1 4, are transferred to the Rural Finance Authority administrative account established under  
62.2 Minnesota Statutes, section 41B.03, subdivision 7, and the original accounts are abolished.

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

62.6 Sec. 89. **REPEALER.**

62.7 Minnesota Statutes 2014, sections 17.115; 28A.15, subdivisions 9 and 10; and  
62.8 116V.03, are repealed.

APPENDIX  
Article locations in H1437-3

ARTICLE 1 AGRICULTURE APPROPRIATIONS ..... Page.Ln 1.32  
ARTICLE 2 AGRICULTURE POLICY ..... Page.Ln 17.1

**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;

APPENDIX

Repealed Minnesota Statutes: H1437-3

(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.