

SENATE
STATE OF MINNESOTA
EIGHTY-SEVENTH LEGISLATURE **S.F. No. 1016**

(SENATE AUTHORS: MAGNUS)

DATE	D-PG	OFFICIAL STATUS
03/23/2011	633	Introduction and first reading (For the Committee on Agriculture and Rural Economics) Referred to Finance
03/25/2011	710a 754	Comm report: To pass as amended Second reading
03/28/2011	770a 771	Special Order: Amended Third reading Passed
03/30/2011	1118 1119	Returned from House with amendment Senate not concur, conference committee of 5 requested
03/31/2011	1125	Senate conferees Magnus; Kubly; Dahms; Nienow; Miller
04/04/2011	1152	House conferees Hamilton; Anderson, P.; Shimanski; LeMieur; Eken
04/14/2011	1346c 1361	Conference committee report, delete everything Senate adopted CC report and repassed bill Third reading
04/18/2011	1372	House adopted SCC report and repassed bill Presentment date 04/14/11
04/26/2011	1396 1396	Governor's action Approval 04/15/11 Secretary of State Chapter 14 04/15/11 Effective date Sec. 1-15 07/01/11; Sec. 16 06/30/13 See also SF1115, Sec. 2, 99 See also HF2398, Art. 1, Sec. 78

A bill for an act

relating to agriculture; appropriating money for agriculture, the Board of Animal Health, and the Agricultural Utilization Research Institute; changing certain agriculture-related provisions, requirements, and programs; amending Minnesota Statutes 2010, sections 17.135; 18B.03, subdivision 1; 18C.005, by adding a subdivision; 18C.111, by adding a subdivision; 18D.201, by adding a subdivision; 18E.03, subdivision 4; 27.041, by adding a subdivision; 38.01; 373.01, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 35; repealing Minnesota Statutes 2010, section 41A.09, subdivisions 1a, 2a, 3a, 4, 10.

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

Section 1. **SUMMARY OF APPROPRIATIONS.**

The amounts shown in this section summarize direct appropriations, by fund, made in this article.

	<u>2012</u>	<u>2013</u>	<u>Total</u>
<u>General</u>	\$ 45,406,000	\$ 31,195,000	\$ 76,601,000
<u>Agricultural</u>	\$ 800,000	\$ 800,000	\$ 1,600,000
<u>Remediation</u>	\$ 388,000	\$ 388,000	\$ 776,000
<u>Total</u>	<u>\$ 46,594,000</u>	<u>\$ 32,383,000</u>	<u>\$ 78,977,000</u>

Sec. 2. **AGRICULTURE APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this act. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this act mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013,

2.1 respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013.
 2.2 "The biennium" is fiscal years 2012 and 2013.

2.3 APPROPRIATIONS
 2.4 Available for the Year
 2.5 Ending June 30
 2.6 2012 2013

2.7 Sec. 3. DEPARTMENT OF AGRICULTURE

2.8 Subdivision 1. Total Appropriation \$ 39,110,000 \$ 24,899,000

2.9	<u>Appropriations by Fund</u>	
2.10	<u>2012</u>	<u>2013</u>
2.11	<u>General</u> <u>37,922,000</u>	<u>23,711,000</u>
2.12	<u>Remediation</u> <u>388,000</u>	<u>388,000</u>
2.13	<u>Agricultural</u> <u>800,000</u>	<u>800,000</u>

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

2.17 Subd. 2. Protection Services 12,473,000 12,193,000

2.18	<u>Appropriations by Fund</u>	
2.19	<u>General</u> <u>12,085,000</u>	<u>11,805,000</u>
2.20	<u>Remediation</u> <u>388,000</u>	<u>388,000</u>

2.21 \$388,000 the first year and \$388,000 the
 2.22 second year are from the remediation fund
 2.23 for administrative funding for the voluntary
 2.24 cleanup program.

2.25 \$75,000 the first year and \$75,000 the second
 2.26 year are for compensation for destroyed or
 2.27 crippled animals under Minnesota Statutes,
 2.28 section 3.737. If the amount in the first year
 2.29 is insufficient, the amount in the second year
 2.30 is available in the first year.

2.31 \$75,000 the first year and \$75,000 the second
 2.32 year are for compensation for crop damage
 2.33 under Minnesota Statutes, section 3.7371. If
 2.34 the amount in the first year is insufficient, the

3.1 amount in the second year is available in the
3.2 first year.

3.3 If the commissioner determines that claims
3.4 made under Minnesota Statutes, section
3.5 3.737 or 3.7371, are unusually high, amounts
3.6 appropriated for either program may be
3.7 transferred to the appropriation for the other
3.8 program.

3.9 \$245,000 the first year and \$245,000 the
3.10 second year are for an increase in retail
3.11 food handler inspections. This is a onetime
3.12 appropriation. No later than February 1,
3.13 2013, the commissioner shall report to the
3.14 chairs and ranking minority members of
3.15 the legislative committees with jurisdiction
3.16 over agriculture finance regarding the
3.17 commissioner's progress in addressing
3.18 the department's shortfall of necessary
3.19 inspections and recommendations for fee
3.20 changes to eliminate the shortfall.

3.21 \$280,000 the first year is for an increase in
3.22 anhydrous ammonia oversight. No later than
3.23 February 1, 2013, the commissioner shall
3.24 report to the chairs and ranking minority
3.25 members of the legislative committees
3.26 with jurisdiction over agriculture finance
3.27 regarding the commissioner's progress in
3.28 addressing the department's shortfall of
3.29 necessary inspections and recommendations
3.30 for fee changes to eliminate the shortfall.

3.31 **Subd. 3. Agricultural Marketing and**
3.32 **Development**

3,062,000

3,062,000

3.33 \$186,000 the first year and \$186,000 the
3.34 second year are for transfer to the Minnesota
3.35 grown account and may be used as grants

4.1 for Minnesota grown promotion under
4.2 Minnesota Statutes, section 17.102. Grants
4.3 may be made for one year. Notwithstanding
4.4 Minnesota Statutes, section 16A.28, the
4.5 appropriations encumbered under contract on
4.6 or before June 30, 2013, for Minnesota grown
4.7 grants in this paragraph are available until
4.8 June 30, 2015. \$50,000 of the appropriation
4.9 in each year is for efforts that identify
4.10 and promote Minnesota grown products in
4.11 retail food establishments including but not
4.12 limited to restaurants, grocery stores, and
4.13 convenience stores.

4.14 \$100,000 the first year and \$100,000 the
4.15 second year are to provide training and
4.16 technical assistance to county and town
4.17 officials relating to livestock siting issues
4.18 and local zoning and land use planning,
4.19 including maintenance of the checklist
4.20 template clarifying the federal, state,
4.21 and local government requirements for
4.22 consideration of an animal agriculture
4.23 modernization or expansion project. For the
4.24 training and technical assistance program,
4.25 the commissioner shall continue to seek
4.26 guidance, advice, and support of livestock
4.27 producer organizations, general agricultural
4.28 organizations, local government associations,
4.29 academic institutions, other government
4.30 agencies, and others with expertise in land
4.31 use and agriculture.

4.32 Up to \$100,000 each year of this
4.33 appropriation may be used for grants to
4.34 farmers for demonstration projects involving
4.35 sustainable agriculture as authorized in
4.36 Minnesota Statutes, section 17.116. Of the

5.1 amount for grants, up to \$20,000 may be
5.2 used for dissemination of information about
5.3 the demonstration projects. Notwithstanding
5.4 Minnesota Statutes, section 16A.28, the
5.5 appropriations encumbered under contract
5.6 on or before June 30, 2013, for sustainable
5.7 agriculture grants in this paragraph are
5.8 available until June 30, 2015.

5.9 \$10,000 the first year and \$10,000 the
5.10 second year are for annual cost-share
5.11 payments to resident farmers or persons
5.12 who sell, process, or package agricultural
5.13 products in this state for the costs of organic
5.14 certification. Annual cost-share payments
5.15 per farmer must be two-thirds of the cost
5.16 of the certification or \$350, whichever is
5.17 less. In any year that a resident farmer or
5.18 person who sells, processes, or packages
5.19 agricultural products in this state receives
5.20 a federal organic certification cost-share
5.21 payment, that resident farmer or person is
5.22 not eligible for state cost-share payments. A
5.23 certified farmer is eligible to receive annual
5.24 certification cost-share payments for up to
5.25 five years. The commissioner may allocate
5.26 any excess appropriation in either fiscal year
5.27 for organic market and program development
5.28 including organic producer education efforts,
5.29 assistance for persons transitioning from
5.30 conventional to organic agriculture, or
5.31 sustainable agriculture demonstration grants
5.32 authorized under Minnesota Statutes, section
5.33 17.116, and pertaining to organic research or
5.34 demonstration. Any unencumbered balance
5.35 does not cancel at the end of the first year
5.36 and is available for the second year.

6.1 \$100,000 each year is for a licensed
6.2 education professional for the Agriculture
6.3 in the Classroom program to develop and
6.4 disseminate curriculum, provide teacher
6.5 training opportunities, and work with
6.6 schools to enhance agricultural literacy by
6.7 incorporating agriculture into classroom
6.8 curriculum.

6.9 **Subd. 4. Bioenergy and Value-Added**
6.10 **Agriculture**

16,332,000

2,301,000

6.11 \$13,732,000 the first year is for ethanol
6.12 producer payments under Minnesota Statutes,
6.13 section 41A.09. If the total amount for
6.14 which all producers are eligible in a quarter
6.15 exceeds the amount available for payments,
6.16 the commissioner shall make payments on a
6.17 pro rata basis. If the appropriation exceeds
6.18 the total amount for which all producers are
6.19 eligible, the balance in the appropriation
6.20 is available to the commissioner for the
6.21 agricultural growth, research, and innovation
6.22 program under Minnesota Statutes, section
6.23 41A.12. The appropriation remains available
6.24 until spent.

6.25 \$2,500,000 the first year is for bioenergy
6.26 grants. The NextGen Energy Board,
6.27 established in Minnesota Statutes, section
6.28 41A.105, shall make recommendations to
6.29 the commissioner on grants for owners of
6.30 Minnesota facilities producing bioenergy,
6.31 organizations that provide for on-station,
6.32 on-farm field scale research and outreach to
6.33 develop and test the agronomic and economic
6.34 requirements of diverse stands of prairie
6.35 plants and other perennials for bioenergy
6.36 systems, or certain nongovernmental

7.1 entities. For the purposes of this paragraph,
7.2 "bioenergy" includes transportation fuels
7.3 derived from cellulosic material, as well as
7.4 the generation of energy for commercial heat,
7.5 industrial process heat, or electrical power
7.6 from cellulosic material via gasification or
7.7 other processes. Grants are limited to 50
7.8 percent of the cost of research, technical
7.9 assistance, or equipment related to bioenergy
7.10 production or \$500,000, whichever is less.
7.11 Grants to nongovernmental entities for
7.12 the development of business plans and
7.13 structures related to community ownership
7.14 of eligible bioenergy facilities together
7.15 may not exceed \$150,000. The board shall
7.16 make a good-faith effort to select projects
7.17 that have merit, and, when taken together,
7.18 represent a variety of bioenergy technologies,
7.19 biomass feedstocks, and geographic
7.20 regions of the state. Projects must have a
7.21 qualified engineer provide certification on
7.22 the technology and fuel source. Grantees
7.23 must provide reports at the request of the
7.24 commissioner. No later than February 1,
7.25 2013, the commissioner shall report on the
7.26 projects funded under this appropriation to
7.27 the legislative committees with jurisdiction
7.28 over agriculture finance. The commissioner's
7.29 costs in administering the program may
7.30 be paid from the appropriation. This is a
7.31 onetime appropriation and is available until
7.32 June 30, 2013.
7.33 \$2,301,000 the second year is for the
7.34 agricultural growth, research, and innovation
7.35 program in Minnesota Statutes, section
7.36 41A.12. The commissioner may use up to

8.1 4.5 percent of this appropriation for costs
 8.2 incurred to administer the program. Any
 8.3 unencumbered balance does not cancel at the
 8.4 end of the first year and is available in the
 8.5 second year. The base budget for fiscal year
 8.6 2014 and later is \$10,247,000 each year.
 8.7 \$100,000 the first year is to provide a grant
 8.8 for a feasibility study, site identification, and
 8.9 site acquisition for a proposed biomass plant
 8.10 in Lake of the Woods County.

8.11 **Subd. 5. Administration and Financial**
 8.12 **Assistance** 7,243,000 7,343,000

	<u>Appropriations by Fund</u>	
8.14 <u>General</u>	<u>6,443,000</u>	<u>6,543,000</u>
8.15 <u>Agricultural</u>	<u>800,000</u>	<u>800,000</u>

8.16 \$634,000 the first year and \$634,000 the
 8.17 second year are for continuation of the dairy
 8.18 development and profitability enhancement
 8.19 and dairy business planning grant programs
 8.20 established under Laws 1997, chapter
 8.21 216, section 7, subdivision 2, and Laws
 8.22 2001, First Special Session chapter 2,
 8.23 section 9, subdivision 2. The commissioner
 8.24 may allocate the available sums among
 8.25 permissible activities, including efforts to
 8.26 improve the quality of milk produced in the
 8.27 state in the proportions that the commissioner
 8.28 deems most beneficial to Minnesota's
 8.29 dairy farmers. The commissioner must
 8.30 submit a detailed accomplishment report
 8.31 and a work plan detailing future plans for,
 8.32 and anticipated accomplishments from,
 8.33 expenditures under this program to the
 8.34 chairs and ranking minority members of the
 8.35 legislative committees with jurisdiction over
 8.36 agricultural policy and finance on or before

9.1 the start of each fiscal year. If significant
9.2 changes are made to the plans in the course
9.3 of the year, the commissioner must notify the
9.4 chairs and ranking minority members.

9.5 \$47,000 the first year and \$47,000 the
9.6 second year are for the Northern Crops
9.7 Institute. These appropriations may be spent
9.8 to purchase equipment.

9.9 \$18,000 the first year and \$18,000 the
9.10 second year are for a grant to the Minnesota
9.11 Livestock Breeders Association.

9.12 \$235,000 the first year and \$235,000 the
9.13 second year are for grants to the Minnesota
9.14 Agricultural Education and Leadership
9.15 Council for programs of the council under
9.16 Minnesota Statutes, chapter 41D.

9.17 \$474,000 the first year and \$474,000 the
9.18 second year are for payments to county and
9.19 district agricultural societies and associations
9.20 under Minnesota Statutes, section 38.02,
9.21 subdivision 1. Aid payments to county and
9.22 district agricultural societies and associations
9.23 shall be disbursed no later than July 15 of
9.24 each year. These payments are the amount of
9.25 aid from the state for an annual fair held in
9.26 the previous calendar year.

9.27 \$1,000 the first year and \$1,000 the second
9.28 year are for grants to the Minnesota State
9.29 Poultry Association.

9.30 \$108,000 the first year and \$108,000 the
9.31 second year are for annual grants to the
9.32 Minnesota Turf Seed Council for basic
9.33 and applied research on: (1) the improved
9.34 production of forage and turf seed related to
9.35 new and improved varieties; and (2) native

10.1 plants, including plant breeding, nutrient
10.2 management, pest management, disease
10.3 management, yield, and viability. The grant
10.4 recipient may subcontract with a qualified
10.5 third party for some or all of the basic or
10.6 applied research.

10.7 \$500,000 the first year and \$500,000 the
10.8 second year are for grants to Second Harvest
10.9 Heartland on behalf of Minnesota's six
10.10 Second Harvest food banks for the purchase
10.11 of milk for distribution to Minnesota's food
10.12 shelves and other charitable organizations
10.13 that are eligible to receive food from the food
10.14 banks. Milk purchased under the grants must
10.15 be acquired from Minnesota milk processors
10.16 and based on low-cost bids. The milk must be
10.17 allocated to each Second Harvest food bank
10.18 serving Minnesota according to the formula
10.19 used in the distribution of United States
10.20 Department of Agriculture commodities
10.21 under The Emergency Food Assistance
10.22 Program (TEFAP). Second Harvest
10.23 Heartland must submit quarterly reports
10.24 to the commissioner on forms prescribed
10.25 by the commissioner. The reports must
10.26 include, but are not limited to, information
10.27 on the expenditure of funds, the amount
10.28 of milk purchased, and the organizations
10.29 to which the milk was distributed. Second
10.30 Harvest Heartland may enter into contracts
10.31 or agreements with food banks for shared
10.32 funding or reimbursement of the direct
10.33 purchase of milk. Each food bank receiving
10.34 money from this appropriation may use up to
10.35 two percent of the grant for administrative
10.36 expenses.

11.1 \$94,000 the first year and \$94,000 the
11.2 second year are for transfer to the Board of
11.3 Trustees of the Minnesota State Colleges
11.4 and Universities for statewide mental health
11.5 counseling support to farm families and
11.6 business operators through farm business
11.7 management programs at Central Lakes
11.8 College and Ridgewater College.

11.9 \$17,000 the first year and \$17,000 the
11.10 second year are for grants to the Minnesota
11.11 Horticultural Society.

11.12 Notwithstanding Minnesota Statutes,
11.13 section 18C.131, \$800,000 the first year
11.14 and \$800,000 the second year are from the
11.15 fertilizer account in the agricultural fund
11.16 for grants for fertilizer research as awarded
11.17 by the Minnesota Agricultural Fertilizer
11.18 Research and Education Council under
11.19 Minnesota Statutes, section 18C.71. The
11.20 amount appropriated in either fiscal year
11.21 must not exceed 57 percent of the inspection
11.22 fee revenue collected under Minnesota
11.23 Statutes, section 18C.425, subdivision 6,
11.24 during the previous fiscal year. No later
11.25 than February 1, 2013, the commissioner
11.26 shall report to the legislative committees
11.27 with jurisdiction over agriculture finance.
11.28 The report must include the progress and
11.29 outcome of funded projects as well as the
11.30 sentiment of the council concerning the need
11.31 for additional research funds.

11.32 \$100,000 the second year is for a grant to the
11.33 Center for Rural Policy and Development in
11.34 St. Peter. This is a onetime appropriation.
11.35 By January 15, 2012, the Center shall report

12.1 to the chairs and ranking minority members
12.2 of the senate and house of representatives
12.3 committees on agricultural finance on the
12.4 planned expenditures of money appropriated
12.5 in this paragraph.

12.6 Sec. 4. **BOARD OF ANIMAL HEALTH** \$ 4,841,000 \$ 4,841,000

12.7 Sec. 5. **AGRICULTURAL UTILIZATION**
12.8 **RESEARCH INSTITUTE** \$ 2,643,000 \$ 2,643,000

12.9 Sec. 6. Minnesota Statutes 2010, section 17.135, is amended to read:

12.10 **17.135 FARM DISPOSAL OF SOLID WASTE.**

12.11 (a) A permit is not required from a state agency, except under sections 88.16,
12.12 88.17, and 88.22 for a person who owns or operates land used for farming that buries, or
12.13 burns and buries;

12.14 (1) solid waste generated from the person's household or as part of the person's
12.15 farming operation ~~if the burying is done~~; or

12.16 (2) concrete or reinforcing bar from a building or structure located on the land
12.17 used for farming.

12.18 Items in clauses (1) and (2) must be buried in a nuisance-free, pollution-free, and
12.19 aesthetic manner on the land used for farming. ~~This~~ The exception in clause (1) does not
12.20 apply if regularly scheduled pickup of solid waste is reasonably available at the person's
12.21 farm, as determined by resolution of the county board of the county where the person's
12.22 farm is located.

12.23 (b) ~~This~~ The exemption in paragraph (a), clause (1), does not apply to burning tires
12.24 or plastics, except plastic baling twine, or to burning or burial of the following materials:

12.25 (1) household hazardous waste as defined in section 115A.96, subdivision 1;

12.26 (2) appliances, including but not limited to, major appliances as defined in section
12.27 115A.03, subdivision 17a;

12.28 (3) household batteries;

12.29 (4) used motor oil; and

12.30 (5) lead acid batteries from motor vehicles.

12.31 (c) Within 90 days after completion of the burial, an owner of land used for farming
12.32 who buries material under the authority of paragraph (a), clause (2), shall record, with the
12.33 county recorder or registrar of titles of the county in which the land is located, an affidavit
12.34 containing a legal description of the property and a map drawn from available information

13.1 showing the boundary of the property and the location of concrete or reinforcing bar
13.2 buried on the property. The county recorder or registrar of titles must record an affidavit
13.3 presented under this paragraph in a manner that ensures its disclosure in the ordinary
13.4 course of a title search of the subject property.

13.5 Sec. 7. Minnesota Statutes 2010, section 18B.03, subdivision 1, is amended to read:

13.6 Subdivision 1. **Administration by commissioner.** The commissioner shall
13.7 administer, implement, and enforce this chapter and the Department of Agriculture is
13.8 the lead state agency for the regulation of pesticides. The commissioner has the sole
13.9 regulatory authority over the terrestrial application of pesticides, including, but not limited
13.10 to, the application of pesticides to agricultural crops, structures, and other nonaquatic
13.11 environments.

13.12 Sec. 8. Minnesota Statutes 2010, section 18C.005, is amended by adding a subdivision
13.13 to read:

13.14 Subd. 1b. **Ammonia and anhydrous ammonia.** "Ammonia" and "anhydrous
13.15 ammonia" are used interchangeably and mean a compound formed by the chemical
13.16 combinations of the elements nitrogen and hydrogen in the molar proportion of one
13.17 part nitrogen to three parts hydrogen. This relationship is shown by the chemical
13.18 formula, NH₃. On a weight basis, the ratio is 14 parts nitrogen to three parts hydrogen
13.19 or approximately 82 percent nitrogen to 18 percent hydrogen. Ammonia may exist in
13.20 either a gaseous or a liquid state. Ammonia or anhydrous ammonia does not include
13.21 aqua ammonia or ammonium hydroxide, which are solutions of ammonia in water and
13.22 are sometimes called ammonia.

13.23 Sec. 9. Minnesota Statutes 2010, section 18C.111, is amended by adding a subdivision
13.24 to read:

13.25 Subd. 4. **Certification of regulatory compliance.** (a) The commissioner may,
13.26 under rules adopted under section 18C.121, subdivision 1, certify a person to offer or
13.27 perform a regulatory compliance inspection of any person or site that stores, handles, or
13.28 distributes ammonia or anhydrous ammonia fertilizer.

13.29 (b) Pursuant to those rules, a person certified under paragraph (a) may issue a
13.30 certification of compliance to an inspected person or site if the certified person documents
13.31 in writing full compliance with the provisions of this chapter and rules adopted under
13.32 this chapter.

14.1 (c) A person or site issued a certification of compliance must provide a copy of the
14.2 certification to the commissioner immediately upon request or within 90 days following
14.3 certification.

14.4 (d) Certifications of compliance are valid for a period of three years. The
14.5 commissioner may determine a different time period in the interest of public safety or for
14.6 other reasonable cause.

14.7 Sec. 10. Minnesota Statutes 2010, section 18D.201, is amended by adding a
14.8 subdivision to read:

14.9 Subd. 7. **Compliance and inspection frequency.** (a) The commissioner may
14.10 implement policies and procedures that provide for a decrease in the frequency of
14.11 regulatory inspection for a person or site issued a certification of compliance pursuant to
14.12 section 18C.111, subdivision 4.

14.13 (b) The commissioner must consider the compliance history, enforcement record,
14.14 and other public safety or environmental risk factors in determining the eligibility of a
14.15 person or site for the reduced frequency of inspection described in paragraph (a). If the
14.16 commissioner determines that a person or site is ineligible, the commissioner must notify
14.17 the person or site of that ineligibility and the reasons for that determination.

14.18 (c) The compliance findings of the commissioner's inspection of a person or site that
14.19 stores, handles, or distributes ammonia and anhydrous ammonia fertilizer may be used
14.20 as a basis for decreased frequency of regulatory inspection, as described in paragraphs
14.21 (a) and (b).

14.22 Sec. 11. Minnesota Statutes 2010, section 18E.03, subdivision 4, is amended to read:

14.23 Subd. 4. **Fee.** (a) The response and reimbursement fee consists of the surcharges and
14.24 any adjustments made by the commissioner in this subdivision and shall be collected by
14.25 the commissioner. The amount of the response and reimbursement fee shall be determined
14.26 and imposed annually by the commissioner as required to satisfy the requirements in
14.27 subdivision 3. The commissioner shall adjust the amount of the surcharges imposed in
14.28 proportion to the amount of the surcharges listed in this subdivision. License application
14.29 categories under paragraph (d) must be charged in proportion to the amount of surcharges
14.30 imposed up to a maximum of 50 percent of the license fees set under chapters 18B and
14.31 18C.

14.32 (b) The commissioner shall impose a surcharge on pesticides registered under
14.33 chapter 18B to be collected as a surcharge on the gross sales under section 18B.26,
14.34 subdivision 3, that is equal to 0.1 percent of sales of the pesticide in the state and sales

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15.1 of pesticides for use in the state during the previous calendar year, except the surcharge
15.2 may not be imposed on pesticides that are sanitizers or disinfectants as determined by the
15.3 commissioner. No surcharge is required if the surcharge amount based on percent of
15.4 annual gross sales of a nonagricultural pesticide is less than \$10. Sales of pesticides in
15.5 the state for use outside of the state are exempt from the surcharge in this paragraph if
15.6 the registrant, agricultural pesticide dealer, or pesticide dealer properly documents the
15.7 sale location and the distributors.

15.8 (c) The commissioner shall impose a ten cents per ton surcharge on the inspection
15.9 fee under section 18C.425, subdivision 6, for fertilizers, soil amendments, and plant
15.10 amendments.

15.11 (d) The commissioner shall impose a surcharge on the license application of persons
15.12 licensed under chapters 18B and 18C consisting of:

15.13 (1) a \$75 surcharge for each site where pesticides are stored or distributed, to
15.14 be imposed as a surcharge on pesticide dealer application fees under section 18B.31,
15.15 subdivision 5, and the agricultural pesticide dealer application fee under section 18B.316,
15.16 subdivision 10;

15.17 (2) a \$75 surcharge for each site where a fertilizer, plant amendment, or soil
15.18 amendment is distributed, to be imposed on persons licensed under sections 18C.415
15.19 and 18C.425;

15.20 (3) a \$50 surcharge to be imposed on a structural pest control applicator license
15.21 application under section 18B.32, subdivision 6, for business license applications only;

15.22 (4) a \$20 surcharge to be imposed on commercial applicator license application fees
15.23 under section 18B.33, subdivision 7; and

15.24 (5) a \$20 surcharge to be imposed on noncommercial applicator license application
15.25 fees under section 18B.34, subdivision 5, except a surcharge may not be imposed on a
15.26 noncommercial applicator that is a state agency, political subdivision of the state, the
15.27 federal government, or an agency of the federal government.

15.28 (e) A \$1,000 fee shall be imposed on each site where pesticides are stored and sold
15.29 for use outside of the state unless:

15.30 (1) the distributor properly documents that it has less than \$2,000,000 per year in
15.31 wholesale value of pesticides stored and transferred through the site; or

15.32 (2) the registrant pays the surcharge under paragraph (b) and the registration fee
15.33 under section 18B.26, subdivision 3, for all of the pesticides stored at the site and sold for
15.34 use outside of the state.

15.35 (f) Paragraphs (c) to (e) apply to sales, licenses issued, applications received for
15.36 licenses, and inspection fees imposed on or after July 1, 1990.

16.1 Sec. 12. Minnesota Statutes 2010, section 27.041, is amended by adding a subdivision
16.2 to read:

16.3 Subd. 3. **Account; appropriation.** A wholesale produce dealers account is created
16.4 in the agricultural fund. All fees, charges, and penalties collected under sections 27.01 to
16.5 27.069 and 27.11 to 27.19, including interest attributable to that money, must be deposited
16.6 in the wholesale produce dealers account. Money in the account is appropriated to the
16.7 commissioner for the purposes of sections 27.01 to 27.069 and 27.11 to 27.19.

16.8 Sec. 13. **[35.815] LIVESTOCK MORTALITIES.**

16.9 (a) Notwithstanding any other law, the executive director of the Board of Animal
16.10 Health is responsible for the regulation and oversight of the disposal of livestock
16.11 mortalities due to animal disease.

16.12 (b) Notwithstanding any other law, the executive director of the Board of Animal
16.13 Health is responsible for the regulation and oversight of livestock mortality disposal due
16.14 to nondisease causes to protect animal health and the environment. The board shall, in
16.15 cases where the disposal may adversely affect ground or surface water, seek the input
16.16 of the Pollution Control Agency.

16.17 Sec. 14. Minnesota Statutes 2010, section 38.01, is amended to read:

16.18 **38.01 COUNTY AGRICULTURAL SOCIETIES; FORMATION, POWERS.**

16.19 (a) An agricultural society or association may be incorporated by citizens of any
16.20 county, or two or more counties jointly, but only one agricultural society shall be organized
16.21 in any county. An agricultural society may sue and be sued in its corporate name; may
16.22 adopt bylaws, rules, and regulations, alter and amend the same; may purchase and hold,
16.23 lease and control any real or personal property deemed to promote the objects of the
16.24 society, and may rent, lease, sell, exchange, and convey the same. Any income from
16.25 the rental or lease of the property may be used for any or all of the following purposes:
16.26 (1) Acquisition of additional real property; (2) Construction of additional buildings; or
16.27 (3) Maintenance and care of the society's property. This section shall not be construed
16.28 to preclude the continuance of any agricultural society now existing or the granting of
16.29 aid to the society.

16.30 (b) An agricultural society shall have jurisdiction and control of the grounds upon
16.31 which its fairs are held and of the streets and adjacent grounds during the fair, so far
16.32 as may be necessary for fair purposes, and are exempt from local zoning ordinances
16.33 throughout the year as provided in section 38.16.

17.1 (c) The society may contract with the sheriff, local municipality, or security guard as
17.2 defined in section 626.88 to provide the society with police service. A person providing
17.3 police service pursuant to a contract is not, by reason of the contract, classified as an
17.4 employee of the agricultural society for any purpose other than the discharge of powers
17.5 and duties under the contract.

17.6 (d) Any person who shall willfully violate any rule or regulation made by agricultural
17.7 societies during the days of a fair shall be guilty of a misdemeanor.

17.8 The provisions of this section supersede all special laws on the same subject.

17.9 Sec. 15. Minnesota Statutes 2010, section 373.01, subdivision 1, is amended to read:

17.10 Subdivision 1. **Public corporation; listed powers.** (a) Each county is a body politic
17.11 and corporate and may:

17.12 (1) Sue and be sued.

17.13 (2) Acquire and hold real and personal property for the use of the county, and lands
17.14 sold for taxes as provided by law.

17.15 (3) Purchase and hold for the benefit of the county real estate sold by virtue of
17.16 judicial proceedings, to which the county is a party.

17.17 (4) Sell, lease, and convey real or personal estate owned by the county, and give
17.18 contracts or options to sell, lease, or convey it, and make orders respecting it as deemed
17.19 conducive to the interests of the county's inhabitants.

17.20 (5) Make all contracts and do all other acts in relation to the property and concerns
17.21 of the county necessary to the exercise of its corporate powers.

17.22 (b) No sale, lease, or conveyance of real estate owned by the county, except the lease
17.23 of a residence acquired for the furtherance of an approved capital improvement project, nor
17.24 any contract or option for it, shall be valid, without first advertising for bids or proposals in
17.25 the official newspaper of the county for three consecutive weeks and once in a newspaper
17.26 of general circulation in the area where the property is located. The notice shall state the
17.27 time and place of considering the proposals, contain a legal description of any real estate,
17.28 and a brief description of any personal property. Leases that do not exceed \$15,000 for any
17.29 one year may be negotiated and are not subject to the competitive bid procedures of this
17.30 section. All proposals estimated to exceed \$15,000 in any one year shall be considered at
17.31 the time set for the bid opening, and the one most favorable to the county accepted, but the
17.32 county board may, in the interest of the county, reject any or all proposals.

17.33 (c) Sales of personal property the value of which is estimated to be \$15,000 or
17.34 more shall be made only after advertising for bids or proposals in the county's official
17.35 newspaper, on the county's Web site, or in a recognized industry trade journal. At the same

18.1 time it posts on its Web site or publishes in a trade journal, the county must publish in the
18.2 official newspaper, either as part of the minutes of a regular meeting of the county board
18.3 or in a separate notice, a summary of all requests for bids or proposals that the county
18.4 advertises on its Web site or in a trade journal. After publication in the official newspaper,
18.5 on the Web site, or in a trade journal, bids or proposals may be solicited and accepted by
18.6 the electronic selling process authorized in section 471.345, subdivision 17. Sales of
18.7 personal property the value of which is estimated to be less than \$15,000 may be made
18.8 either on competitive bids or in the open market, in the discretion of the county board.
18.9 "Web site" means a specific, addressable location provided on a server connected to the
18.10 Internet and hosting World Wide Web pages and other files that are generally accessible
18.11 on the Internet all or most of a day.

18.12 (d) Notwithstanding anything to the contrary herein, the county may, when acquiring
18.13 real property for county highway right-of-way, exchange parcels of real property of
18.14 substantially similar or equal value without advertising for bids. The estimated values for
18.15 these parcels shall be determined by the county assessor.

18.16 (e) Notwithstanding anything in this section to the contrary, the county may, when
18.17 acquiring real property for purposes other than county highway right-of-way, exchange
18.18 parcels of real property of substantially similar or equal value without advertising for bids.
18.19 The estimated values for these parcels must be determined by the county assessor or a
18.20 private appraisal performed by a licensed Minnesota real estate appraiser. Before giving
18.21 final approval to any exchange of land, the county board shall hold a public hearing on
18.22 the exchange. At least two weeks before the hearing, the county auditor shall post a
18.23 notice in the auditor's office and the official newspaper of the county of the hearing that
18.24 contains a description of the lands affected.

18.25 ~~(e)~~ (f) If real estate or personal property remains unsold after advertising for and
18.26 consideration of bids or proposals the county may employ a broker to sell the property.
18.27 The broker may sell the property for not less than 90 percent of its appraised market value
18.28 as determined by the county. The broker's fee shall be set by agreement with the county but
18.29 may not exceed ten percent of the sale price and must be paid from the proceeds of the sale.

18.30 ~~(f)~~ (g) A county or its agent may rent a county-owned residence acquired for the
18.31 furtherance of an approved capital improvement project subject to the conditions set
18.32 by the county board and not subject to the conditions for lease otherwise provided by
18.33 paragraph (a), clause (4), and paragraphs (b), (c), (d), ~~(e)~~, and ~~(g)~~ (f), and (h).

18.34 ~~(g)~~ (h) In no case shall lands be disposed of without there being reserved to the
18.35 county all iron ore and other valuable minerals in and upon the lands, with right to explore
18.36 for, mine and remove the iron ore and other valuable minerals, nor shall the minerals

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19.1 and mineral rights be disposed of, either before or after disposition of the surface rights,
19.2 otherwise than by mining lease, in similar general form to that provided by section 93.20
19.3 for mining leases affecting state lands. The lease shall be for a term not exceeding 50
19.4 years, and be issued on a royalty basis, the royalty to be not less than 25 cents per ton of
19.5 2,240 pounds, and fix a minimum amount of royalty payable during each year, whether
19.6 mineral is removed or not. Prospecting options for mining leases may be granted for
19.7 periods not exceeding one year. The options shall require, among other things, periodical
19.8 showings to the county board of the results of exploration work done.

19.9 ~~(h)~~ (i) Notwithstanding anything in this subdivision to the contrary, the county
19.10 may, when selling real property owned in fee simple that cannot be improved because
19.11 of noncompliance with local ordinances regarding minimum area, shape, frontage, or
19.12 access, proceed to sell the nonconforming parcel without advertising for bid. At the
19.13 county's discretion, the real property may be restricted to sale to adjoining landowners or
19.14 may be sold to any other interested party. The property shall be sold to the highest bidder,
19.15 but in no case shall the property be sold for less than 90 percent of its fair market value
19.16 as determined by the county assessor. All owners of land adjoining the land to be sold
19.17 shall be given a written notice at least 30 days before the sale. This paragraph shall be
19.18 liberally construed to encourage the sale of nonconforming real property and promote
19.19 its return to the tax roles.

19.20 Sec. 16. **REPEALER.**

19.21 Minnesota Statutes 2010, section 41A.09, subdivisions 1a, 2a, 3a, 4, and 10, are
19.22 repealed.

19.23 **EFFECTIVE DATE.** This section is effective June 30, 2013.

41A.09 ETHANOL DEVELOPMENT.

Subd. 1a. **Ethanol production goal.** It is a goal of the state that ethanol production plants in the state attain a total annual production level of:

- (1) 240,000,000 gallons in 2003;
- (2) 300,000,000 gallons in 2004;
- (3) 360,000,000 gallons in 2005 and 2006;
- (4) 420,000,000 gallons in 2007; and
- (5) 480,000,000 gallons in 2008 and subsequent years.

Subd. 2a. **Definitions.** For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(a) "Ethanol" means fermentation ethyl alcohol derived from agricultural products, including potatoes, cereal grains, cheese whey, and sugar beets; forest products; or other renewable resources, including residue and waste generated from the production, processing, and marketing of agricultural products, forest products, and other renewable resources, that:

- (1) meets all of the specifications in ASTM specification D4806-04a; and
- (2) is denatured as specified in Code of Federal Regulations, title 27, parts 20 and 21.

(b) "Ethanol plant" means a plant at which ethanol is produced.

(c) "Commissioner" means the commissioner of agriculture.

(d) "Rural economic infrastructure" means the development of activities that will enhance the value of agricultural crop or livestock commodities or by-products or waste from farming operations through new and improved value-added conversion processes and technologies, the development of more timely and efficient infrastructure delivery systems, and the enhancement of marketing opportunities. "Rural economic infrastructure" also means land, buildings, structures, fixtures, and improvements located or to be located in Minnesota and used or operated primarily for the processing or the support of production of marketable products from agricultural commodities or wind energy produced in Minnesota.

Subd. 3a. **Ethanol producer payments.** (a) The commissioner shall make cash payments to producers of ethanol located in the state that have begun production at a specific location by June 30, 2000. For the purpose of this subdivision, an entity that holds a controlling interest in more than one ethanol plant is considered a single producer. The amount of the payment for each producer's annual production, except as provided in paragraph (c), is 20 cents per gallon for each gallon of ethanol produced at a specific location on or before June 30, 2000, or ten years after the start of production, whichever is later. Annually, within 90 days of the end of its fiscal year, an ethanol producer receiving payments under this subdivision must file a disclosure statement on a form provided by the commissioner. The initial disclosure statement must include a summary description of the organization of the business structure of the claimant, a listing of the percentages of ownership by any person or other entity with an ownership interest of five percent or greater, and a copy of its annual audited financial statements, including the auditor's report and footnotes. The disclosure statement must include information demonstrating what percentage of the entity receiving payments under this section is owned by farmers or other entities eligible to farm or own agricultural land in Minnesota under the provisions of section 500.24. Subsequent annual reports must affirm that majority ownership of the entity is held by farmers or other entities eligible to farm or own agricultural land under section 500.24 or individuals residing within 30 miles of the plant. The report need not disclose the identity of the persons or entities eligible to farm or own agricultural land with ownership interests, individuals residing within 30 miles of the plant, or of any other entity with less than ten percent ownership interest, but the claimant must retain information within its files confirming the accuracy of the data provided. This data must be made available to the commissioner upon request. Not later than the 15th day of February in each year the commissioner shall deliver to the chairs of the standing committees of the senate and the house of representatives that deal with agricultural policy and agricultural finance issues an annual report summarizing aggregated data from plants receiving payments under this section during the preceding calendar year. Audited financial statements and notes and disclosure statements submitted to the commissioner are nonpublic data under section 13.02, subdivision 9. Notwithstanding the provisions of chapter 13 relating to nonpublic data, summaries of the submitted audited financial reports and notes and disclosure statements will be contained in the report to the committee chairs and will be public data.

(b) No payments shall be made for ethanol production that occurs after June 30, 2010. A producer of ethanol shall not transfer the producer's eligibility for payments under this section to an ethanol plant at a different location.

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(c) If the level of production at an ethanol plant increases due to an increase in the production capacity of the plant, the payment under paragraph (a) applies to the additional increment of production until ten years after the increased production began. Once a plant's production capacity reaches 15,000,000 gallons per year, no additional increment will qualify for the payment.

(d) Total payments under paragraphs (a) and (c) to a producer in a fiscal year may not exceed \$3,000,000.

(e) By the last day of October, January, April, and July, each producer shall file a claim for payment for ethanol production during the preceding three calendar months. A producer that files a claim under this subdivision shall include a statement of the producer's total ethanol production in Minnesota during the quarter covered by the claim. For each claim and statement of total ethanol production filed under this subdivision, the volume of ethanol production must be examined by an independent certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants.

(f) Payments shall be made November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed. Except as provided in paragraph (g), the total quarterly payment to a producer under this paragraph may not exceed \$750,000.

(g) Notwithstanding the quarterly payment limits of paragraph (f), the commissioner shall make an additional payment in the fourth quarter of each fiscal year to ethanol producers for the lesser of: (1) 20 cents per gallon of production in the fourth quarter of the year that is greater than 3,750,000 gallons; or (2) the total amount of payments lost during the first three quarters of the fiscal year due to plant outages, repair, or major maintenance. Total payments to an ethanol producer in a fiscal year, including any payment under this paragraph, must not exceed the total amount the producer is eligible to receive based on the producer's approved production capacity. The provisions of this paragraph apply only to production losses that occur in quarters beginning after December 31, 1999.

(h) The commissioner shall reimburse ethanol producers for any deficiency in payments during earlier quarters if the deficiency occurred because of unallotment or because appropriated money was insufficient to make timely payments in the full amount provided in paragraph (a). Notwithstanding the quarterly or annual payment limitations in this subdivision, the commissioner shall begin making payments for earlier deficiencies in each fiscal year that appropriations for ethanol payments exceed the amount required to make eligible scheduled payments. Payments for earlier deficiencies must continue until the deficiencies for each producer are paid in full, except the commissioner shall not make a deficiency payment to an entity that no longer produces ethanol on a commercial scale at the location for which the entity qualified for producer payments or to an assignee of the entity, or an entity that is not majority owned by farmers or other entities eligible to farm or own agricultural land under section 500.24 or individuals residing within 30 miles of the plant.

(i) The commissioner may provide financial assistance under the agricultural growth, research, and innovation program in section 41A.12 with any amount of the annual appropriation for ethanol producer payments that is in excess of the amount required to make scheduled ethanol producer payments and deficiency payments under paragraphs (a) to (h).

Subd. 4. **Rulemaking authority.** The commissioner shall adopt rules to implement this section.

Subd. 10. **Guidelines.** The commissioner shall establish guidelines not subject to chapter 14 for the submission and review of applications and the awarding of grants under subdivision 9.