CONFERENCE COMMITTEE REPORT ON S.F. No. 780

1.2	A bill for an act
1.3 1.4 1.5 1.6 1.7 1.8	relating to agriculture; appropriating money for agriculture-related purposes; making policy and technical changes to agriculture-related provisions; authorizing a transfer, a working group, and accounts; modifying certificate fees; requiring reports; amending Minnesota Statutes 2016, sections 3.7371; 17.119, subdivisions 1, 2; 18.79, subdivision 18; 28A.081; 41A.12, subdivision 3; Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, chapters 17; 18B.
1.10	May 8, 2017
1.11 1.12	The Honorable Michelle L. Fischbach President of the Senate
1.13	The Honorable Kurt L. Daudt
1.14	Speaker of the House of Representatives
1.15 1.16	We, the undersigned conferees for S.F. No. 780 report that we have agreed upon the items in dispute and recommend as follows:
1.17 1.18	That the House recede from its amendments and that S.F. No. 780 be further amended as follows:
1.19	Delete everything after the enacting clause and insert:
1.20	"ARTICLE 1
1.21	AGRICULTURE APPROPRIATIONS
1.22	Section 1. AGRICULTURE APPROPRIATIONS.
1.23	The sums shown in the columns marked "Appropriations" are appropriated to the agencies
1.24	and for the purposes specified in this article. The appropriations are from the general fund,
1.25	or another named fund, and are available for the fiscal years indicated for each purpose.
1.26	The figures "2018" and "2019" used in this article mean that the appropriations listed under
1.27	them are available for the fiscal year ending June 30, 2018, or June 30, 2019, respectively.

is fiscal years 2018 and 2019.	
2.3 2.4 2.5 2.6 APPROPRIAT Available for the Ending June 2018	e Year
Sec. 2. <u>DEPARTMENT OF AGRICULTURE</u>	
2.8 Subdivision 1. Total Appropriation § 51,019,000 §	50,869,000
Appropriations by Fund	
<u>2018</u> <u>2019</u>	
2.11 <u>General</u> <u>50,631,000</u> <u>50,481,000</u>	
2.12 <u>Remediation</u> <u>388,000</u> <u>388,000</u>	
The amounts that may be spent for each	
purpose are specified in the following	
2.15 <u>subdivisions.</u>	
2.16 Subd. 2. Protection Services 17,666,000	17,666,000
Appropriations by Fund	
<u>2018</u> <u>2019</u>	
2.19 <u>General</u> <u>17,278,000</u> <u>17,278,000</u>	
2.20 <u>Remediation</u> <u>388,000</u> <u>388,000</u>	
2.21 (a) \$25,000 the first year and \$25,000 the	
second year are to develop and maintain	
2.23 <u>cottage food license exemption outreach and</u>	
2.24 <u>training materials.</u>	
2.25 (b) \$75,000 the first year and \$75,000 the	
second year are to coordinate the correctional	
2.27 <u>facility vocational training program and to</u>	
assist entities that have explored the feasibility	
of establishing a USDA-certified or state	
2.30 "equal to" food processing facility within 30	
miles of the Northeast Regional Corrections	
2.32 <u>Center.</u>	
2.33 (c) \$250,000 the first year and \$250,000 the	
second year are for transfer to the pollinator	

3.1	$\underline{\text{habitat and research account in the agricultural}}$
3.2	fund. These are onetime transfers.
3.3	(d) \$388,000 the first year and \$388,000 the
3.4	second year are from the remediation fund for
3.5	administrative funding for the voluntary
3.6	cleanup program.
3.7	(e) \$125,000 the first year and \$125,000 the
3.8	second year are for the industrial hemp pilot
3.9	program under Minnesota Statutes, section
3.10	18K.09. These are onetime appropriations.
3.11	(f) \$175,000 the first year and \$175,000 the
3.12	second year are for compensation for
3.13	destroyed or crippled livestock under
3.14	Minnesota Statutes, section 3.737. This
3.15	appropriation may be spent to compensate for
3.16	livestock that were destroyed or crippled
3.17	during fiscal year 2017. If the amount in the
3.18	first year is insufficient, the amount in the
3.19	second year is available in the first year.
3.20	(g) \$155,000 the first year and \$155,000 the
3.21	second year are for compensation for crop
3.22	damage under Minnesota Statutes, section
3.23	3.7371. If the amount in the first year is
3.24	insufficient, the amount in the second year is
3.25	available in the first year. The commissioner
3.26	may use up to \$30,000 of the appropriation
3.27	each year to reimburse expenses incurred by
3.28	the commissioner or the commissioner's
3.29	approved agent to investigate and resolve
3.30	claims.
3.31	If the commissioner determines that claims
3.32	made under Minnesota Statutes, section 3.737
3.33	or 3.7371, are unusually high, amounts
3.34	appropriated for either program may be

transferred to the appropriation for the other
program.
(h) \$250,000 the first year and \$250,000 the
second year are to expand current capabilities
for rapid detection, identification, containment,
control, and management of high priority plant
pests and pathogens. These are onetime
appropriations.
(i) \$300,000 the first year and \$300,000 the
second year are for transfer to the noxious
weed and invasive plant species assistance
account in the agricultural fund to award
grants to local units of government under
Minnesota Statutes, section 18.90, with
preference given to local units of government
responding to Palmer amaranth or other weeds
on the eradicate list. These are onetime
transfers. The commissioner may use up to
4.5 percent of this appropriation for costs
incurred to administer the grant program.
(j) \$120,000 the first year and \$120,000 the
second year are for wolf-livestock conflict
prevention grants under article 2, section 12.
The commissioner must submit a report to the
chairs and ranking minority members of the
legislative committees with jurisdiction over
agriculture policy and finance by January 15,
2020, on the outcomes of the wolf-livestock
conflict prevention grants and whether
livestock compensation claims were reduced
in the areas that grants were awarded. This is
a onetime appropriation.

5.35

this program to the chairs and ranking minority

6.1	members of the legislative committees with		
6.2	jurisdiction over agriculture policy and finance		
6.3	on or before the start of each fiscal year. If		
6.4	significant changes are made to the plans in		
6.5	the course of the year, the commissioner must		
6.6	notify the chairs and ranking minority		
6.7	members.		
6.8	(d) The commissioner may use funds		
6.9	appropriated in this subdivision for annual		
6.10	cost-share payments to resident farmers or		
6.11	entities that sell, process, or package		
6.12	agricultural products in this state for the costs		
6.13	of organic certification. The commissioner		
6.14	may allocate these funds for assistance for		
6.15	persons transitioning from conventional to		
6.16	organic agriculture.		
6.17 6.18	Subd. 4. Agriculture, Bioenergy, and Bioproduct Advancement	21,717,000	21,717,000
6.19	(a) \$9,300,000 the first year and \$9,300,000		
6.20	the second year are for transfer to the		
6.21	agriculture research, education, extension, and		
6.22	technology transfer account under Minnesota		
6.23	Statutes, section 41A.14, subdivision 3. Of		
6.24	these amounts: at least \$600,000 the first year		
6.25	and \$600,000 the second year are for the		
6.26	Minnesota Agricultural Experiment Station's		
6.27	agriculture rapid response fund under		
6.28	Minnesota Statutes, section 41A.14,		
6.29	subdivision 1, clause (2); \$2,000,000 the first		
6.30	year and \$2,000,000 the second year are for		
6.31	grants to the Minnesota Agriculture Education		
6.32	Leadership Council to enhance agricultural		
6.33	education with priority given to Farm Business		
6.34	Management challenge grants; up to \$350,000		
6.35	the first year and up to \$350,000 the second		
6.36	year are for potato breeding; and up to		

7.1	\$450,000 the first year and up to \$450,000 the
7.2	second year are for the cultivated wild rice
7.3	breeding project at the North Central Research
7.4	and Outreach Center to include a tenure
7.5	track/research associate plant breeder. The
7.6	commissioner shall transfer the remaining
7.7	funds in this appropriation each year to the
7.8	Board of Regents of the University of
7.9	Minnesota for purposes of Minnesota Statutes,
7.10	section 41A.14. Of the amount transferred to
7.11	the Board of Regents, up to \$1,000,000 each
7.12	year is for research on avian influenza,
7.13	including prevention measures that can be
7.14	taken.
7.15	To the extent practicable, funds expended
7.16	under Minnesota Statutes, section 41A.14,
7.17	subdivision 1, clauses (1) and (2), must
7.18	supplement and not supplant existing sources
7.19	and levels of funding. The commissioner may
7.20	use up to one percent of this appropriation for
7.21	costs incurred to administer the program.
7.22	(b) \$12,392,000 the first year and \$12,392,000
7.23	the second year are for the agricultural growth,
7.24	research, and innovation program in
7.25	Minnesota Statutes, section 41A.12. Except
7.26	as provided below, the commissioner may
7.27	allocate the appropriation each year among
7.28	the following areas: facilitating the start-up,
7.29	modernization, or expansion of livestock
7.30	operations including beginning and
7.31	transitioning livestock operations; developing
7.32	new markets for Minnesota farmers by
7.33	providing more fruits, vegetables, meat, grain,
7.34	and dairy for Minnesota school children;
7.35	assisting value-added agricultural businesses

8.1	to begin or expand, access new markets, or
8.2	diversify; urban youth agricultural education;
8.3	urban agriculture community development;
8.4	facilitating the start-up, modernization, or
8.5	expansion of other beginning and transitioning
8.6	farms including by providing loans under
8.7	Minnesota Statutes, section 41B.056;
8.8	sustainable agriculture on-farm research and
8.9	demonstration; development or expansion of
8.10	food hubs and other alternative
8.11	community-based food distribution systems;
8.12	enhancing renewable energy infrastructure
8.13	and use; crop research; Farm Business
8.14	Management tuition assistance; good
8.15	agricultural practices/good handling practices
8.16	certification assistance; establishing and
8.17	supporting farmer-led water management
8.18	councils; and implementing farmer-led water
8.19	quality improvement practices. The
8.20	commissioner may use up to 4.5 percent of
8.21	this appropriation for costs incurred to
8.22	administer the program. Any unencumbered
8.23	balance does not cancel at the end of the first
8.24	year and is available for the second year.
8.25	Notwithstanding Minnesota Statutes, section
8.26	16A.28, appropriations encumbered under
8.27	contract on or before June 30, 2019, for
8.28	agricultural growth, research, and innovation
8.29	grants are available until June 30, 2021.
8.30	Of the amount appropriated for the agricultural
8.31	growth, research, and innovation program in
8.32	Minnesota Statutes, section 41A.12:
8.33	(1) \$1,000,000 the first year and \$1,000,000
8.34	the second year are for distribution in equal

9.1	amounts to each of the state's county fairs to
9.2	preserve and promote Minnesota agriculture;
9.3	(2) \$1,500,000 the first year and \$1,500,000
9.4	the second year are for incentive payments
9.5	under Minnesota Statutes, sections 41A.16,
9.6	41A.17, and 41A.18. Notwithstanding
9.7	Minnesota Statutes, section 16A.28, the first
9.8	year appropriation is available until June 30,
9.9	2019, and the second year appropriation is
9.10	available until June 30, 2020;
9.11	(3) \$3,000,000 the first year and \$3,000,000
9.12	the second year are for livestock investment
9.13	grants under Minnesota Statutes, section
9.14	<u>17.118;</u>
9.15	(4) \$3,000,000 the first year and \$3,000,000
9.16	the second year are for value-added agriculture
9.17	grants;
9.18	(5) \$1,000,000 the first year and \$1,000,000
9.19	the second year are for grants to install
9.20	equipment necessary to store or dispense
9.21	biofuels to the public in order to meet the
9.22	biofuel requirement goals established under
9.23	Minnesota Statutes, section 239.7911;
9.24	(6) \$350,000 the first year and \$350,000 the
9.25	second year are for grants to expand
9.26	Minnesota agriculture, including
9.27	Minnesota-grown hemp, to new markets;
9.28	(7) \$400,000 the first year is for a grant to the
9.29	Board of Trustees of the Minnesota State
9.30	Colleges and Universities to expand and
9.31	renovate the GROW-IT Center at Metropolitan
9.32	State University;
9.33	(O) II + 0270 000 1
	(8) Up to \$350,000 the first year and up to

10.1	agricultural education and urban agriculture
10.2	community development on parcels of publicly
10.3	owned land suitable for urban agriculture, in
10.4	consultation with urban agriculture
10.5	stakeholders. The commissioner must also
10.6	consult with the commissioner of
10.7	transportation, commissioner of
10.8	administration, and local units of government
10.9	to identify parcels of publicly owned land that
10.10	are suitable for urban agriculture;
10.11	(9) \$100,000 the first year is for grants to
10.12	ethnic minority chambers of commerce to
10.13	connect immigrants and new American
10.14	citizens to farming opportunities in this state;
10.15	and
10.16	(10) \$450,000 the first year and \$450,000 the
10.17	second year are for farm business management
10.18	scholarships.
10.19	For value-added agriculture grants under
10.20	clause (4), the commissioner may award up
10.21	to two grants of up to \$750,000 per grant for
10.22	new or expanding livestock product processing
10.23	facilities or dairy product processing facilities
10.24	that provide significant economic impact to
10.25	the region. The remaining value-added
10.26	agriculture grants are for awards between
10.27	\$1,000 and \$200,000 per grant. The
10.28	appropriations in clauses (1) to (10) are
10.29	onetime. If the appropriation for incentive
10.30	payments in clause (2) exceeds the total
10.31	amount for which all producers are eligible in
10.32	a fiscal year, the balance of the appropriation
10.33	is available for the agricultural growth,
10.34	research, and innovation program. Any
10.35	unencumbered balance does not cancel at the

11.1	end of the first year and is available for the
11.2	second year.
11.3	The base budget for the agricultural growth,
11.4	research, and innovation program for fiscal
11.5	year 2020 and later is \$13,273,000 each fiscal
11.6	year. Of this amount, \$4,500,000 each year is
11.7	for incentive payments under Minnesota
11.8	Statutes, sections 41A.16, 41A.17, 41A.18,
11.9	and 41A.20.
11.10	(c) \$25,000 the first year and \$25,000 the
11.11	second year are for grants to the Southern
11.12	Minnesota Initiative Foundation to promote
11.13	local foods through an annual event that raises
11.14	public awareness of local foods and connects
11.15	local food producers and processors with
11.16	potential buyers.
11.17	Subd. 5. Administration and Financial Assistance 7,640,000 7,490,000
11.18	(a) \$474,000 the first year and \$474,000 the
11.19	second year are for payments to county and
11.20	district agricultural societies and associations
11.21	under Minnesota Statutes, section 38.02,
11.22	subdivision 1. Aid payments to county and
11.23	district agricultural societies and associations
11.24	shall be disbursed no later than July 15 of each
11.25	year. These payments are the amount of aid
11.26	from the state for an annual fair held in the
11.27	previous calendar year.
11.28	(b) \$1,000 the first year and \$1,000 the second
11.29	year are for grants to the Minnesota State
11.30	Poultry Association.
11.31	(c) \$18,000 the first year and \$18,000 the
11.32	second year are for grants to the Minnesota
11.33	Livestock Breeders Association.

12.1	(d) \$47,000 the first year and \$47,000 the
12.2	second year are for the Northern Crops
12.3	Institute. These appropriations may be spent
12.4	to purchase equipment.
12.5	(e) \$220,000 the first year and \$220,000 the
12.6	second year are for farm advocate services.
12.7	(f) \$17,000 the first year and \$17,000 the
12.8	second year are for grants to the Minnesota
12.9	Horticultural Society.
12.10	(g) \$108,000 the first year and \$108,000 the
12.11	second year are for annual grants to the
12.12	Minnesota Turf Seed Council for basic and
12.13	applied research on: (1) the improved
12.14	production of forage and turf seed related to
12.15	new and improved varieties; and (2) native
12.16	plants, including plant breeding, nutrient
12.17	management, pest management, disease
12.18	management, yield, and viability. The grant
12.19	recipient may subcontract with a qualified
12.20	third party for some or all of the basic or
12.21	applied research. Any unencumbered balance
12.22	does not cancel at the end of the first year and
12.23	is available for the second year. This is a
12.24	onetime appropriation.
12.25	(h) \$113,000 the first year and \$113,000 the
12.26	second year are for transfer to the Board of
12.27	Trustees of the Minnesota State Colleges and
12.28	Universities for statewide mental health
12.29	counseling support to farm families and
12.30	business operators. South Central College shall
12.31	serve as the fiscal agent.
12.32	(i) \$550,000 the first year and \$550,000 the
12.33	second year are for grants to Second Harvest
12.34	Heartland on behalf of Minnesota's six

13.1	Feeding America food banks for the purchase
13.2	of milk for distribution to Minnesota's food
13.3	shelves and other charitable organizations that
13.4	are eligible to receive food from the food
13.5	banks. Milk purchased under the grants must
13.6	be acquired from Minnesota milk processors
13.7	and based on low-cost bids. The milk must be
13.8	allocated to each Feeding America food bank
13.9	serving Minnesota according to the formula
13.10	used in the distribution of United States
13.11	Department of Agriculture commodities under
13.12	The Emergency Food Assistance Program
13.13	(TEFAP). Second Harvest Heartland must
13.14	submit quarterly reports to the commissioner
13.15	on forms prescribed by the commissioner. The
13.16	reports must include, but are not limited to,
13.17	information on the expenditure of funds, the
13.18	amount of milk purchased, and the
13.19	organizations to which the milk was
13.20	distributed. Second Harvest Heartland may
13.21	enter into contracts or agreements with food
13.22	banks for shared funding or reimbursement of
13.23	the direct purchase of milk. Each food bank
13.24	receiving money from this appropriation may
13.25	use up to two percent of the grant for
13.26	administrative expenses. Any unencumbered
13.27	balance does not cancel at the end of the first
13.28	year and is available for the second year.
	<u></u>
13.29	(j) \$1,100,000 the first year and \$1,100,000
13.29 13.30	
	(j) \$1,100,000 the first year and \$1,100,000
13.30	(j) \$1,100,000 the first year and \$1,100,000 the second year are for grants to Second
13.30 13.31	(j) \$1,100,000 the first year and \$1,100,000 the second year are for grants to Second Harvest Heartland on behalf of the six Feeding
13.30 13.31 13.32	(j) \$1,100,000 the first year and \$1,100,000 the second year are for grants to Second Harvest Heartland on behalf of the six Feeding America food banks that serve Minnesota to
13.30 13.31 13.32 13.33	(j) \$1,100,000 the first year and \$1,100,000 the second year are for grants to Second Harvest Heartland on behalf of the six Feeding America food banks that serve Minnesota to compensate agricultural producers and

14.1	otherwise go unharvested, be discarded, or
14.2	sold in a secondary market. Surplus
14.3	commodities must be distributed statewide to
14.4	food shelves and other charitable organizations
14.5	that are eligible to receive food from the food
14.6	banks. Surplus food acquired under this
14.7	appropriation must be from Minnesota
14.8	producers and processors. Second Harvest
14.9	Heartland must report in the form prescribed
14.10	by the commissioner. Second Harvest
14.11	Heartland may use up to 15 percent of each
14.12	grant for matching administrative and
14.13	transportation expenses. Any unencumbered
14.14	balance does not cancel at the end of the first
14.15	year and is available for the second year.
14.16	(k) \$150,000 the first year and \$150,000 the
14.17	second year are for grants to the Center for
14.18	Rural Policy and Development.
14.19	(l) \$235,000 the first year and \$235,000 the
14.20	second year are for grants to the Minnesota
14.21	Agricultural Education and Leadership
14.22	Council for programs of the council under
14.23	Minnesota Statutes, chapter 41D.
14.24	(m) \$600,000 the first year and \$600,000 the
14.25	second year are for grants to the Board of
14.26	Regents of the University of Minnesota to
14.27	develop, in consultation with the
14.28	commissioner of agriculture and the Board of
14.29	Animal Health, a software tool or application
14.30	through the Veterinary Diagnostic Laboratory
14.31	that empowers veterinarians and producers to
14.32	understand the movement of unique pathogen
14.33	strains in livestock and poultry production
14.34	systems, monitor antibiotic resistance, and
14.35	implement effective biosecurity measures that

15.1	promote animal health and limit production			
15.2	losses. This is a onetime appropriation.			
15.3	(n) \$150,000 the first year is for the tractor			
15.4	rollover protection pilot program under			
15.5	Minnesota Statutes, section 17.119. This is a			
15.6	onetime appropriation and is available until			
15.7	June 30, 2019.			
15.8	By January 15, 2018, the commissioner shall			
15.9	submit a report to the chairs and ranking			
15.10	minority members of the legislative			
15.11	committees with jurisdiction over agricultural			
15.12	policy and finance with a list of inspections			
15.13	the department conducts at more frequent			
15.14	intervals than federal law requires, an			
15.15	explanation of why the additional inspections			
15.16	are necessary, and provide recommendations			
15.17	for eliminating any unnecessary inspections.			
15.18	Sec. 3. BOARD OF ANIMAL HEALTH	<u>\$</u>	<u>5,384,000</u> <u>\$</u>	5,384,000
15.18 15.19 15.20	Sec. 3. BOARD OF ANIMAL HEALTH Sec. 4. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE	<u>\$</u>	5,384,000 \$ 3,643,000 \$	<u>5,384,000</u> <u>3,643,000</u>
15.19	Sec. 4. AGRICULTURAL UTILIZATION	<u>\$</u>	3,643,000 \$	3,643,000
15.19 15.20	Sec. 4. <u>AGRICULTURAL UTILIZATION</u> <u>RESEARCH INSTITUTE</u>	§ r 4, artic	3,643,000 \$ cle 1, section 2, sub	3,643,000 odivision 4, as
15.19 15.20 15.21	Sec. 4. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE Sec. 5. Laws 2015, First Special Session chapte	§ r 4, artic	3,643,000 \$ cle 1, section 2, sub	3,643,000 odivision 4, as
15.19 15.20 15.21 15.22	Sec. 4. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE Sec. 5. Laws 2015, First Special Session chapte amended by Laws 2016, chapter 184, section 11,	\$ r 4, articand Lav	3,643,000 \$ cle 1, section 2, sub	3,643,000 odivision 4, as
15.19 15.20 15.21 15.22 15.23	Sec. 4. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE Sec. 5. Laws 2015, First Special Session chapte amended by Laws 2016, chapter 184, section 11, section 26, is amended to read: Subd. 4. Agriculture, Bioenergy, and Bioproduct	\$ r 4, articand Lav	3,643,000 \$ cle 1, section 2, subvs 2016, chapter 18	3,643,000 addivision 4, as 39, article 2, 19,010,000
15.19 15.20 15.21 15.22 15.23 15.24 15.25	Sec. 4. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE Sec. 5. Laws 2015, First Special Session chapte amended by Laws 2016, chapter 184, section 11, section 26, is amended to read: Subd. 4. Agriculture, Bioenergy, and Bioproduct Advancement	\$ r 4, articand Lav	3,643,000 \$ cle 1, section 2, subvs 2016, chapter 18	3,643,000 addivision 4, as 39, article 2, 19,010,000
15.19 15.20 15.21 15.22 15.23 15.24 15.25	Sec. 4. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE Sec. 5. Laws 2015, First Special Session chapter amended by Laws 2016, chapter 184, section 11, section 26, is amended to read: Subd. 4. Agriculture, Bioenergy, and Bioproduct Advancement \$4,483,000 the first year and \$8,500,000 the	\$ r 4, articand Lav	3,643,000 \$ cle 1, section 2, subvs 2016, chapter 18	3,643,000 addivision 4, as 39, article 2, 19,010,000
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16.1	amounts, at least \$600,000 each year is for the
16.2	Minnesota Agricultural Experiment Station's
16.3	Agriculture Rapid Response Fund under
16.4	Minnesota Statutes, section 41A.14,
16.5	subdivision 1, clause (2). Of the amount
16.6	appropriated in this paragraph, \$1,000,000
16.7	each year is for transfer to the Board of
16.8	Regents of the University of Minnesota for
16.9	research to determine (1) what is causing avian
16.10	influenza, (2) why some fowl are more
16.11	susceptible, and (3) prevention measures that
16.12	can be taken. Of the amount appropriated in
16.13	this paragraph, \$2,000,000 each year is for
16.14	grants to the Minnesota Agriculture Education
16.15	Leadership Council to enhance agricultural
16.16	education with priority given to Farm Business
16.17	Management challenge grants. The
16.18	commissioner shall transfer the remaining
16.19	grant funds in this appropriation each year to
16.20	the Board of Regents of the University of
16.21	Minnesota for purposes of Minnesota Statutes,
16.22	section 41A.14.
16.23	To the extent practicable, funds expended
16.24	under Minnesota Statutes, section 41A.14,
16.25	subdivision 1, clauses (1) and (2), must
16.26	supplement and not supplant existing sources
16.27	and levels of funding. The commissioner may
16.28	use up to 4.5 percent of this appropriation for
16.29	costs incurred to administer the program. Any
16.30	unencumbered balance does not cancel at the
16.31	end of the first year and is available for the
16.32	second year.
16.33	\$10,235,000 the first year and \$10,235,000
16.34	\$9,541,000 the second year are for the
16.35	agricultural growth, research, and innovation

17.1	program in Minnesota Statutes, section
17.2	41A.12. No later than February 1, 2016, and
17.3	February 1, 2017, the commissioner must
17.4	report to the legislative committees with
17.5	jurisdiction over agriculture policy and finance
17.6	regarding the commissioner's
17.7	accomplishments and anticipated
17.8	accomplishments in the following areas:
17.9	facilitating the start-up, modernization, or
17.10	expansion of livestock operations including
17.11	beginning and transitioning livestock
17.12	operations; developing new markets for
17.13	Minnesota farmers by providing more fruits,
17.14	vegetables, meat, grain, and dairy for
17.15	Minnesota school children; assisting
17.16	value-added agricultural businesses to begin
17.17	or expand, access new markets, or diversify
17.18	products; developing urban agriculture;
17.19	facilitating the start-up, modernization, or
17.20	expansion of other beginning and transitioning
17.21	farms including loans under Minnesota
17.22	Statutes, section 41B.056; sustainable
17.23	agriculture on farm research and
17.24	demonstration; development or expansion of
17.25	food hubs and other alternative
17.26	community-based food distribution systems;
17.27	incentive payments under Minnesota Statutes,
17.28	sections 41A.16, 41A.17, and 41A.18; and
17.29	research on bioenergy, biobased content, or
17.30	biobased formulated products and other
17.31	renewable energy development. The
17.32	commissioner may use up to 4.5 percent of
17.33	this appropriation for costs incurred to
17.34	administer the program. Any unencumbered
17.35	balance does not cancel at the end of the first
17.36	year and is available for the second year.

18.1	Notwithstanding Minnesota Statutes, section
18.2	16A.28, the appropriations encumbered under
18.3	contract on or before June 30, 2017, for
18.4	agricultural growth, research, and innovation
18.5	grants are available until June 30, 2019.
18.6	The commissioner may use funds appropriated
18.7	for the agricultural growth, research, and
18.8	innovation program as provided in this
18.9	paragraph. The commissioner may award
18.10	grants to owners of Minnesota facilities
18.11	producing bioenergy, biobased content, or a
18.12	biobased formulated product; to organizations
18.13	that provide for on-station, on-farm field scale
18.14	research and outreach to develop and test the
18.15	agronomic and economic requirements of
18.16	diverse strands of prairie plants and other
18.17	perennials for bioenergy systems; or to certain
18.18	nongovernmental entities. For the purposes of
18.19	this paragraph, "bioenergy" includes
18.20	transportation fuels derived from cellulosic
18.21	material, as well as the generation of energy
18.22	for commercial heat, industrial process heat,
18.23	or electrical power from cellulosic materials
18.24	via gasification or other processes. Grants are
18.25	limited to 50 percent of the cost of research,
18.26	technical assistance, or equipment related to
18.27	bioenergy, biobased content, or biobased
18.28	formulated product production or \$500,000,
18.29	whichever is less. Grants to nongovernmental
18.30	entities for the development of business plans
18.31	and structures related to community ownership
18.32	of eligible bioenergy facilities together may
18.33	not exceed \$150,000. The commissioner shall
18.34	make a good-faith effort to select projects that
18.35	have merit and, when taken together, represent
18.36	a variety of bioenergy technologies, biomass

19.1	feedstocks, and geographic regions of the
19.2	state. Projects must have a qualified engineer
19.3	provide certification on the technology and
19.4	fuel source. Grantees must provide reports at
19.5	the request of the commissioner.
19.6	Of the amount appropriated for the agricultural
19.7	growth, research, and innovation program in
19.8	this subdivision, \$1,000,000 the first year and
19.9	\$1,000,000 the second year are for distribution
19.10	in equal amounts to each of the state's county
19.11	fairs to preserve and promote Minnesota
19.12	agriculture.
19.13	Of the amount appropriated for the agricultural
19.14	growth, research, and innovation program in
19.15	this subdivision, \$500,000 in fiscal year 2016
19.16	and \$1,500,000 \$806,000 in fiscal year 2017
19.17	are for incentive payments under Minnesota
19.18	Statutes, sections 41A.16, 41A.17, and
19.19	41A.18. If the appropriation exceeds the total
19.20	amount for which all producers are eligible in
19.21	a fiscal year, the balance of the appropriation
19.22	is available to the commissioner for the
19.23	agricultural growth, research, and innovation
19.24	program. Notwithstanding Minnesota Statutes,
19.25	section 16A.28, the first year appropriation is
19.26	available until June 30, 2017, and the second
19.27	year appropriation is available until June 30,
19.28	2018. The commissioner may use up to 4.5
19.29	percent of the appropriation for administration
19.30	of the incentive payment programs.
19.31	Of the amount appropriated for the agricultural
19.32	growth, research, and innovation program in
19.33	this subdivision, \$250,000 the first year is for
19.34	grants to communities to develop or expand
19.35	food hubs and other alternative

20.1	community-based food distribution systems.
20.2	Of this amount, \$50,000 is for the
20.3	commissioner to consult with existing food
20.4	hubs, alternative community-based food
20.5	distribution systems, and University of
20.6	Minnesota Extension to identify best practices
20.7	for use by other Minnesota communities. No
20.8	later than December 15, 2015, the
20.9	commissioner must report to the legislative
20.10	committees with jurisdiction over agriculture
20.11	and health regarding the status of emerging
20.12	alternative community-based food distribution
20.13	systems in the state along with
20.14	recommendations to eliminate any barriers to
20.15	success. Any unencumbered balance does not
20.16	cancel at the end of the first year and is
20.17	available for the second year. This is a onetime
20.18	appropriation.
20.19	\$250,000 the first year and \$250,000 the
20.20	second year are for grants that enable retail
20.21	petroleum dispensers to dispense biofuels to
20.22	the public in accordance with the biofuel
20.23	replacement goals established under
20.24	Minnesota Statutes, section 239.7911. A retail
20.25	petroleum dispenser selling petroleum for use
20.26	in spark ignition engines for vehicle model
20.27	years after 2000 is eligible for grant money
20.28	under this paragraph if the retail petroleum
20.29	dispenser has no more than 15 retail petroleum
20.30	dispensing sites and each site is located in
20.31	Minnesota. The grant money received under
20.32	this paragraph must be used for the installation
20.33	of appropriate technology that uses fuel
20.34	dispensing equipment appropriate for at least
20.35	one fuel dispensing site to dispense gasoline
20.36	that is blended with 15 percent of

21.1	agriculturally derived, denatured ethanol, by
21.2	volume, and appropriate technical assistance
21.3	related to the installation. A grant award must
21.4	not exceed 85 percent of the cost of the
21.5	technical assistance and appropriate
21.6	technology, including remetering of and
21.7	retrofits for retail petroleum dispensers and
21.8	replacement of petroleum dispenser projects.
21.9	The commissioner may use up to \$35,000 of
21.10	this appropriation for administrative expenses.
21.11	The commissioner shall cooperate with biofuel
21.12	stakeholders in the implementation of the grant
21.13	program. The commissioner must report to
21.14	the legislative committees with jurisdiction
21.15	over agriculture policy and finance by
21.16	February 1 each year, detailing the number of
21.17	grants awarded under this paragraph and the
21.18	projected effect of the grant program on
21.19	meeting the biofuel replacement goals under
21.20	Minnesota Statutes, section 239.7911. These
21.21	are onetime appropriations.
21.22	\$25,000 the first year and \$25,000 the second
21.23	year are for grants to the Southern Minnesota
21.24	Initiative Foundation to promote local foods
21.25	through an annual event that raises public
21.26	awareness of local foods and connects local
21.27	food producers and processors with potential
21.28	buyers.

Sec. 6. <u>APPROPRIATION CANCELLATION.</u>

All unspent funds, estimated to be \$694,000, appropriated for the agricultural growth,
research, and innovation program and designated for bioeconomy incentive payments under
Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4, as amended
by Laws 2016, chapter 184, section 11, and Laws 2016, chapter 189, article 2, section 26,
are canceled to the general fund.

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

ARTICLE	
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Section 1. Minnesota Statutes 2016, section 3.7371, is amended to read:

3.7371 COMPENSATION FOR CROP OR FENCE DAMAGE CAUSED BY ELK.

Subdivision 1. **Authorization.** Notwithstanding section 3.736, subdivision 3, paragraph (e), or any other law, a person who owns an agricultural crop or pasture shall be compensated by the commissioner of agriculture for an agricultural crop, or fence surrounding the crop or pasture, that is damaged or destroyed by elk as provided in this section.

Subd. 2. **Claim form.** The erop or pasture owner must prepare a claim on forms provided by the commissioner and available at on the county extension agent's office Department of Agriculture's Web site or by request from the commissioner. The claim form must be filed with the commissioner.

- Subd. 3. **Compensation.** (a) The crop owner is entitled to the target price or the market price, whichever is greater, of the damaged or destroyed crop plus adjustments for yield loss determined according to agricultural stabilization and conservation service programs for individual farms, adjusted annually, as determined by the commissioner, upon recommendation of the eounty extension commissioner's approved agent for the owner's county. Verification of fence damage or destruction by elk may be provided by submitting photographs or other evidence and documentation together with a statement from an independent witness using forms prescribed by the commissioner. The commissioner, upon recommendation of the commissioner's approved agent, shall determine whether the crop damage or destruction or damage to or destruction of a fence surrounding a crop or pasture is caused by elk and, if so, the amount of the crop or fence that is damaged or destroyed. In any fiscal year, an owner may not be compensated for a damaged or destroyed crop or fence surrounding a crop or pasture that is less than \$100 in value and may be compensated up to \$20,000, as determined under this section, if normal harvest procedures for the area are followed.
- (b) In any fiscal year, the commissioner may provide compensation for claims filed under this section up to the amount expressly appropriated for this purpose.
- Subd. 4. **Insurance deduction.** Payments authorized by this section must be reduced by amounts received by the owner as proceeds from an insurance policy covering crop

losses or damage to or destruction of a fence surrounding a crop or pasture, or from any other source for the same purpose including, but not limited to, a federal program.

- Subd. 5. **Decision on claims; opening land to hunting.** If the commissioner finds that the erop or pasture owner has shown that the damage or destruction of the owner's crop or damage to or destruction of a fence surrounding a crop or pasture was caused more probably than not by elk, the commissioner shall pay compensation as provided in this section and the rules of the commissioner. A crop An owner who receives compensation under this section may, by written permission, permit hunting on the land at the landowner's discretion.
- Subd. 6. **Denial of claim; appeal.** (a) If the commissioner denies compensation claimed by a crop or pasture an owner under this section, the commissioner shall issue a written decision based upon the available evidence including a statement of the facts upon which the decision is based and the conclusions on the material issues of the claim. A copy of the decision must be mailed to the crop or pasture owner.
- (b) A decision denying compensation claimed under this section is not subject to the contested case review procedures of chapter 14, but a crop or pasture an owner may have the claim reviewed in a trial de novo in a court in the county where the loss occurred. The decision of the court may be appealed as in other civil cases. Review in court may be obtained by filing a petition for review with the administrator of the court within 60 days following receipt of a decision under this section. Upon the filing of a petition, the administrator shall mail a copy to the commissioner and set a time for hearing within 90 days after the filing.
- Subd. 7. **Rules.** The commissioner shall adopt rules and may amend rules to carry out this section. The commissioner may use the expedited rulemaking process in section 14.389 to adopt and amend rules authorized in this section. The rules must include:
 - (1) methods of valuation of crops damaged or destroyed;
- 23.25 (2) criteria for determination of the cause of the crop damage or destruction;
- 23.26 (3) notice requirements by the owner of the damaged or destroyed crop;
- (4) compensation rates for fence damage or destruction that shall include a minimum elaim of \$75.00 per incident and a maximum of must not exceed \$1,800 per claimant per fiscal year; and
- 23.30 (5) any other matters determined necessary by the commissioner to carry out this section.
- Subd. 8. **Report.** The commissioner must submit a report to the chairs of the house of representatives and senate committees and divisions with jurisdiction over agriculture and

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environment and natural resources by December 15 each year that details the total amount of damages paid, by elk herd, in the previous two fiscal years.

- Sec. 2. Minnesota Statutes 2016, section 17.119, subdivision 1, is amended to read:
- Subdivision 1. **Grants; eligibility.** (a) The commissioner must award cost-share grants to Minnesota farmers who retrofit eligible tractors and Minnesota schools that retrofit eligible tractors with eligible rollover protective structures.
 - (b) Grants for farmers are limited to 70 percent of the farmer's or school's documented cost to purchase, ship, and install an eligible rollover protective structure. The commissioner must increase the a farmer's grant award amount over the 70 percent grant limitation requirement if necessary to limit a farmer's or school's cost per tractor to no more than \$500.
- 24.11 (c) Schools are eligible for grants that cover the full amount of a school's documented cost to purchase, ship, and install an eligible rollover protective structure.
- 24.13 (b) (d) A rollover protective structure is eligible if it meets or exceeds SAE International
 24.14 standard J2194 is certified to appropriate national or international rollover protection structure
 24.15 standards with a seat belt.
- 24.16 (e) (e) A tractor is eligible if the tractor was built before 1987.
- 24.17 **EFFECTIVE DATE.** This section is effective retroactively from July 1, 2016.
- Sec. 3. Minnesota Statutes 2016, section 17.119, subdivision 2, is amended to read:
- Subd. 2. **Promotion; administration.** The commissioner may spend up to $20 \le 10 \le 10$ six percent of total program dollars each fiscal year to promote and administer the program to Minnesota farmers and schools.
- Sec. 4. Minnesota Statutes 2016, section 18.79, subdivision 18, is amended to read:
 - Subd. 18. **Noxious weed education and notification.** (a) The commissioner shall disseminate information and conduct educational campaigns with respect to control of noxious weeds or invasive plants to enhance regulatory compliance and voluntary efforts to eliminate or manage these plants. The commissioner shall call and attend meetings and conferences dealing with the subject of noxious weeds. The commissioner shall maintain on the department's Web site noxious weed management information including but not limited to the roles and responsibilities of citizens and government entities under sections 18.76 to 18.91 and specific guidance as to whom a person should contact to report a noxious weed issue.

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(b) The commissioner shall post notice on the department's Web site and alert appropriate 25.1 media outlets when a weed on the eradicate list is confirmed for the first time in a county. 25.2 Sec. 5. [18B.051] POLLINATOR HABITAT AND RESEARCH ACCOUNT. 25.3 A pollinator habitat and research account is established in the agricultural fund. Money 25.4 in the account, including interest, is appropriated to the Board of Regents of the University 25.5 of Minnesota for pollinator research and outreach including, but not limited to, science-based 25.6 best practices and the identification and establishment of habitat beneficial to pollinators. 25.7 Sec. 6. Minnesota Statutes 2016, section 18B.33, subdivision 1, is amended to read: 25.8 Subdivision 1. **Requirement.** (a) A person may not apply a pesticide for hire without a 25.9 commercial applicator license for the appropriate use categories or a structural pest control 25.10 license. 25.11 (b) A commercial applicator licensee must have a valid license identification card to 25.12 purchase a restricted use pesticide or apply pesticides for hire and must display it upon 25.13 demand by an authorized representative of the commissioner or a law enforcement officer. 25.14 25.15 The commissioner shall prescribe the information required on the license identification card. 25.16 (c) A person licensed under this section is not required to verify, document, or otherwise 25.17 prove a particular need prior to or following the application of a pesticide registered under 25.18 FIFRA. 25.19 Sec. 7. Minnesota Statutes 2016, section 18B.34, subdivision 1, is amended to read: 25.20 Subdivision 1. Requirement. (a) Except for a licensed commercial applicator, certified 25.21 private applicator, or licensed structural pest control applicator, a person, including a 25.22 government employee, may not purchase or use a restricted use pesticide in performance 25.23 of official duties without having a noncommercial applicator license for an appropriate use 25.24 category. 25.25 (b) A licensee must have a valid license identification card when applying pesticides 25.26 and must display it upon demand by an authorized representative of the commissioner or a 25.27 25.28 law enforcement officer. The license identification card must contain information required

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by the commissioner.

(c) A person licensed under this section is not required to verify, document, or otherwise 26.1 prove a particular need prior to or following the application of a pesticide registered under 26.2 26.3 FIFRA. Sec. 8. Minnesota Statutes 2016, section 18B.36, subdivision 1, is amended to read: 26.4 Subdivision 1. Requirement. (a) Except for a licensed commercial or noncommercial 26.5 applicator, only a certified private applicator may use a restricted use pesticide to produce 26.6 an agricultural commodity: 26.7 (1) as a traditional exchange of services without financial compensation; 26.8 (2) on a site owned, rented, or managed by the person or the person's employees; or 26.9 (3) when the private applicator is one of two or fewer employees and the owner or 26.10 operator is a certified private applicator or is licensed as a noncommercial applicator. 26.11 (b) A person may not purchase a restricted use pesticide without presenting a license 26.12 card, certified private applicator card, or the card number. 26.13 (c) A person certified under this section is not required to verify, document, or otherwise 26.14 26.15 prove a particular need prior to or following the application of a pesticide registered under FIFRA. 26.16 Sec. 9. Minnesota Statutes 2016, section 41A.12, subdivision 3, is amended to read: 26.17 Subd. 3. **Oversight.** The commissioner, in consultation with the chairs and ranking 26.18 minority members of the house of representatives and senate committees with jurisdiction 26.19 over agriculture finance, must allocate available appropriated funds among eligible uses as 26.20 provided by law, develop competitive eligibility criteria, and award funds on a needs basis. 26.21 By February 1 each year, the commissioner shall report to the legislature on the allocation 26.22 among eligible uses and any financial assistance provided the outcomes achieved under 26.23 this section. 26.24 26.25 Sec. 10. Minnesota Statutes 2016, section 41A.20, subdivision 2, is amended to read: Subd. 2. Eligibility. (a) A facility eligible for payment under this section must source 26.26 26.27 at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or less from the state border, raw materials may be sourced from within a 100-mile radius. Raw materials 26.28 must be from forest resources. The facility must be located in Minnesota, must begin 26.29 production at a specific location by June 30, 2025, and must not begin operating before July 26.30 1, 2017 2019. Eligible facilities include existing companies and facilities that are adding 26.31

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siding production capacity, or retrofitting existing capacity, as well as new companies and facilities. Eligible siding production facilities must produce at least 200,000,000 siding square feet on a 3/8 inch nominal basis of siding each year.

- (b) No payments shall be made for siding production that occurs after June 30, 2035, for those eligible producers under paragraph (a).
- 27.6 (c) An eligible producer of siding shall not transfer the producer's eligibility for payments 27.7 under this section to a facility at a different location.
- 27.8 (d) A producer that ceases production for any reason is ineligible to receive payments
 27.9 under this section until the producer resumes production.
- Sec. 11. Minnesota Statutes 2016, section 344.03, subdivision 1, is amended to read:
 - Subdivision 1. **Adjoining owners.** If all or a part of adjoining Minnesota land is improved and used, (a) Except as provided in paragraph (b), if two adjoining lands are both used in whole or in part to produce or maintain livestock for agricultural or commercial purposes and one or both of the owners of the land desires the land to be partly or totally fenced, the land owners or occupants shall build and maintain a partition fence between their lands in equal shares.
 - (b) The requirement in this section and the procedures in this chapter apply to the Department of Natural Resources when it owns land adjoining privately owned land subject to this section and chapter and the landowner desires the land permanently fenced for the purpose of restraining livestock.
- 27.21 (c) For purposes of this section, "livestock" means beef cattle, dairy cattle, swine, poultry,
 27.22 goats, donkeys, hinnies, mules, farmed Cervidae, Ratitae, bison, sheep, horses, alpacas, and
 27.23 llamas.
- 27.24 **EFFECTIVE DATE.** This section is effective the day following final enactment and applies to partition fences built pursuant to Minnesota Statutes, chapter 344, on or after that date.

Sec. 12. WOLF-LIVESTOCK CONFLICT PREVENTION PILOT PROGRAM.

(a) The commissioner of agriculture may award grants to livestock producers to prevent wolf-livestock conflicts. Livestock producers located in Minnesota are eligible to apply for reimbursement for the cost of practices to prevent wolf-livestock conflicts. The commissioner may establish a cap on the amount a recipient may receive annually.

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(b) To be eligible for the grant under this section, a livestock producer must raise livestock	ock
within Minnesota's wolf range or on property determined by the commissioner to be affect	ted
by wolf-livestock conflicts.	
(c) Eligible wolf-livestock conflict prevention activities include, but are not limited	to:
(1) the purchase of guard animals;	
(2) veterinary costs for guard animals;	
(3) the installation of wolf barriers; wolf barriers may include pens, fladry, and fencion	ng;
(4) the installation of wolf-deterring lights and alarms; and	
(5) calving or lambing shelters.	
(d) Eligible grant recipients must:	
(1) make a good-faith effort to avoid wolf-livestock conflicts;	
(2) make a good-faith effort to care for guard animals paid for under this section;	
(3) retain proper documentation of expenses;	
(4) report annually to the commissioner on the effectiveness of the nonlethal method	<u>ds</u>
employed; and	
(5) allow follow-up evaluation and monitoring by the commissioner.	
(e) Grant recipients shall continue to be eligible for depredation payments under	
Minnesota Statutes, section 3.737.	
Sec. 13. BASE BUDGET REPORT REQUIRED.	
No later than October 15, 2018, the commissioner of agriculture must submit a repo	<u>ort</u>
detailing the agency's base budget, including any prior appropriation riders, to the chair	<u>S</u>
and ranking minority members of the legislative committees with jurisdiction over agricult	ure
finance.	
Sec. 14. REPEALER.	
Minnesota Statutes 2016, sections 41A.20, subdivision 6; and 383C.809, are repeale	<u>:d.</u> "
Renumber the sections in sequence and correct the internal references	
Delete the title and insert:	

"A bill for an act 29.1 relating to agriculture; establishing a budget for the Department of Agriculture, 29.2 the Board of Animal Health, and the Agricultural Utilization Research Institute; 29.3 making policy and technical changes to various agriculture-related provisions; 29.4 establishing programs; modifying partition fence law; requiring reports; 29.5 appropriating money; amending Minnesota Statutes 2016, sections 3.7371; 17.119, 29.6 subdivisions 1, 2; 18.79, subdivision 18; 18B.33, subdivision 1; 18B.34, subdivision 29.7 1; 18B.36, subdivision 1; 41A.12, subdivision 3; 41A.20, subdivision 2; 344.03, 29.8 subdivision 1; Laws 2015, First Special Session chapter 4, article 1, section 2, 29.9 subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, 29.10 chapter 18B; repealing Minnesota Statutes 2016, sections 41A.20, subdivision 6; 29.11 383C.809." 29.12

30.1	We request the adoption of this report and repassage of the bill.	
30.2	Senate Conferees:	
30.3 30.4	Torrey N. Westrom	Bill Weber
30.5 30.6	Michael P. Goggin	Andrew Lang
30.7 30.8	Kent Eken	
30.9	House Conferees:	
30.10 30.11	Rod Hamilton	Paul Anderson
30.12 30.13	Dale Lueck	Jeff Backer
30.14 30.15	Jeanne Poppe	