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REVISOR

H. F. No.

H3888-1

State of Minnesota

HOUSE OF REPRESENTATIVES 388

EIGHTY-NINTH SESSION

04/11/2016 Authored by Hamilton

The bill was read for the first time and referred to the Committee on Agriculture Finance 04/15/2016 Adoption of Report: Amended and re-referred to the Committee on Ways and Means

1.	1			
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A bill for an act

- relating to agriculture; appropriating money for certain agriculture-related 12
- purposes; modifying various agriculture-related provisions; making clarifying, 1.3
- technical, and policy changes; providing a tractor rollover pilot grant program; 1.4 establishing an agricultural emergency account; amending Minnesota Statutes 1.5 2014, sections 17.117, subdivision 11a; 18B.26, subdivision 3; 41A.12, subdivision 2; Minnesota Statutes 2015 Supplement, sections 41A.14; 41A.15, subdivisions 2, 10, by adding subdivisions; 41A.16, subdivision 1; 41A.17, subdivisions 1, 2; 41A.18, subdivision 1; 116D.04, subdivision 2a; Laws 2015, First Special Session chapter 4, article 1, sections 2, subdivision 4; 5; proposing coding for new law in Minnesota Statutes, chapter 17.
- BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA: 1.12
- Section 1. APPROPRIATIONS. 1 1 3
- The sums shown in the columns marked "Appropriations" are added to the 1.14
- appropriations in Laws 2015, First Special Session chapter 4, or appropriated to the 1.15
- agencies and for the purposes specified in this act. The appropriations are from the 1.16
- general fund, or another named fund, and are available for the fiscal year indicated for 1.17
- each purpose. The figures "2016" and "2017" used in this act mean that the appropriations 1.18
- listed under them are available for the fiscal year ending June 30, 2016, or June 30, 2017, 1.19
- respectively. "The first year" is fiscal year 2016. "The second year" is fiscal year 2017. 1.20
- Appropriations for fiscal year 2016 are effective the day following final enactment. 1.21

1.22 1.23 1.24			APPROPRIATIOn Available for the Ending June	Year 30
1.25			<u>2016</u>	<u>2017</u>
1.26	Sec. 2. DEPARTMENT OF AGRICULTURE			
1.27	Subdivision 1. Total Appropriation	<u>\$</u>	<u>-0-</u> <u>\$</u>	7,883,000

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2.1	The amounts that may be spent for ea	ach		
2.2	purpose are specified in the following			
2.3	subdivisions.			
2.4	Subd. 2. Animal Health		<u>-0-</u>	2,083,000
2.5	\$1,800,000 the second year is for a g	rant		
2.6	to the Board of Regents of the Univer	rsity		
2.7	of Minnesota to develop, in consultat	ion		
2.8	with the commissioner of agriculture	and		
2.9	the Board of Animal Health, a softwa	are		
2.10	tool or application through the Veterin	nary		
2.11	Diagnostic Laboratory that empowers	5		
2.12	veterinarians and producers to unders	tand		
2.13	the movement of unique pathogen stra	ains in		
2.14	livestock and poultry production syste	ems,		
2.15	monitor antibiotic resistance, and imp	lement		
2.16	effective biosecurity measures that pre-	omote		
2.17	animal health and limit production los	sses.		
2.18	This is a onetime appropriation availa	ible		
2.19	until June 30, 2019.			
2.20	\$283,000 the second year is for a gran	nt to		
2.21	the Board of Regents of the Universit	<u>y of</u>		
2.22	Minnesota to maintain and increase an	nimal		
2.23	disease testing capacity through the pr	urchase		
2.24	of Veterinary Diagnostic Laboratory			
2.25	equipment. This is a onetime appropri-	iation.		
2.26	Subd. 3. Farm Safety		<u>-0-</u>	250,000
2.27	\$250,000 the second year is for the tr	actor		
2.28	rollover protection pilot program. The	is is a		
2.29	onetime appropriation.			
2.30 2.31	Subd. 4. Agriculture Laboratory a Emergency Response	<u>ind</u>	<u>-0-</u>	<u>5,550,000</u>
2.32	\$2,218,000 the second year is for equ	ipment		
2.33	and instruments for the Department of	<u>of</u>		
2.34	Agriculture laboratory. This is a onet	ime		
2.35	appropriation available until June 30,	2022.		

- 3.1 \$3,332,000 the second year is for transfer
- 3.2 to the agricultural emergency account in the
- 3.3 <u>agricultural fund. This is a onetime transfer.</u>

3.4 Sec. 3. [17.055] AGRICULTURAL EMERGENCY ACCOUNT;

3.5 **APPROPRIATION.**

<u>Subdivision 1.</u> Establishment; appropriation. An agricultural emergency account
 is established in the agricultural fund. Money in the account, including interest, is
 appropriated to the commissioner for emergency response and preparedness activities
 for agricultural emergencies affecting producers of livestock, poultry, crops, or other

- 3.10 <u>agricultural products</u>. Eligible uses include, but are not limited to, purchasing necessary
- 3.11 equipment and reimbursing costs incurred by local units of government that are not
- 3.12 <u>eligible for reimbursement from other sources.</u>

3.13 <u>Subd. 2.</u> **Transfer authorized.** The commissioner may transfer money in the 3.14 account to the Board of Animal Health, other state agencies, or the University of

3.15 Minnesota for purposes of subdivision 1.

3.16 <u>Subd. 3.</u> Annual report. No later than February 1 each year, the commissioner

- 3.17 <u>must report activities and expenditures under this section to the legislative committees</u>
- 3.18 <u>and divisions with jurisdiction over agriculture finance.</u>

3.19 Sec. 4. Minnesota Statutes 2014, section 17.117, subdivision 11a, is amended to read: 3.20 Subd. 11a. Eligible projects. All projects that remediate or mitigate adverse 3.21 environmental impacts are eligible if:

- 3.22 (1) the project is eligible under the allocation agreement and funding sources
 3.23 designated by the local government unit to finance the project; and
- 3.24 (2) manure management projects remediate or mitigate impacts from facilities with
 3.25 less than 1,000 animal units as defined in Minnesota Rules, chapter 7020; and
- 3.26 (3) drinking water projects remediate the adverse environmental impacts or presence
 3.27 of contaminants in private well water and implement best management practices to
- 3.28 achieve the drinking water standards under chapter 103H or contained in Code of Federal
- 3.29 <u>Regulations, title 40, parts 141 and 143, as amended.</u>

3.30 Sec. 5. [17.119] TRACTOR ROLLOVER PROTECTION PILOT GRANT

3.31 **PROGRAM.**

3.32 <u>Subdivision 1.</u> Grants; eligibility. (a) The commissioner must award cost-share 3.33 grants to Minnesota farmers who retrofit eligible tractors with eligible rollover protective

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structures. Grants are limited to 70 percent of the farmer's documented cost to purchase, 4.1 ship, and install an eligible rollover protective structure. The commissioner must increase 4.2 the grant award amount over the 70 percent grant limitation requirement if necessary to 4.3 limit a farmer's cost per tractor to no more than \$500. 4.4 (b) A rollover protective structure is eligible if it meets or exceeds SAE International 4.5 standard J2194. 4.6 (c) A tractor is eligible if the tractor was built before 1987. 4.7 Subd. 2. Promotion; administration. The commissioner may spend up to 20 48 percent of total program dollars each fiscal year to promote the program to Minnesota 4.9 farmers. The commissioner must minimize administrative costs by cooperating with the 4.10 New York Center for Agricultural Medicine and Health to administer the grant program. 4.11 Subd. 3. Nonstate funds; appropriation. The commissioner must solicit 4.12 contributions from nonstate sources to supplement state appropriations for this program. 4.13 Funds received under this subdivision are appropriated to the commissioner for purposes 4.14 of this section. 4.15

4.16 Subd. 4. Expiration. This section expires June 30, 2019.

4.17 Sec. 6. Minnesota Statutes 2014, section 18B.26, subdivision 3, is amended to read:
4.18 Subd. 3. Registration application and gross sales fee. (a) For an agricultural
4.19 pesticide, a registrant shall pay an annual registration application fee for each agricultural
4.20 pesticide of \$350. The fee is due by December 31 preceding the year for which the
4.21 application for registration is made. The fee is nonrefundable.

4.22 (b) For a nonagricultural pesticide, a registrant shall pay a minimum annual registration application fee for each nonagricultural pesticide of \$350. The fee is due 4.23 by December 31 preceding the year for which the application for registration is made. 4.24 4.25 The fee is nonrefundable. The If the registrant had annual gross sales of more than \$70,000 for the nonagricultural pesticide in the preceding calendar year, the registrant of a 4.26 nonagricultural pesticide shall pay, in addition to the \$350 minimum fee, a fee of equal to 4.27 0.5 percent of that portion of the annual gross sales of the over \$70,000. For purposes 4.28 of this subdivision, gross sales includes both nonagricultural pesticide sold in the state 4.29 and the annual gross sales of the nonagricultural pesticide sold into the state for use in 4.30 this state. No additional fee is required if the fee due amount based on percent of annual 4.31 gross sales of a nonagricultural pesticide is less than \$10. The registrant shall secure 4.32 sufficient sales information of nonagricultural pesticides distributed into this state from 4.33 distributors and dealers, regardless of distributor location, to make a determination. Sales 4.34 of nonagricultural pesticides in this state and sales of nonagricultural pesticides for use in 4.35

this state by out-of-state distributors are not exempt and must be included in the registrant's 5.1 annual report, as required under paragraph (g), and fees shall be paid by the registrant based 5.2 upon those reported sales. Sales of nonagricultural pesticides in the state for use outside of 5.3 the state are exempt from the gross sales fee in this paragraph if the registrant properly 5.4 documents the sale location and distributors. A registrant paying more than the minimum 5.5 fee shall pay the balance due by March 1 based on the gross sales of the nonagricultural 5.6 pesticide by the registrant for the preceding calendar year. A pesticide determined by the 5.7 commissioner to be a sanitizer or disinfectant is exempt from the gross sales fee. 5.8

(c) For agricultural pesticides, a licensed agricultural pesticide dealer or licensed
pesticide dealer shall pay a gross sales fee of 0.55 percent of annual gross sales of the
agricultural pesticide in the state and the annual gross sales of the agricultural pesticide
sold into the state for use in this state.

(d) In those cases where a registrant first sells an agricultural pesticide in or into the
state to a pesticide end user, the registrant must first obtain an agricultural pesticide dealer
license and is responsible for payment of the annual gross sales fee under paragraph (c),
record keeping under paragraph (i), and all other requirements of section 18B.316.

(e) If the total annual revenue from fees collected in fiscal year 2011, 2012, or 2013, by the commissioner on the registration and sale of pesticides is less than \$6,600,000, the commissioner, after a public hearing, may increase proportionally the pesticide sales and product registration fees under this chapter by the amount necessary to ensure this level of revenue is achieved. The authority under this section expires on June 30, 2014. The commissioner shall report any fee increases under this paragraph 60 days before the fee change is effective to the senate and house of representatives agriculture budget divisions.

(f) An additional fee of 50 percent of the registration application fee must be paid by
the applicant for each pesticide to be registered if the application is a renewal application
that is submitted after December 31.

(g) A registrant must annually report to the commissioner the amount, type and 5.27 annual gross sales of each registered nonagricultural pesticide sold, offered for sale, or 5.28 otherwise distributed in the state. The report shall be filed by March 1 for the previous 5.29 year's registration. The commissioner shall specify the form of the report or approve 5.30 the method for submittal of the report and may require additional information deemed 5.31 necessary to determine the amount and type of nonagricultural pesticide annually 5.32 distributed in the state. The information required shall include the brand name, United 5.33 States Environmental Protection Agency registration number, and amount of each 5.34 nonagricultural pesticide sold, offered for sale, or otherwise distributed in the state, but 5.35

the information collected, if made public, shall be reported in a manner which does notidentify a specific brand name in the report.

- (h) A licensed agricultural pesticide dealer or licensed pesticide dealer must annually 6.3 report to the commissioner the amount, type, and annual gross sales of each registered 6.4 agricultural pesticide sold, offered for sale, or otherwise distributed in the state or into the 6.5 state for use in the state. The report must be filed by January 31 for the previous year's 6.6 sales. The commissioner shall specify the form, contents, and approved electronic method 6.7 for submittal of the report and may require additional information deemed necessary to 6.8 determine the amount and type of agricultural pesticide annually distributed within the 6.9 state or into the state. The information required must include the brand name, United States 6.10 Environmental Protection Agency registration number, and amount of each agricultural 6.11 pesticide sold, offered for sale, or otherwise distributed in the state or into the state. 6.12
- 6.13 (i) A person who registers a pesticide with the commissioner under paragraph (b),
 6.14 or a registrant under paragraph (d), shall keep accurate records for five years detailing
 6.15 all distribution or sales transactions into the state or in the state and subject to a fee and
 6.16 surcharge under this section.
- (j) The records are subject to inspection, copying, and audit by the commissioner
 and must clearly demonstrate proof of payment of all applicable fees and surcharges
 for each registered pesticide product sold for use in this state. A person who is located
 outside of this state must maintain and make available records required by this subdivision
 in this state or pay all costs incurred by the commissioner in the inspecting, copying, or
 auditing of the records.
- (k) The commissioner may adopt by rule regulations that require persons subject
 to audit under this section to provide information determined by the commissioner to be
 necessary to enable the commissioner to perform the audit.
- 6.26 (1) A registrant who is required to pay more than the minimum fee for any pesticide
 6.27 under paragraph (b) must pay a late fee penalty of \$100 for each pesticide application fee
 6.28 paid after March 1 in the year for which the license is to be issued.
- 6.29 Sec. 7. Minnesota Statutes 2014, section 41A.12, subdivision 2, is amended to read:
 6.30 Subd. 2. Activities authorized. For the purposes of this program, the commissioner
 6.31 may issue grants, loans, or other forms of financial assistance. Eligible activities include,
 6.32 but are not limited to, grants to livestock producers under the livestock investment grant
 6.33 program under section 17.118, bioenergy awards made by the NextGen Energy Board
 6.34 under section 41A.105, cost-share grants for the installation of biofuel blender pumps, and
 6.35 financial assistance to support other rural economic infrastructure activities.

7.1

Sec. 8. Minnesota Statutes 2015 Supplement, section 41A.14, is amended to read:

7.2 41A.14 AGRICULTURE RESEARCH, EDUCATION, EXTENSION, AND 7.3 TECHNOLOGY TRANSFER GRANT PROGRAM.

Subdivision 1. Duties; grants. The agriculture research, education, extension, and 7.4 technology transfer grant program is created. The purpose of the grant program is to 7.5 provide investments that will most efficiently achieve long-term agricultural productivity 7.6 increases through improved infrastructure, vision, and accountability. The scope and 7.7 intent of the grants, to the extent possible, shall provide for a long-term base funding 7.8 that allows the research grantee to continue the functions of the research, education, and 7.9 extension, and technology transfer efforts to a practical conclusion. Priority for grants 7.10 shall be given to human infrastructure. The commissioner shall provide grants for: 7.11

(1) agricultural research, extension, and technology transfer needs and recipients
 including agricultural research and extension at the University of Minnesota, research and

7.14 outreach centers, the College of Food, Agricultural and Natural Resource Sciences, the

7.15 Minnesota Agricultural Experiment Station, University of Minnesota Extension Service,

7.16 the University of Minnesota Veterinary School, the Veterinary Diagnostic Laboratory,

7.17 the Stakman-Borlaug Center, and the Minnesota Agriculture Fertilizer Research and

7.18 Education Council; for use by any of the following:

7.19 (i) the College of Food, Agricultural and Natural Resource Sciences;

7.20 (ii) the Minnesota Agricultural Experiment Station;

7.21 (iii) the University of Minnesota Extension Service;

7.22 (iv) the University of Minnesota Veterinary School;

7.23 (v) the Veterinary Diagnostic Laboratory; or

7.24 (vi) the Stakman-Borlaug Center;

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

7.26 (3) agricultural education including but not limited to the Minnesota Agriculture

7.27 Education Leadership Council, farm business management, mentoring programs, graduate

7.28 debt forgiveness, and high school programs.

7.29 Subd. 2. Advisory panel. (a) In awarding grants under this section, the

7.30 commissioner and a representative of the College of Food, Agricultural and Natural

7.31 Resource Sciences at the University of Minnesota must consult with an advisory panel

7.32 consisting of the following stakeholders:

7.33 (1) a representative of the College of Food, Agricultural and Natural Resource

7.34 Sciences at the University of Minnesota;

7.35 (2) (1) a representative of the Minnesota State Colleges and Universities system;

7.36 (3)(2) a representative of the Minnesota Farm Bureau;

8.1	(4) (3) a representative of the Minnesota Farmers Union;
8.2	(5) (4) a person representing agriculture industry statewide;
8.3	(6) (5) a representative of each of the state commodity councils organized under
8.4	section 17.54 and the Minnesota Pork Board;
8.5	(7) (6) a person representing an association of primary manufacturers of forest
8.6	products;
8.7	(8) (7) a person representing organic or sustainable agriculture; and
8.8	(9) (8) a person representing statewide environment and natural resource
8.9	conservation organizations.
8.10	(b) Members under paragraph (a), clauses (1) to (3) and (5), shall be chosen by their
8.11	respective organizations.
8.12	Subd. 3. Account. An agriculture research, education, extension, and technology
8.13	transfer account is created in the agricultural fund in the state treasury. The account
8.14	consists of money received in the form of gifts, grants, reimbursement, or appropriations
8.15	from any source for any of the purposes provided in subdivision 1, and any interest or
8.16	earnings of the account. Money in the account is appropriated to the commissioner of
8.17	agriculture for the purposes under subdivision 1.
8.18	EFFECTIVE DATE. This section is effective the day following final enactment.
8.19	Sec. 9. Minnesota Statutes 2015 Supplement, section 41A.15, subdivision 2, is
8.20	amended to read:
8.21	Subd. 2. Advanced biofuel. "Advanced biofuel" has the meaning given means
8.22	advanced biofuel as defined in section 239.051, subdivision 1a, and biobutanol.
8.23	Sec. 10. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a
8.24	subdivision to read:
8.25	Subd. 2a. Biobased content. "Biobased content" means a chemical, polymer,
8.26	monomer, or plastic that is not sold primarily for use as food, feed, or fuel and that has a
8.27	biobased percentage of at least 51 percent as determined by testing representative samples
8.28	using American Society for Testing and Materials specification D6866.
8.29	Sec. 11. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a
8.30	subdivision to read:
8.31	Subd. 2b. Biobased formulated product. "Biobased formulated product" means
8.32	a product that is not sold primarily for use as food, feed, or fuel and that has a biobased
8.33	content percentage of at least ten percent as determined by testing representative samples

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9.1 using American Society for Testing and Materials specification D6866, or that contains

9.2 <u>a biobased chemical constituent that displaces a known hazardous or toxic constituent</u>

9.3 previously used in the product formulation.

9.4 Sec. 12. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a
9.5 subdivision to read:

9.6 Subd. 2c. Biobutanol. "Biobutanol" means fermentation isobutyl alcohol that is

9.7 derived from agricultural products, including potatoes, cereal grains, cheese whey, and

9.8 sugar beets; forest products; or other renewable resources, including residue and waste

9.9 generated from the production, processing, and marketing of agricultural products, forest

- 9.10 products, and other renewable resources.
- 9.11 Sec. 13. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a
 9.12 subdivision to read:

9.13 <u>Subd. 2d.</u> Biobutanol facility. "Biobutanol facility" means a facility at which
9.14 biobutanol is produced.

9.15 Sec. 14. Minnesota Statutes 2015 Supplement, section 41A.15, is amended by adding a
9.16 subdivision to read:

9.17 <u>Subd. 9a.</u> Quarterly. "Quarterly" means any of the following three-month intervals
9.18 <u>in a calendar year</u>: January through March, April through June, July through September,
9.19 or October through December.

- 9.20 Sec. 15. Minnesota Statutes 2015 Supplement, section 41A.15, subdivision 10, is9.21 amended to read:
- 9.22 Subd. 10. Renewable chemical. "Renewable chemical" means a chemical with
 9.23 biobased content as defined in section 41A.105, subdivision 1a.
- 9.24 Sec. 16. Minnesota Statutes 2015 Supplement, section 41A.16, subdivision 1, is9.25 amended to read:
- 9.26 Subdivision 1. Eligibility. (a) A facility eligible for payment under this section must
 9.27 source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or
 9.28 less from the state border, raw materials may be sourced from within a 100-mile radius.
 9.29 Raw materials must be from agricultural or forestry sources or from solid waste. The
- 9.30 facility must be located in Minnesota, must begin production at a specific location by June
- 9.31 30, 2025, and must not begin operating above 95,000 <u>23,750</u> MMbtu of annual <u>quarterly</u>

10.1 biofuel production before July 1, 2015. Eligible facilities include existing companies and

10.2 facilities that are adding advanced biofuel production capacity, or retrofitting existing

10.3 capacity, as well as new companies and facilities. Production of conventional corn ethanol

and conventional biodiesel is not eligible. Eligible advanced biofuel facilities must
produce at least <u>95,000_23,750</u> MMbtu <u>a year of biofuel quarterly</u>.

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

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

10.11 (d) A producer that ceases production for any reason is ineligible to receive10.12 payments under this section until the producer resumes production.

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

10.16 Sec. 17. Minnesota Statutes 2015 Supplement, section 41A.17, subdivision 1, is10.17 amended to read:

Subdivision 1. Eligibility. (a) A facility eligible for payment under this program 10.18 must source at least 80 percent biobased content, as defined in section 41A.105, 10.19 subdivision 1a, clause (1), from Minnesota. If a facility is sited 50 miles or less from the 10.20 state border, biobased content must be sourced from within a 100-mile radius. Biobased 10.21 10.22 content must be from agricultural or forestry sources or from solid waste. The facility must be located in Minnesota, must begin production at a specific location by June 30, 2025, and 10.23 must not begin production of 3,000,000 750,000 pounds of chemicals annually quarterly 10.24 10.25 before January 1, 2015. Eligible facilities include existing companies and facilities that are adding production capacity, or retrofitting existing capacity, as well as new companies and 10.26 facilities. Eligible renewable chemical facilities must produce at least 3,000,000 750,000 10.27 pounds per year of renewable chemicals quarterly. Renewable chemicals produced 10.28 through processes that are fully commercial before January 1, 2000, are not eligible. 10.29

10.30 (b) No payments shall be made for renewable chemical production that occurs after10.31 June 30, 2035, for those eligible renewable chemical producers under paragraph (a).

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

- (d) A producer that ceases production for any reason is ineligible to receivepayments under this section until the producer resumes production.
- (e) Advanced biofuel production for which payment has been received under section
 41A.16, and biomass thermal production for which payment has been received under
- section 41A.18, are not eligible for payment under this section.
- Sec. 18. Minnesota Statutes 2015 Supplement, section 41A.17, subdivision 2, is
 amended to read:
- Subd. 2. **Payment amounts; bonus; limits.** (a) The commissioner shall make payments to eligible producers of renewable chemicals located in the state. The amount of the payment for each producer's annual production is \$0.03 per pound of sugar-derived renewable chemical, \$0.03 per pound of cellulosic sugar, and \$0.06 per pound of cellulosic-derived renewable chemical produced at a specific location for ten years after the start of production.
- (b) An eligible facility producing renewable chemicals using agricultural cellulosic
 biomass is eligible for a 20 percent bonus payment for each <u>MMbtu pound</u> produced from
 agricultural biomass that is derived from perennial crop or cover crop biomass.
- (c) Total payments under this section to an eligible renewable chemical producer in
 a fiscal year may not exceed the amount necessary for 99,999,999 pounds of renewable
 chemical production. Total payments under this section to all eligible renewable chemical
 producers in a fiscal year may not exceed the amount necessary for 599,999,999 pounds of
 renewable chemical production. The commissioner shall award payments on a first-come,
 first-served basis within the limits of available funding.
- (d) For purposes of this section, an entity that holds a controlling interest in morethan one renewable chemical production facility is considered a single eligible producer.
- Sec. 19. Minnesota Statutes 2015 Supplement, section 41A.18, subdivision 1, isamended to read:
- 11.27 Subdivision 1. Eligibility. (a) A facility eligible for payment under this section must 11.28 source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or 11.29 less from the state border, raw materials should be sourced from within a 100-mile radius. 11.30 Raw materials must be from agricultural or forestry sources. The facility must be located 11.31 in Minnesota, must have begun production at a specific location by June 30, 2025, and 11.32 must not begin before July 1, 2015. Eligible facilities include existing companies and 11.33 facilities that are adding production capacity, or retrofitting existing capacity, as well as

new companies and facilities. Eligible biomass thermal production facilities must produce
at least 1,000 250 MMbtu per year of biomass thermal quarterly.

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

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

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

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

12.13 Sec. 20. Minnesota Statutes 2015 Supplement, section 116D.04, subdivision 2a,
12.14 is amended to read:

Subd. 2a. When prepared. Where there is potential for significant environmental 12.15 effects resulting from any major governmental action, the action shall be preceded by a 12.16 detailed environmental impact statement prepared by the responsible governmental unit. 12.17 The environmental impact statement shall be an analytical rather than an encyclopedic 12.18 document which describes the proposed action in detail, analyzes its significant 12.19 environmental impacts, discusses appropriate alternatives to the proposed action and 12.20 their impacts, and explores methods by which adverse environmental impacts of an 12.21 12.22 action could be mitigated. The environmental impact statement shall also analyze those economic, employment, and sociological effects that cannot be avoided should the action 12.23 be implemented. To ensure its use in the decision-making process, the environmental 12.24 12.25 impact statement shall be prepared as early as practical in the formulation of an action.

(a) The board shall by rule establish categories of actions for which environmental 12.26 impact statements and for which environmental assessment worksheets shall be prepared 12.27 as well as categories of actions for which no environmental review is required under this 12.28 section. A mandatory environmental assessment worksheet shall not be required for the 12.29 expansion of an ethanol plant, as defined in section 41A.09, subdivision 2a, paragraph 12.30 (b), or the conversion of an ethanol plant to a biobutanol facility or the expansion of a 12.31 biobutanol facility as defined in section 41A.105 41A.15, subdivision 1a 2d, based on 12.32 the capacity of the expanded or converted facility to produce alcohol fuel, but must be 12.33 required if the ethanol plant or biobutanol facility meets or exceeds thresholds of other 12.34 categories of actions for which environmental assessment worksheets must be prepared. 12.35

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The responsible governmental unit for an ethanol plant or biobutanol facility project for
which an environmental assessment worksheet is prepared shall be the state agency with
the greatest responsibility for supervising or approving the project as a whole.

A mandatory environmental impact statement shall not be required for a facility 13.4 or plant located outside the seven-county metropolitan area that produces less than 13.5 125,000,000 gallons of ethanol, biobutanol, or cellulosic biofuel annually, or produces less 13.6 than 400,000 tons of chemicals annually, if the facility or plant is: an ethanol plant, as 13.7 defined in section 41A.09, subdivision 2a, paragraph (b); a biobutanol facility, as defined 138 in section 41A.105 41A.15, subdivision 1a, clause (1) 2d; or a cellulosic biofuel facility. 13.9 A facility or plant that only uses a cellulosic feedstock to produce chemical products for 13.10 use by another facility as a feedstock shall not be considered a fuel conversion facility as 13.11 used in rules adopted under this chapter. 13.12

(b) The responsible governmental unit shall promptly publish notice of the 13.13 completion of an environmental assessment worksheet by publishing the notice in at least 13.14 one newspaper of general circulation in the geographic area where the project is proposed, 13.15 by posting the notice on a Web site that has been designated as the official publication site 13.16 for publication of proceedings, public notices, and summaries of a political subdivision in 13.17 which the project is proposed, or in any other manner determined by the board and shall 13.18 provide copies of the environmental assessment worksheet to the board and its member 13.19 agencies. Comments on the need for an environmental impact statement may be submitted 13.20 to the responsible governmental unit during a 30-day period following publication of the 13.21 notice that an environmental assessment worksheet has been completed. The responsible 13.22 13.23 governmental unit's decision on the need for an environmental impact statement shall be based on the environmental assessment worksheet and the comments received during the 13.24 comment period, and shall be made within 15 days after the close of the comment period. 13.25 13.26 The board's chair may extend the 15-day period by not more than 15 additional days upon the request of the responsible governmental unit. 13.27

(c) An environmental assessment worksheet shall also be prepared for a proposed 13.28 action whenever material evidence accompanying a petition by not less than 100 13.29 individuals who reside or own property in the state, submitted before the proposed 13.30 project has received final approval by the appropriate governmental units, demonstrates 13.31 that, because of the nature or location of a proposed action, there may be potential for 13.32 significant environmental effects. Petitions requesting the preparation of an environmental 13.33 assessment worksheet shall be submitted to the board. The chair of the board shall 13.34 determine the appropriate responsible governmental unit and forward the petition to it. 13.35 A decision on the need for an environmental assessment worksheet shall be made by 13.36

the responsible governmental unit within 15 days after the petition is received by the
responsible governmental unit. The board's chair may extend the 15-day period by not
more than 15 additional days upon request of the responsible governmental unit.
(d) Except in an environmentally sensitive location where Minnesota Rules, part

4410.4300, subpart 29, item B, applies, the proposed action is exempt from environmental
review under this chapter and rules of the board, if:

14.7 (1) the proposed action is:

14.8 (i) an animal feedlot facility with a capacity of less than 1,000 animal units; or

(ii) an expansion of an existing animal feedlot facility with a total cumulativecapacity of less than 1,000 animal units;

14.11 (2) the application for the animal feedlot facility includes a written commitment by
14.12 the proposer to design, construct, and operate the facility in full compliance with Pollution
14.13 Control Agency feedlot rules; and

(3) the county board holds a public meeting for citizen input at least ten business
days prior to the Pollution Control Agency or county issuing a feedlot permit for the
animal feedlot facility unless another public meeting for citizen input has been held with
regard to the feedlot facility to be permitted. The exemption in this paragraph is in
addition to other exemptions provided under other law and rules of the board.

(e) The board may, prior to final approval of a proposed project, require preparation
of an environmental assessment worksheet by a responsible governmental unit selected
by the board for any action where environmental review under this section has not been
specifically provided for by rule or otherwise initiated.

14.23 (f) An early and open process shall be utilized to limit the scope of the environmental impact statement to a discussion of those impacts, which, because of the nature or location 14.24 of the project, have the potential for significant environmental effects. The same process 14.25 14.26 shall be utilized to determine the form, content and level of detail of the statement as well as the alternatives which are appropriate for consideration in the statement. In addition, 14.27 the permits which will be required for the proposed action shall be identified during the 14.28 scoping process. Further, the process shall identify those permits for which information 14.29 will be developed concurrently with the environmental impact statement. The board 14.30 shall provide in its rules for the expeditious completion of the scoping process. The 14.31 determinations reached in the process shall be incorporated into the order requiring the 14.32 preparation of an environmental impact statement. 14.33

(g) The responsible governmental unit shall, to the extent practicable, avoid
duplication and ensure coordination between state and federal environmental review
and between environmental review and environmental permitting. Whenever practical,

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information needed by a governmental unit for making final decisions on permits 15.1 or other actions required for a proposed project shall be developed in conjunction 15.2 with the preparation of an environmental impact statement. When an environmental 15.3 impact statement is prepared for a project requiring multiple permits for which two or 15.4 more agencies' decision processes include either mandatory or discretionary hearings 15.5 before a hearing officer prior to the agencies' decision on the permit, the agencies 15.6 may, notwithstanding any law or rule to the contrary, conduct the hearings in a single 15.7 consolidated hearing process if requested by the proposer. All agencies having jurisdiction 15.8 over a permit that is included in the consolidated hearing shall participate. The responsible 15.9 governmental unit shall establish appropriate procedures for the consolidated hearing 15.10 process, including procedures to ensure that the consolidated hearing process is consistent 15.11 with the applicable requirements for each permit regarding the rights and duties of parties to 15.12 the hearing, and shall utilize the earliest applicable hearing procedure to initiate the hearing. 15.13

(h) An environmental impact statement shall be prepared and its adequacy 15.14 15.15 determined within 280 days after notice of its preparation unless the time is extended by consent of the parties or by the governor for good cause. The responsible governmental 15.16 unit shall determine the adequacy of an environmental impact statement, unless within 60 15.17 days after notice is published that an environmental impact statement will be prepared, 15.18 the board chooses to determine the adequacy of an environmental impact statement. If an 15.19 environmental impact statement is found to be inadequate, the responsible governmental 15.20 unit shall have 60 days to prepare an adequate environmental impact statement. 15.21

(i) The proposer of a specific action may include in the information submitted to the 15.22 15.23 responsible governmental unit a preliminary draft environmental impact statement under this section on that action for review, modification, and determination of completeness and 15.24 adequacy by the responsible governmental unit. A preliminary draft environmental impact 15.25 15.26 statement prepared by the project proposer and submitted to the responsible governmental unit shall identify or include as an appendix all studies and other sources of information 15.27 used to substantiate the analysis contained in the preliminary draft environmental impact 15.28 statement. The responsible governmental unit shall require additional studies, if needed, 15.29 and obtain from the project proposer all additional studies and information necessary for 15.30 the responsible governmental unit to perform its responsibility to review, modify, and 15.31 determine the completeness and adequacy of the environmental impact statement. 15.32

15.33 Sec. 21. Laws 2015, First Special Session chapter 4, article 1, section 2, subdivision 4,
15.34 is amended to read:

16.1 16.2	Subd. 4. Agriculture, Bioenergy, and Bioproduct Advancement	14,993,000	19,010,000
16.3	\$4,483,000 the first year and \$8,500,000 the		
16.4	second year are for transfer to the agriculture		
16.5	research, education, extension, and		
16.6	technology transfer account under Minnesota		
16.7	Statutes, section 41A.14, subdivision 3.		
16.8	The transfer in this paragraph includes		
16.9	money for plant breeders at the University		
16.10	of Minnesota for wild rice, potatoes, and		
16.11	grapes. Of these amounts, at least \$600,000		
16.12	each year is for agriculture rapid response		
16.13	the Minnesota Agricultural Experiment		
16.14	Station's Agriculture Rapid Response Fund		
16.15	under Minnesota Statutes, section 41A.14,		
16.16	subdivision 1, clause (2). Of the amount		
16.17	appropriated in this paragraph, \$1,000,000		
16.18	each year is for transfer to the Board of		
16.19	Regents of the University of Minnesota for		
16.20	research to determine (1) what is causing		
16.21	avian influenza, (2) why some fowl are more		
16.22	susceptible, and (3) prevention measures that		
16.23	can be taken. Of the amount appropriated		
16.24	in this paragraph, \$2,000,000 each year		
16.25	is for grants to the Minnesota Agriculture		
16.26	Education Leadership Council to enhance		
16.27	agricultural education with priority given		
16.28	to Farm Business Management challenge		
16.29	grants. The commissioner shall transfer the		
16.30	remaining grant funds in this appropriation		
16.31	each year to the Board of Regents of the		
16.32	University of Minnesota for purposes of		
16.33	Minnesota Statutes, section 41A.14.		
16.34	To the extent practicable, funds expended		
16.35	under Minnesota Statutes, section 41A.14,		
16.36	subdivision 1, clauses (1) and (2), must		

17.1	supplement and not supplant existing sources
17.2	and levels of funding. The commissioner may
17.3	use up to 4.5 percent of this appropriation
17.4	for costs incurred to administer the program.
17.5	Any unencumbered balance does not cancel
17.6	at the end of the first year and is available for
17.7	the second year.
17.8	\$10,235,000 the first year and \$10,235,000
17.9	the second year are for the agricultural
17.10	growth, research, and innovation program
17.11	in Minnesota Statutes, section 41A.12. No
17.12	later than February 1, 2016, and February
17.13	1, 2017, the commissioner must report to
17.14	the legislative committees with jurisdiction
17.15	over agriculture policy and finance regarding
17.16	the commissioner's accomplishments
17.17	and anticipated accomplishments in
17.18	the following areas: facilitating the
17.19	start-up, modernization, or expansion of
17.20	livestock operations including beginning
17.21	and transitioning livestock operations;
17.22	developing new markets for Minnesota
17.23	farmers by providing more fruits, vegetables,
17.24	meat, grain, and dairy for Minnesota school
17.25	children; assisting value-added agricultural
17.26	businesses to begin or expand, access new
17.27	markets, or diversify products; developing
17.28	urban agriculture; facilitating the start-up,
17.29	modernization, or expansion of other
17.30	beginning and transitioning farms including
17.31	loans under Minnesota Statutes, section
17.32	41B.056; sustainable agriculture on farm
17.33	research and demonstration; development or
17.34	expansion of food hubs and other alternative
17.35	community-based food distribution systems;
17.36	and research on bioenergy, biobased content,

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- develop and test the agronomic and economic 18.22
- requirements of diverse strands of prairie 18.23 18.24 plants and other perennials for bioenergy
- systems; or to certain nongovernmental 18.25 entities. For the purposes of this paragraph,
- "bioenergy" includes transportation fuels 18.27
- derived from cellulosic material, as well as 18.28 the generation of energy for commercial heat, 18.29
- industrial process heat, or electrical power 18.30 from cellulosic materials via gasification or 18.31
- other processes. Grants are limited to 50 18.32
- percent of the cost of research, technical 18.33
- 18.34 assistance, or equipment related to bioenergy,
- biobased content, or biobased formulated 18.35
- product production or \$500,000, whichever 18.36

19.1	is less. Grants to nongovernmental entities
19.2	for the development of business plans and
19.3	structures related to community ownership
19.4	of eligible bioenergy facilities together may
19.5	not exceed \$150,000. The commissioner
19.6	shall make a good-faith effort to select
19.7	projects that have merit and, when taken
19.8	together, represent a variety of bioenergy
19.9	technologies, biomass feedstocks, and
19.10	geographic regions of the state. Projects
19.11	must have a qualified engineer provide
19.12	certification on the technology and fuel
19.13	source. Grantees must provide reports at the
19.14	request of the commissioner.
19.15	Of the amount appropriated for the
19.16	agricultural growth, research, and innovation
19.17	program in this subdivision, \$1,000,000 the
19.18	first year and \$1,000,000 the second year
19.19	are for distribution in equal amounts to each
19.20	of the state's county fairs to preserve and
19.21	promote Minnesota agriculture.
19.22	Of the amount appropriated for the
19.23	agricultural growth, research, and innovation
19.24	program in this subdivision, \$500,000 in
19.25	fiscal year 2016 and \$1,500,000 in fiscal
19.26	year 2017 are for incentive payments
19.27	under Minnesota Statutes, sections 41A.16,
19.28	41A.17, and 41A.18. If the appropriation
19.29	exceeds the total amount for which all
19.30	producers are eligible in a fiscal year, the
19.31	balance of the appropriation is available
19.32	to the commissioner for the agricultural
19.33	growth, research, and innovation program.
19.34	Notwithstanding Minnesota Statutes,
19.35	section 16A.28, the first year appropriation
10.36	is available until June 30, 2017, and the

19.36 is available until June 30, 2017, and the

20.1	second year appropriation is available until
20.2	June 30, 2018. The commissioner may use
20.3	up to 4.5 percent of the appropriation for
20.4	administration of the incentive payment
20.5	programs.
20.6	Of the amount appropriated for the
20.7	agricultural growth, research, and innovation
20.8	program in this subdivision, \$250,000
20.9	the first year is for grants to communities
20.10	to develop or expand food hubs and
20.11	other alternative community-based food
20.12	distribution systems. Of this amount,
20.13	\$50,000 is for the commissioner to consult
20.14	with existing food hubs, alternative
20.15	community-based food distribution systems,
20.16	and University of Minnesota Extension
20.17	to identify best practices for use by other
20.18	Minnesota communities. No later than
20.19	December 15, 2015, the commissioner must
20.20	report to the legislative committees with
20.21	jurisdiction over agriculture and health
20.22	regarding the status of emerging alternative
20.23	community-based food distribution systems
20.24	in the state along with recommendations
20.25	to eliminate any barriers to success. Any
20.26	unencumbered balance does not cancel at the
20.27	end of the first year and is available for the
20.28	second year. This is a onetime appropriation.
20.29	\$250,000 the first year and \$250,000 the
20.30	second year are for grants that enable
20.31	retail petroleum dispensers to dispense
20.32	biofuels to the public in accordance with the
20.33	biofuel replacement goals established under
20.34	Minnesota Statutes, section 239.7911. A
20.35	retail petroleum dispenser selling petroleum
20.36	for use in spark ignition engines for vehicle

model years after 2000 is eligible for grant 21.1 money under this paragraph if the retail 21.2 petroleum dispenser has no more than 15 21.3 retail petroleum dispensing sites and each 21.4 site is located in Minnesota. The grant 21.5 money received under this paragraph must 21.6 be used for the installation of appropriate 21.7 technology that uses fuel dispensing 21.8 equipment appropriate for at least one fuel 21.9 dispensing site to dispense gasoline that is 21.10 blended with 15 percent of agriculturally 21.11 derived, denatured ethanol, by volume, and 21.12 appropriate technical assistance related to 21.13 the installation. A grant award must not 21.14 21.15 exceed 85 percent of the cost of the technical assistance and appropriate technology, 21.16 including remetering of and retrofits for 21.17 retail petroleum dispensers and replacement 21.18 of petroleum dispenser projects. The 21.19 commissioner may use up to \$35,000 of this 21.20 appropriation for administrative expenses. 21.21 The commissioner shall cooperate with 21.22 21.23 biofuel stakeholders in the implementation of the grant program. The commissioner 21.24 must report to the legislative committees 21.25 21.26 with jurisdiction over agriculture policy and finance by February 1 each year, detailing 21.27 the number of grants awarded under this 21.28 paragraph and the projected effect of the grant 21.29 program on meeting the biofuel replacement 21.30 goals under Minnesota Statutes, section 21.31 239.7911. These are onetime appropriations. 21.32 \$25,000 the first year and \$25,000 the second 21.33 21.34 year are for grants to the Southern Minnesota Initiative Foundation to promote local foods 21.35 through an annual event that raises public 21.36

- 22.1 awareness of local foods and connects local
- 22.2 food producers and processors with potential
- 22.3 buyers.
- 22.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.
- Sec. 22. Laws 2015, First Special Session chapter 4, article 1, section 5, is amended to
 read:
- 22.7 Sec. 5. AVIAN INFLUENZA RESPONSE ACTIVITIES; <u>EMERGENCY</u>
 22.8 <u>PREPAREDNESS; APPROPRIATIONS AND TRANSFERS.</u>

(a) \$3,619,000 \$519,000 is appropriated from the general fund in fiscal year 2016 to
the commissioner of agriculture for avian influenza emergency response activities. The
commissioner may use money appropriated under this paragraph to purchase necessary
euthanasia and composting equipment and to reimburse costs incurred by local units of
government directly related to avian influenza emergency response activities that are not
eligible for federal reimbursement. This appropriation is available the day following final
enactment until June 30, 2017.

(b) \$1,853,000 is appropriated from the general fund in fiscal year 2016 to the
Board of Animal Health for avian influenza emergency response activities. The Board
may use money appropriated under this paragraph to purchase necessary euthanasia and
composting equipment. any animal disease emergency response or planning activity,
including but not limited to:

22.21 (1) the retention of staff trained in disease response;

- (2) costs associated with the relocation and expansion of the Minnesota Poultry
- 22.23 <u>Testing Laboratory;</u>
- 22.24 (3) the identification of risk factors for disease transmission; and
- 22.25 (4) the implementation of strategies to prevent or reduce the risk of disease
- 22.26 <u>introduction and transmission</u>.
- 22.27 This appropriation is available the day following final enactment until June 30, $\frac{2017}{2019}$.
- (c) \$103,000 is appropriated from the general fund in fiscal year 2016 to the
 commissioner of health for avian influenza emergency response activities. This
 appropriation is available the day following final enactment until June 30, 2017.
- (d) \$350,000 is appropriated from the general fund in fiscal year 2016 to the
 commissioner of natural resources for sampling wild animals to detect and monitor the
 avian influenza virus. This appropriation may also be used to conduct serology sampling,
 in consultation with the Board of Animal Health and the University of Minnesota Pomeroy

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Chair in Avian Health, from birds within a control zone and outside of a control zone.
This appropriation is available the day following final enactment until June 30, 2017.
(e) \$544,000 is appropriated from the general fund in fiscal year 2016 to the
commissioner of public safety to operate the State Emergency Operation Center in
coordination with the statewide avian influenza response activities. Appropriations

under this paragraph may also be used to support a staff person at the state's agricultural
incident command post in Willmar. This appropriation is available the day following final
enactment until June 30, 2017.

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

(g) In addition to the transfers required under Laws 2015, chapter 65, article 1,
section 17, no later than September 30, 2015, the commissioner of management and
budget must transfer \$4,400,000 from the fiscal year 2015 closing balance in the general
fund to the disaster assistance contingency account in Minnesota Statutes, section 12.221,
subdivision 6. This amount is available for avian influenza emergency response eligible
activities as provided in Laws 2015, chapter 65, article 1, section 18, as amended.

23.20

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

23.21

Sec. 23. TRANSFER REQUIRED.

23.22 Of the amount appropriated from the general fund to the commissioner of agriculture 23.23 for transfer to the rural finance authority revolving loan account in Laws 2015, First Special 23.24 Session chapter 4, article 2, section 6, the commissioner of management and budget must 23.25 transfer \$6,713,000 back to the general fund in fiscal year 2016. This is a onetime transfer.