A bill for an act

relating to appropriations; appropriating money for agriculture, the Board of Animal Health, Rural Finance Authority, veterans, and the military; changing certain agricultural and animal health requirements and programs; establishing a program; eliminating a sunset; requiring certain studies and reports; amending Minnesota Statutes 2008, sections 3.737, subdivision 1; 3.7371, subdivision 3; 13.643, by adding a subdivision; 17.115, subdivision 2; 18.75; 18.76; 18.77, subdivisions 1, 3, 5, by adding subdivisions; 18.78, subdivision 1, by adding a subdivision; 18.79; 18.80, subdivision 1; 18.81, subdivision 3, by adding subdivisions; 18.82, subdivisions 1, 3; 18.83; 18.84, subdivisions 1, 2, 3; 18.86; 18.87; 18.88; 18B.01, subdivision 8, by adding subdivisions; 18B.065, subdivisions 1, 2, 2a, 3, 7, by adding subdivisions; 18B.26, subdivisions 1, 3; 18B.31, subdivisions 3, 4; 18B.37, subdivision 1; 18C.415, subdivision 3; 18C.421; 18C.425, subdivisions 4, 6; 18E.03, subdivisions 2, 4; 18E.06; 18H.02, subdivision 12a, by adding subdivisions; 18H.07, subdivisions 2, 3; 18H.09; 18H.10; 28A.085, subdivision 1; 28A.21, subdivision 5; 31.94; 32.394, subdivision 8; 41A.09, subdivisions 2a, 3a; 41B.039, subdivision 2; 41B.04, subdivision 8; 41B.042, subdivision 4; 41B.043, subdivision 1b; 41B.045, subdivision 2; 43A.11, subdivision 7; 43A.23, subdivision 1; 97A.045, subdivision 1; 171.06, subdivision 3; 171.07, by adding a subdivision; 171.12, by adding a subdivision; 197.455, subdivision 1; 197.46; 198.003, by adding subdivisions; 239.791, subdivisions 1, 1a; 336.9-601; 343.11; 550.365, subdivision 2; 559.209, subdivision 2; 582.039, subdivision 2; 583.215; 626.8517; Laws 2008, chapter 297, article 2, section 26, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 17; 18; 18B; 31; 41A; 192; 198; repealing Minnesota Statutes 2008, sections 17.49, subdivision 3; 18G.12, subdivision 5; 38.02, subdivisions 3, 4; 41.51; 41.52; 41.53; 41.55; 41.56; 41.57; 41.58, subdivisions 1, 2; 41.59, subdivision 1; 41.60; 41.61, subdivision 1; 41.62; 41.63; 41.65; Minnesota Rules, part 1505.0820.

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

ARTICLE 1
AGRICULTURE

Section 1. **SUMMARY OF APPROPRIATIONS.**

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

		2010		2011		Total
General	$	44,408,000	$	43,323,000	$	87,731,000
Agricultural	$	800,000	$	800,000	$	1,600,000
Remediation	$	388,000	$	388,000	$	776,000
Total	**$**	**45,596,000**	**$**	**44,511,000**	**$**	**90,107,000**

Sec. 2. **AGRICULTURE APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this act. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this act mean that the appropriations listed under them are available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. "The first year" is fiscal year 2010. "The second year" is fiscal year 2011. "The biennium" is fiscal years 2010 and 2011.

	APPROPRIATIONS Available for the Year Ending June 30		
	2010		**2011**
Sec. 3. **DEPARTMENT OF AGRICULTURE**			
Subdivision 1. **Total Appropriation**	**$ 37,575,000**	**$**	**36,490,000**

Appropriations by Fund	2010	2011
General	36,387,000	35,302,000
Remediation	388,000	388,000
Agricultural	800,000	800,000

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

	2010	2011
Subd. 2. **Protection Services**	13,078,000	13,078,000

Appropriations by Fund		
General	12,690,000	12,690,000
Remediation	388,000	388,000

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

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

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

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

$150,000 the first year and $150,000 the second year are for plant pest surveys.

Subd. 3. **Agricultural Marketing and Development**	4,782,000	4,782,000

$186,000 the first year and $186,000 the second year are for transfer to the Minnesota grown account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.102. Grants may be made for one year. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2011, for Minnesota grown grants in this paragraph are available until June 30, 2013. $50,000 of the appropriation in each year is for efforts that identify and promote Minnesota grown products in retail food establishments including but not limited to restaurants, grocery stores, and convenience stores.

$100,000 the first year and $100,000 the second year are for grants to farmers for demonstration projects involving sustainable agriculture as authorized in Minnesota Statutes, section 17.116. Of the amount for grants, up to $20,000 may be used for dissemination of information about the demonstration projects. Notwithstanding Minnesota Statutes, section 16A.28, the appropriations encumbered under contract on or before June 30, 2011, for sustainable agriculture grants in this paragraph are available until June 30, 2013.

$103,000 the first year and $103,000 the second year are to provide training and technical assistance to county and town officials relating to livestock siting issues and local zoning and land use planning, including maintenance of the checklist template clarifying the federal, state, and local government requirements for consideration of an animal agriculture modernization or expansion project. For the training and technical assistance program, the commissioner shall continue to seek guidance, advice, and support of livestock producer organizations, general agricultural organizations, local government associations, academic institutions, other government agencies, and others with expertise in land use and agriculture.

$77,000 the first year and $77,000 the second year are for integrated pest management activities.

$10,000 the first year and $10,000 the second year are for annual cost-share payments to resident farmers or persons who sell, process, or package agricultural products in this state for the costs of organic certification. Annual cost-share payments per farmer must be two-thirds of the cost of the certification or $350, whichever is less. In any year that a resident farmer or person who sells, processes, or packages agricultural products in this state receives a federal organic certification cost-share payment, that resident farmer or person is not eligible for state cost-share payments. A certified farmer is eligible to receive annual certification cost-share payments for up to five years. The commissioner may allocate any excess appropriation in either fiscal year for organic market and program development including organic producer education efforts, assistance for persons transitioning from conventional to organic agriculture, or sustainable agriculture demonstration grants authorized under Minnesota Statutes, section 17.116, and pertaining to organic research or demonstration. Any unencumbered balance does not cancel at the end of the first year and is available for the second year.

Subd. 4. **Bioenergy and Value-Added Agriculture**	12,168,000	12,168,000

$12,168,000 the first year and $12,168,000 the second year are for ethanol producer payments under Minnesota Statutes, section

41A.09. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make payments on a pro rata basis. The commissioner of agriculture must post on the department's Web site each payment issued under this appropriation including the amount and recipient of each payment. If the appropriation exceeds the total amount for which all producers are eligible in a fiscal year for scheduled payments and for deficiencies in payments during previous fiscal years, the balance in the appropriation is available to the commissioner for value-added agricultural programs including the value-added agricultural processing and marketing grant program under Minnesota Statutes, section 17.101, subdivision 5. The appropriation remains available until spent. The base appropriation for fiscal year 2012 is $12,668,000.

In addition to the reporting requirements in Minnesota Statutes, section 41A.09, before the commissioner of agriculture may award a producer payment or deficiency payment to an eligible producer, the producer must submit to the commissioner of agriculture a letter from the Pollution Control Agency certifying that, during the reporting period, the producer was in full compliance with any required pollution control permit or permits issued by the Pollution Control Agency. If the producer was not in full compliance during the payment period, the producer loses eligibility for that period's payment amount permanently. If the producer does not correct the issue within 12 months, as certified by the Pollution Control Agency, the producer is ineligible for any additional ethanol producer or deficiency payments.

If majority ownership of an eligible ethanol plant is sold or otherwise transferred to an entity that is neither eligible to farm or own agricultural land under Minnesota Statutes, section 500.24, nor an individual residing within 30 miles of the plant, the ethanol plant becomes ineligible for additional ethanol producer or deficiency payments.

Subd. 5. **Administration and Financial Assistance**	7,547,000	6,462,000

Appropriations by Fund

	2010	2011
General	6,747,000	5,662,000
Agricultural	800,000	800,000

$25,000 the first year is for a grant to members of a farmers market association to reimburse up to $1,000 of membership fees for members who incurred crop damages as a result of the hail storm in 2008.

$755,000 the first year and $755,000 the second year are for continuation of the dairy development and profitability enhancement and dairy business planning grant programs established under Laws 1997, chapter 216, section 7, subdivision 2, and Laws 2001, First Special Session chapter 2, section 9, subdivision 2. The commissioner may allocate the available sums among permissible activities, including efforts to improve the quality of milk produced in the state in the proportions that the commissioner deems most beneficial to Minnesota's dairy farmers. The commissioner must submit a work plan detailing plans for expenditures under this program to the chairs of the house of representatives and senate committees dealing with agricultural policy and budget on or before the start of each fiscal year. If significant changes are made to the plans in the course of the year, the commissioner must notify the chairs.

$50,000 the first year and $50,000 the second year are for the Northern Crops Institute. These appropriations may be spent to purchase equipment.

$19,000 the first year and $19,000 the second year are for a grant to the Minnesota Livestock Breeders Association.

$250,000 the first year and $250,000 the second year are for grants to the Minnesota Agricultural Education and Leadership Council for programs of the council under Minnesota Statutes, chapter 41D.

$474,000 the first year and $474,000 the second year are for payments to county and district agricultural societies and associations under Minnesota Statutes, section 38.02, subdivision 1. Of this amount, $4,000 each year is for 4-H premiums. Aid payments to county and district agricultural societies and associations shall be disbursed no later than July 15 of each year. These payments are the amount of aid from the state for an annual fair held in the previous calendar year.

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

$65,000 the first year and $65,000 the second year are for annual grants to the Minnesota Turf Seed Council for basic and applied research on the improved production of forage and turf seed related to new and improved varieties. The grant recipient may subcontract with a qualified third party for some or all of the basic and applied research.

$50,000 the first year and $50,000 the second year are for grants to the Minnesota Turf Seed Council for basic and applied agronomic research on native plants, including plant breeding but not genetic engineering, nutrient management, pest management, disease management, yield, and viability. Any plantings conducted with money from this appropriation must protect existing native prairies from genetic contamination. The Minnesota Turf Seed Council may subcontract with a qualified third party for some or all of the basic or applied research. The Minnesota Turf Seed Council must actively participate in the Agricultural Utilization Research Institute's Renewable Energy Roundtable and no later than February 1, 2011, must report to the house of representatives and senate committees with jurisdiction over agriculture finance. This is a onetime appropriation.

$500,000 the first year and $500,000 the second year are for grants to Second Harvest Heartland on behalf of Minnesota's six

Second Harvest food banks for the purchase of milk for distribution to Minnesota's food shelves and other charitable organizations that are eligible to receive food from the food banks. Milk purchased under the grants must be acquired from Minnesota milk processors and based on low-cost bids. The milk must be allocated to each Second Harvest food bank serving Minnesota according to the formula used in the distribution of United States Department of Agriculture commodities under The Emergency Food Assistance Program (TEFAP). Second Harvest Heartland must submit quarterly reports to the commissioner on forms prescribed by the commissioner. The reports must include, but are not limited to, information on the expenditure of funds, the amount of milk purchased, and the organizations to which the milk was distributed. Second Harvest Heartland may enter into contracts or agreements with food banks for shared funding or reimbursement of the direct purchase of milk. Each food bank receiving money from this appropriation may use up to two percent of the grant for administrative expenses.

$1,000,000 the first year is for the 21st century agricultural reinvestment program in Minnesota Statutes, section 41A.12. Priority must be given to livestock programs under Minnesota Statutes, section 17.118. The commissioner may use up to 4.5 percent of this appropriation for costs incurred to administer the program.

$100,000 the first year and $100,000 the second year are for transfer to the Board of Trustees of the Minnesota State Colleges and Universities for mental health counseling support to farm families and business operators through farm business management programs at Central Lakes College and Ridgewater College.

$18,000 the first year and $18,000 the second year are for grants to the Minnesota Horticultural Society.

Notwithstanding Minnesota Statutes, section 18C.131, $800,000 the first year and $800,000 the second year are from the agricultural fund for grants for fertilizer research as awarded by the Minnesota Agricultural Fertilizer Research and Education Council under Minnesota Statutes, section 18C.71. No later than February 1, 2011, the commissioner shall report to the legislative committees with jurisdiction over agriculture finance. The report must include the progress and outcome of funded projects as well as the sentiment of the council concerning the need for additional research funds.

$60,000 the first year is for grants to four pilot food projects as required under this article.

Sec. 4. **BOARD OF ANIMAL HEALTH**	**$**	**5,156,000**	**$**	**5,156,000**

$2,531,000 the first year and $2,531,000 the second year are for bovine tuberculosis eradication efforts in cattle herds.

$100,000 the first year and $100,000 the second year are for a program to control paratuberculosis (Johne's disease) in domestic bovine herds.

$40,000 the first year and $40,000 the second year are for a program to investigate the avian pneumovirus disease and to identify the infected flocks. This appropriation must be matched on a dollar-for-dollar or in-kind basis with nonstate sources and is in addition to money currently designated for turkey disease research. Costs of blood sample collection, handling, and transportation, in addition to costs associated with early diagnosis tests and the expenses of vaccine research trials, may be credited to the match.

$400,000 the first year and $400,000 the second year are for the purposes of cervidae inspection as authorized in Minnesota Statutes, section 35.155.

Sec. 5. **AGRICULTURAL UTILIZATION RESEARCH INSTITUTE**	**$**	**2,865,000**	**$**	**2,865,000**

Sec. 6. Minnesota Statutes 2008, section 3.737, subdivision 1, is amended to read:

Subdivision 1. **Compensation required.** (a) Notwithstanding section 3.736, subdivision 3, paragraph (e), or any other law, a livestock owner shall be compensated by the commissioner of agriculture for livestock that is destroyed by a gray wolf or is so crippled by a gray wolf that it must be destroyed. Except as provided in this section, the owner is entitled to the fair market value of the destroyed livestock as determined by the commissioner, upon recommendation of a university extension agent or a conservation officer. In any fiscal year, a livestock owner may not be compensated for a destroyed animal claim that is less than $100 in value and may be compensated up to $20,000, as determined under this section. In any fiscal year, the commissioner may provide compensation for claims filed under this section ~~and section 3.7371~~ up to ~~a total of $100,000 for both programs combined~~ the amount expressly appropriated for this purpose.

(b) Either the agent or the conservation officer must make a personal inspection of the site. The agent or the conservation officer must take into account factors in addition to a visual identification of a carcass when making a recommendation to the commissioner. The commissioner, upon recommendation of the agent or conservation officer, shall determine whether the livestock was destroyed by a gray wolf and any deficiencies in the owner's adoption of the best management practices developed in subdivision 5. The commissioner may authorize payment of claims only if the agent or the conservation officer has recommended payment. The owner shall file a claim on forms provided by the commissioner and available at the university extension agent's office.

Sec. 7. Minnesota Statutes 2008, section 3.7371, subdivision 3, is amended to read:

Subd. 3. **Compensation.** 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 county extension agent for the owner's county. The commissioner, upon recommendation of the agent, shall determine whether the crop damage or destruction is caused by elk and, if so, the amount of the crop that is damaged or destroyed. In any fiscal year, a crop owner may not be compensated for a damaged or destroyed crop 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. In any fiscal year, the commissioner may provide compensation for claims filed under this section ~~and section 3.737~~ up to ~~a total of $100,000 for both programs combined~~ <u>the amount expressly appropriated for this purpose</u>.

Sec. 8. Minnesota Statutes 2008, section 13.643, is amended by adding a subdivision to read:

<u>Subd. 7.</u> <u>**Research, monitoring, or assessment data.**</u> <u>(a) Except as provided in paragraph (b), the following data created, collected, and maintained by the Department of Agriculture during research, monitoring, or the assessment of farm practices and related to natural resources, the environment, agricultural facilities, or agricultural practices are classified as private or nonpublic:</u>

<u>(1) names, addresses, telephone numbers, and e-mail addresses of study participants or cooperators; and</u>

<u>(2) location of research, study site, and global positioning system data.</u>

<u>(b) The following data is public:</u>

(1) location data and unique well numbers for wells and springs unless protected under section 18B.10 or another statute or rule; and

(2) data from samples collected from a public water supply as defined in Minnesota Rules, part 4720.5100.

(c) The Department of Agriculture may disclose data collected under paragraph (a) if the Department of Agriculture determines that there is a substantive threat to human health and safety or to the environment, or to aid in the law enforcement process. The Department of Agriculture may also disclose data with written consent of the subject of the data.

Sec. 9. Minnesota Statutes 2008, section 17.115, subdivision 2, is amended to read:

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

(b) Loans may not exceed ~~$25,000~~ $40,000 per individual applying for a loan and may not exceed $100,000 for loans to four or more individuals on joint projects. The loan repayment period may be up to seven years as determined by project cost and energy savings. The interest rate on the loans must not exceed six percent. ~~For loans made from May 1, 2004, to June 30, 2007, the interest rate must not exceed three percent.~~

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

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

Sec. 10. **[17.459] HORSES.**

Subdivision 1. **Classification as livestock.** Horses and other equines raised for the purposes of riding, driving, farm or ranch work, competition, racing, recreation, sale, or as breeding stock are livestock. Horses may be used for meat, hides, and animal by-products. Horses and their products are livestock and farm products for purposes of financial transactions and collateral.

Subd. 2. **Agricultural pursuit.** Raising horses and other equines is agricultural production and an agricultural pursuit. Horse breeding farms, horse training farms, horse boarding farms, or farms combining those purposes, are an intensive agricultural use that may be accomplished on limited acreage. These intensive agricultural uses are necessary for horses in order to control the feeding, safety, and overall condition of the animals.

Subd. 3. **Nonapplicability for property tax laws.** This section does not apply to the treatment of land used for raising horses under chapter 273.

Sec. 11. Minnesota Statutes 2008, section 18.75, is amended to read:

18.75 PURPOSE.

It is the policy of the legislature that residents of the state be protected from the injurious effects of noxious weeds on public health, the environment, public roads, crops, livestock, and other property. Sections 18.76 to ~~18.88~~ 18.91 contain procedures for controlling and eradicating noxious weeds on all lands within the state.

Sec. 12. Minnesota Statutes 2008, section 18.76, is amended to read:

18.76 CITATION.

Sections 18.76 to ~~18.88~~ 18.91 may be cited as the "Minnesota Noxious Weed Law."

Sec. 13. Minnesota Statutes 2008, section 18.77, subdivision 1, is amended to read:

Subdivision 1. **Scope.** The definitions in this section apply to sections 18.76 to ~~18.88~~ 18.91.

Sec. 14. Minnesota Statutes 2008, section 18.77, is amended by adding a subdivision to read:

Subd. 2a. **Certified noxious weed free.** "Certified noxious weed free" means that the material being certified has been inspected, tested, or processed to devitalize or remove the noxious weed propagating parts in order to verify that viable noxious weed propagating parts are not present in the material.

Sec. 15. Minnesota Statutes 2008, section 18.77, is amended by adding a subdivision to read:

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

Sec. 16. Minnesota Statutes 2008, section 18.77, subdivision 3, is amended to read:

Subd. 3. **Control.** "Control" means to destroy all or part of the aboveground growth of noxious weeds by a lawful method that prevents the maturation and spread of noxious weed propagating parts from one area to another.

Sec. 17. Minnesota Statutes 2008, section 18.77, is amended by adding a subdivision to read:

Subd. 3a. **County-designated employee.** "County-designated employee" means a person designated by a county board to oversee the responsibilities in section 18.81, subdivision 1a.

Sec. 18. Minnesota Statutes 2008, section 18.77, subdivision 5, is amended to read:

Subd. 5. **Growing crop.** "Growing crop" means an agricultural, horticultural, or forest crop that has been planted or regularly maintained and intended for harvest. "Growing crop" does not mean a permanent pasture, hay meadow, woodlot, or other noncrop area which contains native or seeded perennial plants used for grazing or hay purposes, and which is not harvested on a regular basis.

Sec. 19. Minnesota Statutes 2008, section 18.77, is amended by adding a subdivision to read:

Subd. 5a. **Inspector.** "Inspector" means the commissioner, agent of the commissioner, county agricultural inspector, local weed inspector, or assistant weed inspector.

Sec. 20. Minnesota Statutes 2008, section 18.77, is amended by adding a subdivision to read:

Subd. 8a. **Noxious weed management plan.** "Noxious weed management plan" means controlling or eradicating noxious weeds in the manner designated in a management plan developed for the area or site where the infestations are found using specific strategies or methods that are to be used singly or in combination to achieve control or eradication.

Sec. 21. Minnesota Statutes 2008, section 18.77, is amended by adding a subdivision to read:

Subd. 13. **Weed management area.** "Weed management area" means a designated area where special or unique noxious weed control or eradication strategies or methods are used according to a specific management plan developed for each management area established.

Sec. 22. Minnesota Statutes 2008, section 18.78, subdivision 1, is amended to read:

Subdivision 1. **Generally.** A person owning land, a person occupying land, or a person responsible for the maintenance of public land shall control or eradicate all noxious weeds on the land at a time and in a manner ordered by ~~the county agricultural inspector or a local weed~~ an inspector or county-designated employee.

Sec. 23. Minnesota Statutes 2008, section 18.78, is amended by adding a subdivision to read:

Subd. 3. **Cooperative weed control agreement.** The commissioner, municipality, or county agricultural inspector or county-designated employee may enter into a cooperative weed control agreement with a landowner or weed management area group to establish a mutually agreed upon noxious weed management plan for up to three years duration, whereby a noxious weed problem will be controlled without additional enforcement action. If a property owner fails to comply with the noxious weed management plan, an individual notice may be served.

Sec. 24. Minnesota Statutes 2008, section 18.79, is amended to read:

18.79 DUTIES OF COMMISSIONER.

Subdivision 1. **Enforcement.** The commissioner ~~of agriculture~~ shall administer and enforce sections 18.76 to ~~18.88~~ 18.91.

Subd. 2. **Authorized agents.** County agricultural inspectors may administer and enforce sections 18.76 to ~~18.88~~ 18.91. A county-designated employee may enforce sections 18.78, 18.82, 18.83, 18.84, 18.86, and 18.87. A county must make the identity of a county-designated employee described by this subdivision available to the public.

Subd. 3. **Entry upon land.** To administer and enforce sections 18.76 to ~~18.88~~ 18.91, ~~county agricultural inspectors and local weed inspectors~~ an inspector or county-designated employee may enter upon land without consent of the owner and without being subject to an action for trespass or any damages.

The inspector or county-designated employee or the individual under contract under section 18.83, subdivision 6, must wear distinctive and uniform clothing when entering a person's land. The clothing must be approved by the commissioner and must include a highly visible patch or markings on the front and back of the shirt and jacket, if any, that includes an acronym identifying the inspector or county-designated employee or the individual under contract as working for the weed inspection and mitigation program.

Subd. 4. **Rules.** The commissioner may adopt necessary rules under chapter 14 for the proper enforcement of sections 18.76 to ~~18.88~~ 18.91.

Subd. 5. **Order for control or eradication of noxious weeds.** ~~A county agricultural inspector or a local weed~~ An inspector or county-designated employee may order the control or eradication of noxious weeds on any land within the ~~state~~ inspector's or county-designated employee's jurisdiction. A county must make the identity of a county-designated employee described by this subdivision available to the public.

Subd. 6. ~~**Initial**~~ **Training for control or eradication of noxious weeds.** The commissioner shall conduct initial training considered necessary for ~~weed~~ inspectors and county-designated employees in the enforcement of the Minnesota Noxious Weed

Law. The director of the Minnesota Extension Service may conduct educational programs for the general public that will aid compliance with the Minnesota Noxious Weed Law. Upon request, the commissioner may provide information and other technical assistance to the county weed inspector or county-designated employee to aid in the performance of responsibilities specified by the county board under section 18.81, subdivision 1.

Subd. 7. **Meetings and reports.** The commissioner shall designate by rule ~~the~~ reports ~~that are~~ required to be made and ~~the~~ meetings that must be attended by ~~weed~~ inspectors.

Subd. 8. **Prescribed forms.** The commissioner shall prescribe the forms to be used by ~~weed~~ inspectors and county-designated employees in the enforcement of sections 18.76 to ~~18.88~~ 18.91.

Subd. 9. **Injunction.** If the county agricultural inspector or county-designated employee applies to a court for a temporary or permanent injunction restraining a person from violating or continuing to violate sections 18.76 to ~~18.88~~ 18.91, the injunction may be issued without requiring a bond.

Subd. 10. **Prosecution.** On finding that a person has violated sections 18.76 to ~~18.88~~ 18.91, the county agricultural inspector or county-designated employee may start court proceedings in the locality in which the violation occurred. The county attorney may prosecute actions under sections 18.76 to ~~18.88~~ 18.91 within the county attorney's jurisdiction.

Subd. 12. **Noxious-weed-free forage and mulch certification agency.** The official certification agency for noxious-weed-free forage ~~and~~, mulch ~~shall~~, soil, gravel, and other material must be determined by the commissioner ~~of agriculture~~ in consultation with the director of the Minnesota agricultural experiment station. The commissioner may also certify forage, mulch, soil, gravel, or other material as noxious weed free.

Subd. 13. **Noxious weed designation.** The commissioner, in consultation with the Noxious Weed Advisory Committee, shall determine which plants are noxious weeds subject to control under sections 18.76 to 18.91. The commissioner shall prepare, publish, and revise as necessary, but at least once every three years, a list of noxious weeds and their designated classification. The list must be distributed to the public by the commissioner who may request the help of the University of Minnesota Extension, the county agricultural inspectors, and any other organization the commissioner considers appropriate to assist in the distribution. The commissioner may, in consultation with the Noxious Weed Advisory Committee, accept and consider noxious weed designation petitions from Minnesota citizens or Minnesota organizations or associations.

Subd. 14. **County petition.** A county may petition the commissioner to designate specific noxious weeds which are a control problem in the county.

Subd. 15. **Noxious weed management.** The commissioner, in consultation with the Noxious Weed Advisory Committee, shall develop management strategies and criteria for each noxious weed category.

Subd. 16. **Gifts; grants; contracts; funds.** The commissioner, counties, and municipalities may apply for and accept any gift, grant, contract, or other funds or grants-in-aid from the federal government or other public and private sources for noxious weed control purposes.

Subd. 17. **Noxious weed investigation.** The commissioner shall investigate the subject of noxious weeds and conduct investigations outside this state to protect the interest of the agricultural industry, forests, or the environment of this state from noxious weeds not generally growing in Minnesota.

Subd. 18. **Noxious weed education.** 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 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.

Subd. 19. **State and federal lands.** The commissioner shall inform and direct state and federal agencies regarding their responsibility to manage and control noxious weeds on land that those agencies own, control, or manage.

Subd. 20. **Interagency cooperation.** The commissioner shall cooperate with agencies of federal, state, and local governments and other persons in carrying out duties under sections 18.76 to 18.91.

Subd. 21. **Weed management area.** The commissioner, in consultation with the Noxious Weed Advisory Committee, may establish a weed management area to include a part of one or more counties or all of one or more counties of this state and shall include all the land within the boundaries of the area established. Weed management plans developed for a weed management area must be reviewed and approved by the commissioner and the Noxious Weed Advisory Committee. Weed management areas may seek funding under section 18.90.

Sec. 25. Minnesota Statutes 2008, section 18.80, subdivision 1, is amended to read:

Subdivision 1. **County agricultural inspectors; and county-designated employees.** The county board shall either appoint at least one ~~or more~~ county agricultural ~~inspectors that meet the qualifications prescribed by rule. The appointment must be for a period of time which is sufficient to accomplish the duties assigned to this position~~ inspector to carry out the duties specified under section 18.81, subdivisions 1a and 1b, or a county-designated employee to carry out the duties specified under section 18.81, subdivision 1a. A notice of the appointment of either a county agricultural inspector or county-designated employee must be delivered to the commissioner within ~~ten~~ 30 days ~~of the appointment and it must establish the initial number of hours to be worked annually~~.

Sec. 26. Minnesota Statutes 2008, section 18.81, is amended by adding a subdivision to read:

Subd. 1a. **Duties; county agricultural inspectors and county-designated employees.** The county agricultural inspector or county-designated employee shall be responsible for:

(1) the enforcement provisions under sections 18.78, 18.82, 18.83, 18.84, 18.86 and 18.87; and

(2) providing a point of contact within the county for noxious weed issues.

Sec. 27. Minnesota Statutes 2008, section 18.81, is amended by adding a subdivision to read:

Subd. 1b. **County agricultural inspectors.** In addition to the mandatory duties specified in subdivision 1a, the county board must specify the responsibilities of the county agricultural inspector in the annual work plan. The responsibilities may include:

(1) to see that sections 18.76 to 18.91 and rules adopted under those sections are carried out within the inspector's jurisdiction;

(2) to see that sections 21.80 to 21.92 and rules adopted under those sections are carried out within the inspector's jurisdiction;

(3) to see that sections 21.71 to 21.78 and rules adopted under those sections are carried out within the inspector's jurisdiction;

(4) to participate in the control programs for invasive plant species, feed, fertilizer, pesticide, and plant and insect pests when requested, in writing, to do so by the commissioner;

(5) to participate in other agricultural programs under the control of the commissioner when requested, in writing, by the commissioner to do so;

(6) to administer the distribution of funds allocated by the county board to the county agricultural inspector for noxious weed control and eradication within the county;

(7) to submit reports and attend meetings that the commissioner requires;

(8) to publish a general weed notice of the legal duty to control noxious weeds in one or more legal newspapers of general circulation throughout the county; and

(9) to be the primary contact in the county for all plant biological control agents.

Sec. 28. Minnesota Statutes 2008, section 18.81, subdivision 3, is amended to read:

Subd. 3. **Nonperformance by inspectors; reimbursement for expenses.** If local weed inspectors neglect or fail to do their duty as prescribed in this section, the county agricultural inspector ~~shall~~ or county-designated employee, in consultation with the commissioner, may issue a notice to the inspector providing instructions on how and when to do their duty. If, after the time allowed in the notice, the local weed inspector has not complied as directed, the county agricultural inspector or county-designated employee may consult with the commissioner to perform the duty for the local weed inspector. A claim for the expense of doing the local weed inspector's duty is a legal charge against the municipality in which the inspector has jurisdiction. The county agricultural inspector ~~doing~~ or county-designated employee overseeing the work may file an itemized statement of costs with the clerk of the municipality in which the work was performed. The municipality shall immediately issue proper warrants to the county for the work performed. If the municipality fails to issue the warrants, the county auditor may include the amount contained in the itemized statement of costs as part of the next annual tax levy in the municipality and withhold that amount from the municipality in making its next apportionment.

Sec. 29. Minnesota Statutes 2008, section 18.82, subdivision 1, is amended to read:

Subdivision 1. **Permits.** Except as provided in section 21.74, if a person wants to transport along a public highway materials or equipment containing the propagating parts of weeds designated as noxious by the commissioner, the person must secure a written permit for transportation of the material or equipment from ~~a local weed inspector or county agricultural~~ an inspector or county-designated employee. Inspectors or county-designated employees may issue permits to persons residing or operating within their jurisdiction. If the noxious weed propagating parts are removed from materials and equipment or devitalized before being transported, a permit is not needed.

Sec. 30. Minnesota Statutes 2008, section 18.82, subdivision 3, is amended to read:

Subd. 3. **Duration of permit; revocation.** A permit under subdivision 1 is valid for up to one year after the date it is issued unless otherwise specified by the ~~weed~~ inspector or county-designated employee issuing the permit. The permit may be revoked if ~~a county agricultural inspector or local weed~~ an inspector or county-designated employee determines that the applicant has not complied with this section.

Sec. 31. Minnesota Statutes 2008, section 18.83, is amended to read:

18.83 CONTROL; ERADICATION; NOTICES; EXPENSES.

Subdivision 1. **General weed notice.** A general notice for noxious weed control or eradication must be published on or before May 15 of each year ~~and at other times the commissioner directs~~. Failure of the county agricultural ~~weed~~ inspector or county-designated employee to publish the general notice does not relieve a person from the necessity of full compliance with sections 18.76 to ~~18.88~~ 18.91 and related rules. The published notice is legal and sufficient notice when an individual notice cannot be served.

Subd. 2. **Individual notice.** ~~A weed~~ An inspector may find it necessary to secure more prompt or definite control or eradication of noxious weeds than is accomplished by the published general notice. In these special or individual instances, involving one or a limited number of persons, the ~~weed~~ inspector or county-designated employee having jurisdiction shall serve individual notices in writing upon the person who owns the land and the person who occupies the land, or the person responsible for or charged with the maintenance of public land, giving specific instructions on when and how named noxious weeds are to be controlled or eradicated. Individual notices provided for in this section must be served in the same manner as a summons in a civil action in the district court or by certified mail. Service on a person living temporarily or permanently outside of the ~~weed~~ inspector's or county-designated employee's jurisdiction may be made by sending the notice by certified mail to the last known address of the person, to be ascertained, if necessary, from the last tax list in the county treasurer's office.

Subd. 3. **Appeal of individual notice; appeal committee.** (1) A recipient of an individual notice may appeal, in writing, the order for control or eradication of noxious weeds. This appeal must be filed with a member of the appeal committee in the county where the land is located within two working days of the time the notice is received. The committee must inspect the land specified in the notice and report back to the recipient and the inspector or county-designated employee who issued the notice within five working days, either agreeing, disagreeing, or revising the order. The decision may be appealed in district court. If the committee agrees or revises the order, the control or eradication specified in the order, as approved or revised by the committee, may be carried out.

(2) The county board ~~of commissioners~~ shall appoint members of the appeal committee. The membership must include a county commissioner or municipal official and a landowner residing in the county. The expenses of the members may be reimbursed by the county upon submission of an itemized statement to the county auditor. At its option, the county board ~~of commissioners~~, by resolution, may delegate the duties of the appeal committee to its board of adjustment established pursuant to section 394.27. When carrying out the duties of the appeal committee, the zoning board of adjustment shall comply with all of the procedural requirements of this section.

Subd. 4. **Control or eradication by inspector or county-designated employee.** If a person does not comply with an individual notice served on the person or an individual notice cannot be served, the ~~weed~~ inspector or county-designated employee having jurisdiction shall have the noxious weeds controlled or eradicated within the time and in the manner the ~~weed~~ inspector or county-designated employee designates.

Subd. 5. **Control or eradication by inspector or county-designated employee in growing crop.** ~~A weed~~ An inspector or county-designated employee may consider it necessary to control or eradicate noxious weeds along with all or a part of a growing crop to prevent the maturation and spread of noxious weeds within the inspector's or county-designated employee's jurisdiction. If this situation exists, the ~~weed~~ inspector or county-designated employee may have the noxious weeds controlled or eradicated together with the crop after the appeal committee has reviewed the matter as outlined in subdivision 3 and reported back agreement with the order.

Subd. 6. **Authorization for person hired to enter upon land.** The ~~weed~~ inspector or county-designated employee may hire a person to control or eradicate noxious weeds if the person who owns the land, the person who occupies the land, or the person responsible for the maintenance of public land has failed to comply with an individual notice or with the published general notice when an individual notice cannot be served. The person hired must have authorization, in writing, from the ~~weed~~ inspector or county-designated employee to enter upon the land.

Subd. 7. **Expenses; reimbursements.** A claim for the expense of controlling or eradicating noxious weeds, which may include the costs of serving notices, is a legal charge against the county in which the land is located. The officers having the work done must file with the county auditor a verified and itemized statement of cost for all services rendered on each separate tract or lot of land. The county auditor shall immediately issue proper warrants to the persons named on the statement as having rendered services. To reimburse the county for its expenditure in this regard, the county auditor shall certify the total amount due and, unless an appeal is made in accordance with section 18.84, enter it on the tax roll as a tax upon the land and it must be collected as other real estate taxes are collected.

If public land is involved, the amount due must be paid from funds provided for maintenance of the land or from the general revenue or operating fund of the agency responsible for the land. Each claim for control or eradication of noxious weeds on public lands must first be approved by the commissioner of agriculture.

Sec. 32. Minnesota Statutes 2008, section 18.84, subdivision 1, is amended to read:

Subdivision 1. **Counties and municipalities.** Counties and municipalities are not liable for damages from the noxious weed control program for actions conducted in accordance with sections 18.76 to ~~18.88~~ 18.91.

Sec. 33. Minnesota Statutes 2008, section 18.84, subdivision 2, is amended to read:

Subd. 2. **Appeal of charges to county board.** A person who is ordered to control noxious weeds under sections 18.76 to ~~18.88~~ 18.91 and is charged for noxious weed control may appeal the cost of noxious weed control to the county board of the county where the noxious weed control measures were undertaken within 30 days after being charged. The county board shall determine the amount and approve the charge and filing of a lien against the property if it determines that the owner, or occupant if other than the owner, responsible for controlling noxious weeds did not comply with the order of the inspector or county-designated employee.

Sec. 34. Minnesota Statutes 2008, section 18.84, subdivision 3, is amended to read:

Subd. 3. **~~Court~~ Appeal of costs to district court; petition.** (a) A ~~landowner who has appealed~~ person who is ordered to control noxious weeds under sections 18.76 to 18.91 and is charged for the cost of noxious weed control ~~measures under subdivision 2~~ may petition for judicial review of the charges. The petition must be filed within 30 days after ~~the conclusion of the hearing before the county board~~ being charged. The petition must be filed with the court administrator in the county in which the land where the noxious weed control measures were undertaken is located, together with proof of service of a copy of the petition on the county auditor. No responsive pleadings may be required of the county, and no court fees may be charged for the appearance of the county in this matter.

(b) The petition must be captioned in the name of the person making the petition as petitioner and respective county as respondents. The petition must include the petitioner's name, the legal description of the land involved, a copy of the notice to control noxious weeds, and the date or dates on which appealed control measures were undertaken.

(c) The petition must state with specificity the grounds upon which the petitioner seeks to avoid the imposition of a lien for the cost of noxious weed control measures.

Sec. 35. Minnesota Statutes 2008, section 18.86, is amended to read:

18.86 UNLAWFUL ACTS.

No person may:

(1) hinder or obstruct in any way ~~the county agricultural inspectors or local weed inspectors~~ an inspector or county-designated employee in the performance of ~~their~~ duties ~~as provided in~~ under sections 18.76 to ~~18.88~~ 18.91 or related rules;

(2) neglect, fail, or refuse to comply with section 18.82 or related rules in the transportation and use of material or equipment infested with noxious weed propagating parts;

(3) sell material containing noxious weed propagating parts to a person who does not have a permit to transport that material or to a person who does not have a screenings permit issued in accordance with section 21.74; or

(4) neglect, fail, or refuse to comply with a general notice or an individual notice to control or eradicate noxious weeds.

Sec. 36. Minnesota Statutes 2008, section 18.87, is amended to read:

18.87 PENALTY.

A violation of section 18.86 or a rule adopted under that section is a misdemeanor. ~~County agricultural inspectors, local weed~~ Inspectors, or county-designated employees, or their appointed assistants are not subject to the penalties of this section for failure, neglect, or refusal to perform duties imposed on them by sections 18.76 to ~~18.88~~ 18.91.

Sec. 37. Minnesota Statutes 2008, section 18.88, is amended to read:

18.88 NOXIOUS WEED PROGRAM FUNDING.

Subdivision 1. **County.** The county board shall pay, from the general revenue or other fund for the county, the expenses for the county agricultural inspector position or county-designated employee, for noxious weed control or eradication on all land owned by the county or on land ~~that~~ for which the county is responsible for ~~the~~ its maintenance ~~of,~~ and for the expenses of the appeal committee~~, and for necessary expenses as required for quarantines within the county~~. Use of funding from grants and other sources for the administration and enforcement of the Minnesota Noxious Weed Law must be approved by the county board.

Subd. 2. **Municipality.** The municipality shall pay, from the general revenue or other fund for the municipality, the necessary expenses of the local weed inspector in the performance of duties required ~~for quarantines within the municipality, and~~ for noxious weed control or eradication on land owned by the municipality or on land for which the municipality is responsible for its maintenance. Use of funding from grants and other sources for the administration and enforcement of the Minnesota Noxious Weed Law must be approved by the town board or city mayor.

Subd. 3. **Funding.** Funding in the form of grants or cost sharing may be provided to the counties for the performance of their activities under section 18.81, subdivision 1.

Sec. 38. **[18.89] NOXIOUS WEED AND INVASIVE PLANT SPECIES ASSISTANCE FUND.**

The noxious weed and invasive plant species assistance fund is created in the state treasury. The fund may be used to carry out the purposes of section 18.90. Any money appropriated to the fund and any money received by the fund as gifts or grants or other private or public funds obtained for the purposes in section 18.91 must be credited to the fund. The money in the account is continuously appropriated to the commissioner to implement section 18.90.

Sec. 39. **[18.90] GRANT PROGRAM.**

(a) From funds available in the noxious weed and invasive plant species assistance fund established in section 18.89, the commissioner shall administer a grant program to assist counties and municipalities and other weed management entities in the cost of implementing and maintaining noxious weed control programs and in addressing special weed control problems. The commissioner shall receive applications by counties, municipalities, weed management areas, and weed management entities for assistance under this section and, in consultation with the Noxious Weed Advisory Committee, award grants for any of the following eligible purposes:

(1) to conduct applied research to solve locally significant weed management problems;

(2) to demonstrate innovative control methods or land management practices which have the potential to reduce landowner costs to control noxious weeds or improve the effectiveness of noxious weed control;

(3) to encourage the ongoing support of weed management areas;

(4) to respond to introductions or infestations of invasive plants that threaten or potentially threaten the productivity of cropland and rangeland over a wide area;

(5) to respond to introductions or infestations of invasive plant species that threaten or potentially threaten the productivity of biodiversity of wildlife and fishery habitats on public and private lands;

(6) to respond to special weed control problems involving weeds not included in the list of noxious weeds published and distributed by the commissioner;

(7) to conduct monitoring or surveillance activities to detect, map, or determine the distribution of invasive plant species and to determine susceptible locations for the introduction or spread of invasive plant species; and

(8) to conduct educational activities.

(b) The commissioner shall select and prioritize applications for assistance under this section based on the following considerations:

(1) the seriousness of the noxious weed or invasive plant problem or potential problem addressed by the project;

(2) the ability of the project to provide timely intervention to save current and future costs of control and eradication;

(3) the likelihood that the project will prevent or resolve the problem or increase knowledge about resolving similar problems in the future;

(4) the extent to which the project will leverage federal funds and other nonstate funds;

(5) the extent to which the applicant has made progress in addressing noxious weed or invasive plant problems;

(6) the extent to which the project will provide a comprehensive approach to the control or eradication of noxious weeds;

(7) the extent to which the project will reduce the total population or area of infestation of a noxious weed;

(8) the extent to which the project uses the principles of integrated vegetation management and sound science; and

(9) other factors that the commissioner determines to be relevant.

(c) Nothing in this section may be construed to relieve a person of the duty or responsibility to control the spread of noxious weeds on lands owned and controlled by the person.

Sec. 40. **[18.91] ADVISORY COMMITTEE; MEMBERSHIP.**

Subdivision 1. **Duties.** The commissioner shall consult with the Noxious Weed Advisory Committee to advise the commissioner concerning responsibilities under the noxious weed control program. The committee shall also evaluate species for invasiveness, difficulty of control, cost of control, benefits, and amount of injury caused by them. For each species evaluated, the committee shall recommend to the commissioner on which noxious weed list or lists, if any, the species should be placed. Species currently designated as prohibited or restricted noxious weeds must be reevaluated every three years for a recommendation on whether or not they need to remain on the noxious weed lists. Members of the committee are not entitled to reimbursement of expenses nor payment of per diem. Members shall serve two-year terms with subsequent reappointment by the commissioner.

Subd. 2. **Membership.** The commissioner shall appoint members, which shall include representatives from the following:

(1) horticultural science, agronomy, and forestry at the University of Minnesota;

(2) the nursery and landscape industry in Minnesota;

(3) the seed industry in Minnesota;

(4) the Department of Agriculture;

(5) the Department of Natural Resources;

(6) a conservation organization;

(7) an environmental organization;

(8) at least two farm organizations;

(9) the county agricultural inspectors;

(10) city, township, and county governments;

(11) the Department of Transportation;

(12) the University of Minnesota Extension;

(13) the timber and forestry industry in Minnesota;

(14) the Board of Water and Soil Resources; and

(15) soil and water conservation districts.

Subd. 3. **Additional duties.** The committee shall conduct evaluations of terrestrial plant species to recommend if they need to be designated as noxious weeds and into which noxious weed classification they should be designated, advise the commissioner on the implementation of the Minnesota Noxious Weed Law, and assist the commissioner in the development of management criteria for each noxious weed category.

Subd. 4. **Organization.** The committee shall select a chair from its membership. Meetings of the committee may be called by or at the direction of the commissioner or upon direction of the chair.

Subd. 5. **Expiration.** Notwithstanding section 15.059, subdivision 5, the committee expires June 30, 2013.

Sec. 41. Minnesota Statutes 2008, section 18B.01, is amended by adding a subdivision to read:

Subd. 1a. **Agricultural pesticide.** "Agricultural pesticide" means a pesticide that bears labeling that meets federal worker protection agricultural use requirements as provided by Code of Federal Regulations, title 40, parts 156 and 170 (2008).

Sec. 42. Minnesota Statutes 2008, section 18B.01, is amended by adding a subdivision to read:

Subd. 1b. **Agricultural pesticide dealer.** "Agricultural pesticide dealer" means a person who distributes an agricultural pesticide in the state or into the state to an end user. This action would commonly be described as a retail sale.

Sec. 43. Minnesota Statutes 2008, section 18B.01, subdivision 8, is amended to read:

Subd. 8. **Distribute.** "Distribute" means offer for sale, sell, barter, ship, deliver for shipment, receive and deliver, and offer to deliver pesticides in this state or into this state.

Sec. 44. Minnesota Statutes 2008, section 18B.01, is amended by adding a subdivision to read:

Subd. 14b. **Nonagricultural pesticide.** "Nonagricultural pesticide" means a pesticide that does not bear labeling that meets federal worker protection agricultural use requirements as provided by Code of Federal Regulation, title 40, parts 156 and 170 (2008).

Sec. 45. Minnesota Statutes 2008, section 18B.065, subdivision 1, is amended to read:

Subdivision 1. **Collection and disposal.** The commissioner of agriculture shall establish and operate a program to collect and dispose of waste pesticides. The program must be made available to agricultural and ~~residential~~ nonagricultural pesticide end users whose waste generating activity occurs in this state. Waste pesticide generated in another state is not eligible for collection under this section.

Sec. 46. Minnesota Statutes 2008, section 18B.065, subdivision 2, is amended to read:

Subd. 2. **Implementation.** (a) The commissioner may obtain a United States Environmental Protection Agency hazardous waste identification number to manage the waste pesticides collected.

(b) The commissioner may ~~not~~ limit the type and quantity of waste pesticides accepted for collection and may ~~not~~ assess pesticide end users for portions of the costs incurred.

Sec. 47. Minnesota Statutes 2008, section 18B.065, subdivision 2a, is amended to read:

Subd. 2a. **Disposal site requirement.** (a) For agricultural waste pesticides, the commissioner must designate a place in each county of the state that is available at least every other year for persons to dispose of unused portions of agricultural pesticides. The commissioner shall consult with the person responsible for solid waste management and disposal in each county to determine an appropriate location and to advertise each collection event. The commissioner may provide a collection opportunity in a county more frequently if the commissioner determines that a collection is warranted.

(b) For ~~residential~~ nonagricultural waste pesticides, the commissioner must provide ~~periodic~~ a disposal ~~opportunities~~ opportunity each year in each county.

(c) As provided under subdivision 7, the commissioner may enter into cooperative agreements with ~~county or regional solid waste management entities~~ local units of government to provide ~~these~~ the collections required under paragraph (a) or (b) and shall provide ~~these entities~~ a local unit of government, as part of the cooperative agreement, with funding for reasonable costs incurred including, but not limited to, related supplies, transportation, advertising, and disposal costs as well as reasonable overhead costs.

~~(c)~~ (d) A person who collects waste pesticide under ~~paragraph (a) or (b)~~ this section shall, on a form provided or in a method approved by the commissioner, record information on each waste pesticide product collected including, but not limited to, the quantity collected and either the product name~~,~~ and its active ingredient or ingredients~~, quantity, and~~ or the United States Environmental Protection Agency registration number~~, on a form provided by the commissioner~~. The person must submit this information to the commissioner ~~at least annually~~ by January 30.

Sec. 48. Minnesota Statutes 2008, section 18B.065, subdivision 3, is amended to read:

Subd. 3. **Information ~~and~~; education; report.** (a) The commissioner shall provide informational and educational materials regarding waste pesticides and the proper management of waste pesticides to the public.

(b) No later than March 15 each year, the commissioner must report the following to the legislative committees with jurisdiction over agriculture finance:

(1) each instance of a refusal to collect waste pesticide or the assessment of a fee to a pesticide end user as authorized in subdivision 2, paragraph (b); and

(2) waste pesticide collection information including a discussion of the type and quantity of waste pesticide collected by the commissioner and any entity collecting waste pesticide under subdivision 7 during the previous calendar year, a summary of waste pesticide collection trends, and any corresponding program recommendations.

Sec. 49. Minnesota Statutes 2008, section 18B.065, subdivision 7, is amended to read:

Subd. 7. **Cooperative agreements.** (a) The commissioner may enter into cooperative agreements with state agencies and local units of government for administration of the waste pesticide collection program. The commissioner shall ensure that the program is carried out in all counties. If the commissioner cannot contract with another party to administer the program in a county, the commissioner shall perform collections according to the provisions of this section.

(b) The commissioner, according to the terms of a cooperative agreement between the commissioner and a local unit of government, may establish limits for unusual types or excessive quantities of waste pesticide offered by pesticide end users to the local unit of government.

Sec. 50. Minnesota Statutes 2008, section 18B.065, is amended by adding a subdivision to read:

Subd. 8. **Waste pesticide program surcharge.** The commissioner shall annually collect a waste pesticide program surcharge of $50 on each pesticide product registered in the state as part of a pesticide product registration application under section 18B.26, subdivision 3.

Sec. 51. Minnesota Statutes 2008, section 18B.065, is amended by adding a subdivision to read:

Subd. 9. **Waste pesticide cooperative agreement account.** (a) A waste pesticide cooperative agreement account is created in the agricultural fund. Notwithstanding section 18B.05, the proceeds of surcharges imposed under subdivision 8 must be deposited in the agricultural fund and credited to the waste pesticide cooperative agreement account.

(b) Money in the waste pesticide cooperative agreement account, including interest, is appropriated to the commissioner and may only be used for costs incurred under a cooperative agreement pursuant to this section.

(c) Notwithstanding paragraph (b), if the amount available in the waste pesticide cooperative agreement account in any fiscal year exceeds the amount obligated to local units of government under subdivision 7, the excess is appropriated to the commissioner to perform waste pesticide collections under this section.

Sec. 52. Minnesota Statutes 2008, section 18B.26, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** (a) Except as provided in paragraphs (b) to (d), a person may not use or distribute a pesticide in this state unless it is registered with the commissioner. Pesticide registrations expire on December 31 of each year and may be renewed on or before that date for the following calendar year.

(b) Registration is not required if a pesticide is shipped from one plant or warehouse to another plant or warehouse operated by the same person and used solely at the plant or warehouse as an ingredient in the formulation of a pesticide that is registered under this chapter.

(c) An unregistered pesticide that was previously registered with the commissioner may be used for a period of two years following the cancellation of the registration of the pesticide, unless the commissioner determines that the continued use of the pesticide would cause unreasonable adverse effects on the environment, or with the written permission of the commissioner. To use the unregistered pesticide at any time after the two-year period, the pesticide end user must demonstrate to the satisfaction of the commissioner, if requested, that the pesticide has been continuously registered under a different brand name or by a different manufacturer and has similar composition, or, the pesticide end user obtains the written permission of the commissioner.

(d) The commissioner may allow specific pesticide products that are not registered with the commissioner to be distributed in this state for use in another state.

(e) Each pesticide with a unique United States Environmental Protection Agency pesticide registration number or a unique brand name must be registered with the commissioner.

(f) It is unlawful for a person to distribute or use a pesticide in the state, or to sell into the state for use in the state, any pesticide product that has not been registered by the commissioner and for which the applicable pesticide registration application fee, gross sales fee, or waste pesticide program surcharge is not paid pursuant to subdivisions 3 and 4.

(g) Every person who sells for use in the state a pesticide product that has been registered by the commissioner shall pay to the commissioner the applicable registration application fees, sales fees, and waste pesticide program surcharges. These sales expressly include all sales made electronically, telephonically, or by any other means that result in a pesticide product being shipped to or used in the state. There is a rebuttable presumption that pesticide products that are sold or distributed in or into the state by any person are sold or distributed for use in the state.

Sec. 53. Minnesota Statutes 2008, section 18B.26, subdivision 3, is amended to read:

Subd. 3. **Registration application and gross sales fee.** (a) For an agricultural pesticide, a registrant shall pay an annual registration application fee for each agricultural pesticide ~~to be registered, and this fee is set at 0.4 percent of annual gross sales within the state and annual gross sales of pesticides used in the state, with a minimum nonrefundable fee~~ of ~~$250~~ $350. The fee is due by December 31 preceding the year for which the application for registration is made. The fee is nonrefundable.

~~The registrant shall determine when and which pesticides are sold or used in this state.~~ (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 by December 31 preceding the year for which the application for registration is made. The fee is nonrefundable. The registrant of a nonagricultural pesticide shall pay, in addition to the $350 minimum fee, a fee of 0.5 percent of annual gross sales of the nonagricultural pesticide in the state and the annual gross sales of the nonagricultural pesticide sold into the state for use in this state. The commissioner may not assess a fee under this paragraph if the amount due based on percent of annual gross sales is less than $10. The registrant shall secure sufficient sales information of nonagricultural pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of nonagricultural pesticides in this state and sales of nonagricultural pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under paragraph ~~(c)~~ (g), and fees shall be paid by the registrant based upon those reported sales. Sales of nonagricultural pesticides in the state for use outside of the state are exempt from the ~~application~~ gross sales fee in this paragraph if the registrant properly documents the sale location and distributors. A registrant paying more than the minimum fee shall pay the balance due by March 1 based on the gross sales of the nonagricultural pesticide by the registrant for the preceding calendar year. ~~The fee for disinfectants and sanitizers shall be the minimum. The minimum fee is due by December 31 preceding the year for which the application for registration is made. In each fiscal year, the commissioner shall allocate from the pesticide regulatory account a sum sufficient to collect and dispose of waste pesticides under section 18B.065. However, notwithstanding section 18B.065, if the commissioner determines that the balance in the pesticide regulatory account at the end of the fiscal year will be less than $500,000, the commissioner may suspend waste pesticide collections or provide~~

~~partial payment to a person for waste pesticide collection. The commissioner must notify as soon as possible and no later than August 1 a person under contract to collect waste pesticides of an anticipated suspension or payment reduction.~~ A pesticide determined by the commissioner to be a sanitizer or disinfectant is exempt from the gross sales fee.

(c) For agricultural pesticides, a licensed agricultural 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 by the commissioner on the registration and sale of pesticides is less than $6,600,000 for revenue collected in fiscal year 2011, 2012, or 2013, the commissioner may increase pesticide sales and product registration fees by the amount necessary to ensure this level of revenue is achieved.

~~(b)~~ (f) An additional fee of ~~$100~~ 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.

~~(c)~~ (g) A registrant must annually report to the commissioner the amount ~~and~~, type and annual gross sales of each registered nonagricultural pesticide sold, offered for sale, or otherwise distributed in the state. The report shall be filed by March 1 for the previous year's registration. The commissioner shall specify the form of the report or approve the method for submittal of the report and may require additional information deemed necessary to determine the amount and type of ~~pesticides~~ nonagricultural pesticide annually distributed in the state. The information required shall include the brand name, United States Environmental Protection Agency registration number and amount~~, and formulation~~ of each nonagricultural pesticide sold, offered for sale, or otherwise distributed in the state, but the information collected, if made public, shall be reported in a manner which does not identify a specific brand name in the report.

(h) A licensed agricultural pesticide dealer must annually report to the commissioner the amount, type, and annual gross sales of each registered agricultural pesticide sold, offered for sale, or otherwise distributed in the state or into the state for use in the state. The report must be filed by January 31 for the previous year's sales. The commissioner shall specify the form, contents, and approved electronic method for submittal of the report and may require additional information deemed necessary to determine the amount and type of agricultural pesticide annually distributed within the state or into the state. The information required must include the brand name, United States Environmental Protection Agency registration number, and amount of each agricultural pesticide sold, offered for sale, or otherwise distributed in the state or into the state.

(i) A person who registers a pesticide with the commissioner under paragraph (b), or a registrant under paragraph (d), shall keep accurate records for five years detailing all distribution or sales transactions into the state or in the state and subject to a fee and 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.

~~(d)~~ (l) A registrant who is required to pay more than the minimum fee for any pesticide under paragraph ~~(a)~~ (b) must pay a late fee penalty of $100 for each pesticide application fee paid after March 1 in the year for which the license is to be issued.

EFFECTIVE DATE. This section is effective July 1, 2009. However:

(1) the provisions of Minnesota Statutes 2008, section 18B.26, subdivision 3, remain in effect until December 31, 2010, for the registrants of pesticide products sold within the state or used in the state during calendar year 2009; and

(2) the commissioner of agriculture may not implement paragraph (c), (d), (e), (f), (g), (h), (i), (j), (k), or (l) until January 1, 2010.

Sec. 54. Minnesota Statutes 2008, section 18B.31, subdivision 3, is amended to read:

Subd. 3. **License.** A pesticide dealer license:

(1) is issued by the commissioner upon receipt and review of a complete initial or renewal application;

(2) is valid for one year and expires on ~~December~~ January 31 of each year unless it is suspended or revoked before that date;

~~(2)~~ (3) is not transferable to another location; and

~~(3)~~ (4) must be prominently displayed to the public in the pesticide dealer's place of business.

Sec. 55. Minnesota Statutes 2008, section 18B.31, subdivision 4, is amended to read:

Subd. 4. **Application.** (a) A person must apply to the commissioner for a pesticide dealer license on the forms and in the manner required by the commissioner.

(b) The commissioner may require an additional demonstration of dealer qualification if the dealer has had a license suspended or revoked, or has otherwise had a history of violations of this chapter.

(c) An application for renewal of a pesticide dealer license is not complete until the commissioner receives the report and applicable fees required under section 18B.316, subdivision 8.

EFFECTIVE DATE. This section is effective January 1, 2010.

Sec. 56. **[18B.316] AGRICULTURAL PESTICIDE DEALER LICENSE AND REPORTING.**

Subdivision 1. **Requirement.** (a) A person must not distribute or sell an agricultural pesticide in the state or into the state without first obtaining an agricultural pesticide dealer license.

(b) Each location or place of business from which an agricultural pesticide is distributed or sold in the state or into the state is required to have a separate agricultural pesticide dealer license.

(c) A person who is a licensed pesticide dealer under section 18B.31 is not required to also be licensed under this subdivision.

Subd. 2. **Exemption.** A person who is a pesticide registrant under provisions of this chapter is exempt from the requirement of subdivision 1, except 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.

Subd. 3. **Resident agent.** (a) A person required to be licensed under subdivisions 1 and 2, or a person licensed as a pesticide dealer pursuant to section 18B.31 and who operates from a location or place of business outside the state and who distributes or sells an agricultural pesticide into the state, must continuously maintain in this state the following:

(1) a registered office; and

(2) a registered agent, who may be either a resident of this state whose business office or residence is identical with the registered office under clause (1), a domestic corporation or limited liability company, or a foreign corporation of limited liability company authorized to transact business in this state and having a business office identical with the registered office.

A person licensed under this section or section 18B.31 shall annually file with the commissioner, either at the time of initial licensing or as part of license renewal, the name, address, telephone number, and e-mail address of the licensee's registered agent.

For licensees under section 18B.31 who are located in the state, the licensee is the registered agent.

Subd. 4. **Responsibility.** The resident agent is responsible for the acts of a licensed agricultural pesticide dealer, or of a licensed pesticide dealer under section 18B.31 who operates from a location or place of business outside the state and who distributes or sells an agricultural pesticide into the state, as well as the acts of the employees of those licensees.

Subd. 5. **Records.** A person licensed as an agricultural pesticide dealer, or a person licensed as a pesticide dealer pursuant to section 18B.31, must maintain for five years at the person's principal place of business accurate records of purchases, sales, and distributions of agricultural pesticides in and into this state, including those of its branch locations. The records shall be made available for audit under provisions of this chapter and chapter 18D.

Subd. 6. **Agricultural pesticide sales invoices.** Sales invoices for agricultural pesticides sold in or into this state by a licensed agricultural pesticide dealer or a pesticide dealer under this section must show the percent of gross sales fee rate assessed and the gross sales fee paid under section 18B.26, subdivision 3, paragraph (c). Only the person who actually will pay the gross sales fee may show the rate or the amount of the fee as a line item on the sales invoice.

Subd. 7. **License.** An agricultural pesticide dealer license:

(1) is issued by the commissioner upon receipt and review of a complete initial or renewal application;

(2) is valid for one year and expires on January 31 of each year;

(3) is not transferable from one location or place of business to another location or place of business; and

(4) must be prominently displayed to the public in the agricultural pesticide dealer's place of business and in the registered office of the resident agent.

Subd. 8. **Report of sales and payment to the commissioner.** A person who is an agricultural pesticide dealer, or is a licensed pesticide dealer under section 18B.31, who distributes or sells an agricultural pesticide in or into the state, and a pesticide registrant pursuant to section 18B.26, subdivision 3, paragraph (d), shall no later than January 31 of each year report and pay applicable fees on annual gross sales of agricultural pesticides to the commissioner pursuant to requirements under section 18B.26, subdivision 3, paragraphs (c) and (h).

Subd. 9. **Application.** (a) A person must apply to the commissioner for an agricultural pesticide dealer license on forms and in a manner approved by the commissioner.

(b) The applicant must be the person in charge of each location or place of business from which agricultural pesticides are distributed or sold in or into the state.

(c) The commissioner may require that the applicant provide information regarding the applicant's proposed operations and other information considered pertinent by the commissioner.

(d) The commissioner may require additional demonstration of licensee qualification if the licensee has had a license suspended or revoked, or has otherwise had a history of violations in another state or violations of this chapter.

(e) A licensed agricultural pesticide dealer who changes the dealer's address or place of business must immediately notify the commissioner of the change.

(f) An application for renewal of an agricultural pesticide dealer license is complete only when a report and any applicable payment of fees under subdivision 8 are received by the commissioner.

Subd. 10. **Application fee.** (a) An application for an agricultural pesticide dealer license, or a renewal of an agricultural pesticide dealer license, must be accompanied by a nonrefundable fee of $150.

(b) If an application for renewal of an agricultural pesticide dealer license is not filed before January of the year for which the license is to be issued, an additional fee of 50 percent of the application fee must be paid by the applicant before the commissioner may issue the license.

EFFECTIVE DATE. This section is effective July 1, 2009. However, the commissioner of agriculture may not implement subdivision 9, paragraph (f), until January 1, 2011.

Sec. 57. **[18B.346] PESTICIDE APPLICATION ON RAILROAD PROPERTY.**

Subdivision 1. **Applicability.** This section applies only to common carrier railroads.

Subd. 2. **Safety information.** (a) In coordination with common carrier railroad companies operating in this state, the commissioner shall provide annual pesticide safety outreach opportunities for railroad employees.

(b) A common carrier railroad that operates in this state must provide annual employee pesticide safety training opportunities.

Subd. 3. **Pesticide applications.** (a) A person may not directly apply a restricted use pesticide to occupied or unoccupied locomotives, track repair equipment, or on-track housing units unless the pesticide is specifically labeled for that use.

(b) Employees of common carrier railroads must not be required to work in affected areas in a manner that is inconsistent with the pesticide label.

Subd. 4. **Misuse reporting.** A common carrier railroad or a commercial applicator hired by the common carrier railroad to apply pesticide must report to the commissioner within four hours, or as soon as practicable, any pesticide misuse known to the railroad company or commercial applicator that occurred on railroad property or to other property under the control of the railroad company. For the purposes of this section, "misuse" means a pesticide application that violates subdivision 3 or any provision in section 18B.07.

Sec. 58. Minnesota Statutes 2008, section 18B.37, subdivision 1, is amended to read:

Subdivision 1. **Pesticide dealer.** (a) A pesticide dealer must maintain records of all sales of restricted use pesticides as required by the commissioner. Records must be kept at the time of sale on forms supplied by the commissioner or on the pesticide dealer's forms if they are approved by the commissioner.

(b) Records must be submitted ~~annually with the renewal application for a pesticide dealer license or~~ upon request of the commissioner.

(c) Copies of records required under this subdivision must be maintained by the pesticide dealer for a period of five years after the date of the pesticide sale.

Sec. 59. Minnesota Statutes 2008, section 18C.415, subdivision 3, is amended to read:

Subd. 3. **Effective period.** ~~Other~~ Licenses are for the period from January 1 to the following December 31 and must be renewed annually by the licensee before January 1. A license is not transferable from one person to another, from the ownership to whom issued to another ownership, or from one location to another location.

Sec. 60. Minnesota Statutes 2008, section 18C.421, is amended to read:

18C.421 ~~DISTRIBUTOR'S~~ TONNAGE REPORT.

Subdivision 1. **~~Semiannual statement~~ Annual tonnage report.** (a) Each ~~licensed distributor of fertilizer and each registrant of a specialty fertilizer, soil amendment, or plant amendment must file a semiannual statement for the periods ending December 31 and June 30 with the commissioner on forms furnished by the commissioner stating the number of net tons and grade of each raw fertilizer material distributed or the number of net tons of each brand or grade of fertilizer, soil amendment, or plant amendment~~ registrant under section 18C.411 and licensee under section 18C.415 shall file an annual tonnage report for the previous year ending June 30 with the commissioner, on forms provided or approved by the commissioner, stating the number of net tons of each brand or grade of fertilizer, soil amendment, or plant amendment distributed in this state or the number of net tons and grade of each raw fertilizer material distributed in this state during the reporting period.

(b) A tonnage ~~reports are~~ report is not required to be ~~filed with~~ submitted and an inspection fee under section 18C.425, subdivision 6, is not required to be paid to the commissioner ~~from licensees~~ by a licensee who ~~distributed~~ distributes fertilizer solely by custom application.

~~(c) A report from a licensee who sells to an ultimate consumer must be accompanied by records or invoice copies indicating the name of the distributor who paid the inspection fee, the net tons received, and the grade or brand name of the products received.~~

~~(d)~~ (c) The annual tonnage report ~~is due~~ must be submitted to the commissioner on or before ~~the last day of the month following the close of each reporting period~~ July 31 of each ~~calendar~~ year.

~~(e)~~ (d) The inspection fee at the rate stated in section 18C.425, subdivision 6, must accompany the statement.

Subd. 2. **Additional reports.** The commissioner may by rule require additional reports for the purpose of gathering statistical data relating to fertilizer, soil amendments, and plant amendments distribution in the state.

Subd. 3. **Late annual report and inspection fee penalty.** (a) If a ~~distributor does not file the semiannual statement~~ registrant or licensee fails to submit an annual tonnage report or pay the inspection ~~fees~~ fee under section 18C.425, subdivision 6, by ~~31 days after the end of the reporting period~~ July 31, the commissioner shall assess the registrant or licensee a penalty of the greater of ~~$25~~ $50 or ten percent of the amount due ~~against the licensee or registrant~~.

(b) The fees due, plus the penalty, may be recovered in a civil action against the licensee or registrant.

(c) The assessment of the penalty does not prevent the commissioner from taking other actions as provided in this chapter and sections 18D.301 to 18D.331.

~~Subd. 4.~~ ~~**Responsibility for inspection fees.**~~ ~~If more than one person is involved in the distribution of a fertilizer, soil amendment, or plant amendment, the distributor who imports, manufactures, or produces the fertilizer or who has the specialty fertilizer, soil amendment, or plant amendment registered is responsible for the inspection fee on products produced or brought into this state. The distributor must separately list the inspection fee on the invoice to the licensee. The last licensee must retain the invoices~~

~~showing proof of inspection fees paid for three years and must pay the inspection fee on products brought into this state before July 1, 1989, unless the reporting and paying of fees have been made by a prior distributor of the fertilizer.~~

Subd. 5. **Verification of ~~statements~~ annual tonnage report.** The commissioner may verify the records on which the ~~statement of~~ annual tonnage report is based.

Sec. 61. Minnesota Statutes 2008, section 18C.425, subdivision 4, is amended to read:

Subd. 4. **Fee for late application.** If an application for renewal of a ~~fertilizer license or~~ registration ~~of a specialty fertilizer, soil amendment, or plant amendment~~ under section 18C.411 or a license under section 18C.415 is ~~not filed before January 1 or July 1 of a year, as required~~ submitted to the commissioner after December 31, an additional ~~application~~ late fee of one-half of the amount due must be paid in addition to the application fee before the renewal license or registration may be issued.

Sec. 62. Minnesota Statutes 2008, section 18C.425, subdivision 6, is amended to read:

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

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

(c) The person responsible for payment of the inspection fees for fertilizers, soil amendments, or plant amendments sold and used in this state must pay an inspection fee of ~~30~~ 70 cents per ton of fertilizer, soil amendment, and plant amendment sold or distributed in this state, with a minimum of $10 on all tonnage reports. Products sold or distributed to manufacturers or exchanged between them are exempt from the inspection fee imposed by this subdivision if the products are used exclusively for manufacturing purposes.

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

Sec. 63. Minnesota Statutes 2008, section 18E.03, subdivision 2, is amended to read:

Subd. 2. **Expenditures.** (a) Money in the agricultural chemical response and reimbursement account may only be used:

(1) to pay for the commissioner's responses to incidents under chapters 18B, 18C, and 18D that are not eligible for payment under section 115B.20, subdivision 2;

(2) to pay for emergency responses that are otherwise unable to be funded;

(3) to reimburse and pay corrective action costs under section 18E.04; and

(4) ~~by the board~~ to reimburse the commissioner for board staff and other administrative costs and the commissioner's incident response program costs related to eligible incident sites, up to ~~$225,000~~ $450,000 per fiscal year.

(b) Money in the agricultural chemical response and reimbursement account is appropriated to the commissioner to make payments as provided in this subdivision.

Sec. 64. Minnesota Statutes 2008, section 18E.03, subdivision 4, is amended to read:

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

(b) The commissioner shall impose a surcharge on pesticides registered under chapter 18B to be collected as a surcharge on the ~~registration application fee~~ gross sales under section 18B.26, subdivision 3, that is equal to 0.1 percent of sales of the pesticide in the state and sales of pesticides for use in the state during the previous calendar year, except the surcharge may not be imposed on pesticides that are sanitizers or disinfectants as determined by the commissioner. No surcharge is required if the surcharge amount based on percent of annual gross sales is less than $10. ~~The registrant shall determine when and which pesticides are sold or used in this state. The registrant shall secure sufficient sales information of pesticides distributed into this state from distributors and dealers, regardless of distributor location, to make a determination. Sales of pesticides in this state and sales of pesticides for use in this state by out-of-state distributors are not exempt and must be included in the registrant's annual report, as required under section 18B.26, subdivision 3, paragraph (c), and fees shall be paid by the registrant based upon those reported sales.~~ Sales of pesticides in the state for use outside of the state are exempt from the surcharge in this paragraph if the registrant, agricultural pesticide dealer, or pesticide dealer properly documents the sale location and the distributors.

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

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

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

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

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

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective July 1, 2009. However, the commissioner of agriculture may not implement the change to paragraph (b) until January 1, 2010.

Sec. 65. Minnesota Statutes 2008, section 18E.06, is amended to read:

18E.06 REPORT.

By December 1 of each year, the Agricultural Chemical Response Compensation Board and the commissioner shall submit to the house of representatives Committee on Ways and Means, the senate Committee on Finance, the house of representatives and senate committees with jurisdiction over the environment, natural resources, and agriculture, and the Environmental Quality Board a report detailing the board's activities and reimbursements and the expenditures and activities associated with the commissioner's incident response program for which money from the account has been spent during the previous year.

Sec. 66. Minnesota Statutes 2008, section 18H.02, subdivision 12a, is amended to read:

Subd. 12a. ~~**Individual**~~ **Dormant.** ~~"Individual" means a human being~~ "Dormant" means nursery stock without etiolated growth.

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

Sec. 67. Minnesota Statutes 2008, section 18H.02, is amended by adding a subdivision to read:

Subd. 12b. **Etiolated growth.** "Etiolated growth" means bleached and unnatural growth resulting from the exclusion of sunlight.

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

Sec. 68. Minnesota Statutes 2008, section 18H.02, is amended by adding a subdivision to read:

Subd. 12c. **Individual.** "Individual" means a human being.

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

Sec. 69. Minnesota Statutes 2008, section 18H.02, is amended by adding a subdivision to read:

Subd. 24a. **Packaged stock.** "Packaged stock" means bare root nursery stock packed with the roots in moisture-retaining material encased in plastic film or other material designed to hold the moisture-retaining material in place.

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

Sec. 70. Minnesota Statutes 2008, section 18H.07, subdivision 2, is amended to read:

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

(1) less than one-half acre, $150;

(2) from one-half acre to two acres, $200;

(3) over two acres up to five acres, $300;

(4) over five acres up to ten acres, $350;

(5) over ten acres up to 20 acres, $500;

(6) over 20 acres up to 40 acres, $650;

(7) over 40 acres up to 50 acres, $800;

(8) over 50 acres up to 200 acres, $1,100;

(9) over 200 acres up to 500 acres, $1,500; and

(10) over 500 acres, $1,500 plus $2 for each additional acre.

(b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must be charged for each month, or portion thereof, that the fee is delinquent up to a maximum of 30 percent for any application for renewal not ~~received by January 1~~ postmarked by December 31 of the current year ~~following expiration of a certificate~~.

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

Sec. 71. Minnesota Statutes 2008, section 18H.07, subdivision 3, is amended to read:

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

(1) gross sales up to $5,000, $150;

(2) gross sales over $5,000 up to $20,000, $175;

(3) gross sales over $20,000 up to $50,000, $300;

(4) gross sales over $50,000 up to $75,000, $425;

(5) gross sales over $75,000 up to $100,000, $550;

(6) gross sales over $100,000 up to $200,000, $675; and

(7) gross sales over $200,000, $800.

(b) In addition to the fees in paragraph (a), a penalty of ten percent of the fee due must be charged for each month, or portion thereof, that the fee is delinquent up to a maximum of 30 percent for any application for renewal not ~~received by January 1~~ postmarked by December 31 of the current year ~~following expiration of a certificate~~.

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

Sec. 72. Minnesota Statutes 2008, section 18H.09, is amended to read:

18H.09 NURSERY STOCK CERTIFICATION REQUIREMENTS.

(a) All nursery stock growing at sites identified by nursery stock dealers or nursery stock growers and submitted for inspection must be inspected by the commissioner within the previous 12 months prior to sale and found apparently free from quarantine and regulated nonquarantine pests as well as significantly dangerous or potentially damaging plant pests. The commissioner may waive a site inspection under the following conditions:

(1) the nursery stock is not going to be sold within 12 months;

(2) the nursery stock will not be moved out of Minnesota; and

(3) the nursery site or stock is not subject to certification requirements associated with a state or federally regulated or quarantined plant pest.

All nursery stock originating from out of state and offered for sale in Minnesota must have been inspected by the appropriate state or federal agency during the previous 12 months and found free from quarantine and regulated nonquarantine pests as well as significantly dangerous or potentially damaging plant pests. A nursery stock certificate is valid from January 1 to December 31.

(b) Nursery stock must be accessible to the commissioner for inspection during regular business hours. Weeds or other growth that hinder a proper inspection are grounds to suspend or withhold a certificate or require a reinspection.

(c) Inspection reports issued to growers must contain a list of the plant pests found at the time of inspection. Withdrawal-from-distribution orders are considered part of the inspection reports. A withdrawal-from-distribution order must contain a list of plants withdrawn from distribution and the location of the plants.

(d) The commissioner may post signs to delineate sections withdrawn from distribution. These signs must remain in place until the commissioner removes them or grants written permission to the grower to remove the signs.

(e) Inspection reports issued to dealers must outline the violations involved and corrective actions to be taken including withdrawal-from-distribution orders which would specify nursery stock that could not be distributed from a certain area.

(f) Optional inspections of plants may be conducted by the commissioner upon request by any persons desiring an inspection. A fee as provided in section 18H.07 must be charged for such an inspection.

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

Sec. 73. Minnesota Statutes 2008, section 18H.10, is amended to read:

18H.10 STORAGE OF NURSERY STOCK.

All nursery stock must be kept and displayed under conditions of temperature, light, and moisture sufficient to maintain the viability and vigor of the nursery stock. Packaged dormant nursery stock must be stored under conditions that retard growth, prevent etiolated growth, and protect its viability.

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

Sec. 74. Minnesota Statutes 2008, section 28A.085, subdivision 1, is amended to read:

Subdivision 1. **Violations; prohibited acts.** The commissioner may charge a reinspection fee for each reinspection of a food handler that:

(1) is found with a major violation of requirements in chapter 28, 29, 30, 31, 31A, 32, 33, or 34, or rules adopted under one of those chapters;

(2) is found with a violation of section 31.02, 31.161, or 31.165, and requires a follow-up inspection after an administrative meeting held pursuant to section 31.14; or

(3) fails to correct equipment and facility deficiencies as required in rules adopted under chapter 28, 29, 30, 31, 31A, 32, or 34. The first reinspection of a firm with gross food sales under $1,000,000 must be assessed at ~~$75~~ $150. The fee for a firm with gross food sales over $1,000,000 is ~~$100~~ $200. The fee for a subsequent reinspection of a firm for the same violation is 50 percent of their current license fee or ~~$200~~ $300, whichever is greater. The establishment must be issued written notice of violations with a reasonable date for compliance listed on the notice. An initial inspection relating to a complaint is not a reinspection.

Sec. 75. Minnesota Statutes 2008, section 28A.21, subdivision 5, is amended to read:

Subd. 5. **Duties.** The task force shall:

(1) coordinate educational efforts regarding food safety and defense;

(2) provide advice and coordination to state agencies as requested by the agencies;

(3) serve as a source of information and referral for the public, news media, and others concerned with food safety and defense; and

(4) make recommendations to Congress, the legislative committees with jurisdiction over agriculture finance and policy, the legislature, and others about appropriate action to improve food safety and defense in the state.

Sec. 76. Minnesota Statutes 2008, section 31.94, is amended to read:

31.94 COMMISSIONER DUTIES.

(a) In order to promote opportunities for organic agriculture in Minnesota, the commissioner shall:

(1) survey producers and support services and organizations to determine information and research needs in the area of organic agriculture practices;

(2) work with the University of Minnesota to demonstrate the on-farm applicability of organic agriculture practices to conditions in this state;

(3) direct the programs of the department so as to work toward the promotion of organic agriculture in this state;

(4) inform agencies of how state or federal programs could utilize and support organic agriculture practices; and

(5) work closely with producers, the University of Minnesota, the Minnesota Trade Office, and other appropriate organizations to identify opportunities and needs as well as ensure coordination and avoid duplication of state agency efforts regarding research, teaching, marketing, and extension work relating to organic agriculture.

(b) By November 15 of each even-numbered year the commissioner, in conjunction with the task force created in paragraph (c), shall report on the status of organic agriculture in Minnesota to the legislative policy and finance committees and divisions with jurisdiction over agriculture. The report must include:

(1) a description of current state or federal programs directed toward organic agriculture, including significant results and experiences of those programs;

(2) a description of specific actions the department of agriculture is taking in the area of organic agriculture, including the proportion of the department's budget spent on organic agriculture;

(3) a description of current and future research needs at all levels in the area of organic agriculture;

(4) suggestions for changes in existing programs or policies or enactment of new programs or policies that will affect organic agriculture;

(5) a description of market trends and potential for organic products;

(6) available information, using currently reliable data, on the price received, yield, and profitability of organic farms, and a comparison with data on conventional farms; and

(7) available information, using currently reliable data, on the positive and negative impacts of organic production on the environment and human health.

(c) ~~The commissioner shall appoint~~ A Minnesota Organic Advisory Task Force ~~to~~ <u>shall</u> advise the commissioner <u>and the University of Minnesota</u> on policies and ~~practices~~

~~to~~ programs that will improve organic agriculture in Minnesota, including how available resources can most effectively be used for outreach, education, research, and technical assistance that meet the needs of the organic agriculture community. The task force must consist of the following residents of the state:

(1) three farmers using organic agriculture methods;

(2) two ~~organic food~~ wholesalers, retailers, or distributors of organic products;

(3) one representative of organic ~~food~~ certification agencies;

(4) two organic ~~food~~ processors;

(5) one representative from ~~the~~ University of Minnesota Extension ~~Service~~;

(6) one ~~representative from a~~ University of Minnesota ~~postsecondary research institution~~ faculty member;

(7) one representative from a nonprofit organization representing producers;

(8) ~~one~~ two at-large ~~member~~ members;

(9) one representative from the United States Department of Agriculture; and

(10) one organic consumer representative.

The commissioner, in consultation with the director of the Minnesota Agricultural Experiment Station; the dean and director of University of Minnesota Extension; and the dean of the College of Food, Agricultural and Natural Resource Sciences shall appoint members to serve staggered two-year terms.

~~Terms,~~ Compensation~~,~~ and removal of members are governed by section 15.059, subdivision 6. The task force must meet at least twice each year and expires on June 30, ~~2009~~ 2013.

(d) For the purposes of expanding, improving, and developing production and marketing of the organic products of Minnesota agriculture, the commissioner may receive funds from state and federal sources and spend them, including through grants or contracts, to assist producers and processors to achieve certification, to conduct education or marketing activities, to enter into research and development partnerships, or to address production or marketing obstacles to the growth and well-being of the industry.

(e) The commissioner may facilitate the registration of state organic production and handling operations including those exempt from organic certification according to Code of Federal Regulations, title 7, section 205.101, and certification agents operating within the state.

EFFECTIVE DATE. This section is effective June 30, 2009.

Sec. 77. **[31.97] FEEDING MINNESOTA TASK FORCE.**

Subdivision 1. **Establishment; purpose.** The commissioner of agriculture must establish the Feeding Minnesota Task Force to study the consumption of Minnesota grown produce and livestock by facilitating the donation of harvested products to charities that provide food for hungry people. "Hungry people" must be specifically defined by the task force by its second meeting.

Subd. 2. **Members.** The commissioner must appoint task force members as follows:

(1) one member representing a food bank organization;

(2) two members representing food producer and grower organizations;

(3) one member representing the Minnesota Farmers Market Association;

(4) one member representing Minnesota higher education institutions;

(5) one member representing the food transportation industry;

(6) two members representing statewide agricultural organizations; and

(7) one member representing food processors.

Subd. 3. **No compensation.** Task force members may not be compensated under section 15.059, subdivision 3.

Subd. 4. **Report.** The commissioner must convene the task force no later than January 31, 2010. The commissioner must make policy recommendations to the chairs of the legislative committees with jurisdiction over agriculture finance by November 1, 2010.

Subd. 5. **Expiration.** This section expires November 1, 2010.

Sec. 78. Minnesota Statutes 2008, section 32.394, subdivision 8, is amended to read:

Subd. 8. **Grade A inspection fees.** A processor or marketing organization of milk, milk products, sheep milk, or goat milk who wishes to market Grade A milk or use the Grade A label must apply for Grade A inspection service from the commissioner. A pasteurization plant requesting Grade A inspection service must hold a Grade A permit and pay an annual inspection fee of no more than $500. For Grade A farm inspection service, the fee must be no more than $50 per farm, paid annually by the processor or by the marketing organization on behalf of its patrons. For a farm requiring a reinspection in addition to the required biannual inspections, an additional fee of ~~$45~~ $100 per reinspection must be paid by the processor or by the marketing organization on behalf of its patrons.

Sec. 79. Minnesota Statutes 2008, section 41A.09, subdivision 2a, is amended to read:

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

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

(1) meets all of the specifications in ASTM specification D4806-04a; and

(2) is denatured as specified in Code of Federal Regulations, title 27, parts 20 and 21.

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

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

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

Sec. 80. Minnesota Statutes 2008, section 41A.09, subdivision 3a, is amended to read:

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

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

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

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

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

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

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

(h) The commissioner shall reimburse ethanol producers for any deficiency in payments during earlier quarters if the deficiency occurred because of unallotment or because appropriated money was insufficient to make timely payments in the full amount provided in paragraph (a). Notwithstanding the quarterly or annual payment limitations in this subdivision, the commissioner shall begin making payments for earlier deficiencies in each fiscal year that appropriations for ethanol payments exceed the amount required to make eligible scheduled payments. Payments for earlier deficiencies must continue until the deficiencies for each producer are paid in full, except the commissioner shall not make a deficiency payment to an entity that no longer produces ethanol on a commercial scale at the location for which the entity qualified for producer payments, or to an assignee of the entity.

(i) The commissioner may ~~make direct payments to producers of rural economic infrastructure~~ provide financial assistance under the 21st century agricultural reinvestment program in section 41A.12 with any amount of the annual appropriation for ethanol producer payments ~~and rural economic infrastructure~~ that is in excess of the amount required to make scheduled ethanol producer payments and deficiency payments under paragraphs (a) to (h).

Sec. 81. **[41A.12] 21ST CENTURY AGRICULTURAL REINVESTMENT PROGRAM.**

Subdivision 1. **Establishment.** The 21st century agricultural reinvestment program is established in order to promote the advancement of the state's agricultural and renewable energy industries.

Subd. 2. **Activities authorized.** For the purposes of this program, the commissioner may issue grants, loans, or other forms of financial assistance. Eligible activities include, but are not limited to, grants to livestock producers under the livestock investment grant program under section 17.118 and bioenergy awards made by the NextGen Energy Board under section 41A.105.

Subd. 3. **Oversight.** The commissioner, in consultation with the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over agriculture finance, must allocate available funds among eligible uses, develop competitive eligibility criteria, and award funds on a needs basis.

Sec. 82. Minnesota Statutes 2008, section 41B.039, subdivision 2, is amended to read:

Subd. 2. **State participation.** The state may participate in a new real estate loan with an eligible lender to a beginning farmer to the extent of 45 percent of the principal amount of the loan or ~~$200,000~~ $300,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the lender's retained portion of the loan.

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

Sec. 83. Minnesota Statutes 2008, section 41B.04, subdivision 8, is amended to read:

Subd. 8. **~~State's~~ State participation.** With respect to loans that are eligible for restructuring under sections 41B.01 to 41B.23 and upon acceptance by the authority, the authority shall enter into a participation agreement or other financial arrangement whereby it shall participate in a restructured loan to the extent of 45 percent of the primary principal or ~~$225,000~~ $400,000, whichever is less. The authority's portion of the loan must be protected during the authority's participation by the first mortgage held by the eligible lender to the extent of its participation in the loan.

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

Sec. 84. Minnesota Statutes 2008, section 41B.042, subdivision 4, is amended to read:

Subd. 4. **Participation limit; interest.** The authority may participate in new seller-sponsored loans to the extent of 45 percent of the principal amount of the loan or ~~$200,000~~ $300,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the seller's retained portion of the loan.

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

Sec. 85. Minnesota Statutes 2008, section 41B.043, subdivision 1b, is amended to read:

Subd. 1b. **Loan participation.** The authority may participate in an agricultural improvement loan with an eligible lender to a farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who is actively engaged in farming. Participation is limited to 45 percent of the principal amount of the loan or ~~$200,000~~ $300,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the lender's retained portion of the loan.

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

Sec. 86. Minnesota Statutes 2008, section 41B.045, subdivision 2, is amended to read:

Subd. 2. **Loan participation.** The authority may participate in a livestock expansion loan with an eligible lender to a livestock farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in a livestock operation. A prospective borrower must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than $660,000 in 2004 and an amount in subsequent years which is adjusted for inflation by multiplying that amount by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

Participation is limited to 45 percent of the principal amount of the loan or ~~$275,000~~ $400,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different from the interest rates and repayment terms of the lender's retained portion of the loan.

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

Sec. 87. Minnesota Statutes 2008, section 97A.045, subdivision 1, is amended to read:

Subdivision 1. **Duties; generally.** (a) The commissioner shall do all things the commissioner determines are necessary to preserve, protect, and propagate desirable species of wild animals. The commissioner shall make special provisions for the management of fish and wildlife to ensure recreational opportunities for anglers and hunters. The commissioner shall acquire wild animals for breeding or stocking and may dispose of or destroy undesirable or predatory wild animals and their dens, nests, houses, or dams.

(b) Notwithstanding chapters 17 and 35, the commissioner, in consultation with the commissioner of agriculture and the executive director of the Board of Animal Health, may capture or control nonnative or domestic animals that are released, have escaped, or are otherwise running at large and causing damage to natural resources or agricultural lands, or that are posing a threat to wildlife, domestic animals, or human health. The commissioner may work with other agencies to assist in the capture or control and may authorize persons to take such animals.

Sec. 88. Minnesota Statutes 2008, section 239.791, subdivision 1, is amended to read:

Subdivision 1. **Minimum ethanol content required.** (a) Except as provided in subdivisions 10 to 14, a person responsible for the product shall ensure that all gasoline sold or offered for sale in Minnesota must contain at least the quantity of ethanol required by clause (1) or (2), whichever is greater:

(1) 10.0 percent denatured ethanol by volume; or

(2) the maximum percent of denatured ethanol by volume authorized in a waiver granted by the United States Environmental Protection Agency under section 211(f)(4) of the Clean Air Act, United States Code, title 42, section 7545, subsection (f), paragraph (4).

(b) For purposes of enforcing the minimum ethanol requirement of paragraph (a), a gasoline/ethanol blend will be construed to be in compliance if the ethanol content, exclusive of denaturants and permitted contaminants, comprises not less than 9.2 percent by volume and not more than 10.0 percent by volume of the blend as determined by an appropriate United States Environmental Protection Agency or American Society of Testing Materials standard method of analysis of alcohol/ether content in engine fuels.

(c) The provisions of this subdivision are suspended during any period of time that subdivision 1a, paragraph (a), is in effect.

Sec. 89. Minnesota Statutes 2008, section 239.791, subdivision 1a, is amended to read:

Subd. 1a. **Minimum ethanol content required.** (a) Except as provided in subdivisions 10 to 14, on August 30, 2013, and thereafter, a person responsible for the product shall ensure that all gasoline sold or offered for sale in Minnesota must contain at least the quantity of ethanol required by clause (1) or (2), whichever is greater:

(1) 20 percent denatured ethanol by volume; or

(2) the maximum percent of denatured ethanol by volume authorized in a waiver granted by the United States Environmental Protection Agency under section 211(f)(4) of the Clean Air Act, United States Code, title 42, section 7545, subsection (f), paragraph (4).

(b) For purposes of enforcing the minimum ethanol requirement of paragraph (a), a gasoline/ethanol blend will be construed to be in compliance if the ethanol content, exclusive of denaturants and permitted contaminants, comprises not less than 18.4 percent by volume and not more than 20 percent by volume of the blend as determined by an appropriate United States Environmental Protection Agency or American Society of Testing Materials standard method of analysis of alcohol content in motor fuels.

(c) No motor fuel shall be deemed to be a defective product by virtue of the fact that the motor fuel is formulated or blended pursuant to the requirements of paragraph (a) under any theory of liability except for simple or willful negligence or fraud. This paragraph does not preclude an action for negligent, fraudulent, or willful acts. This paragraph does not affect a person whose liability arises under chapter 115, water pollution control; 115A, waste management; 115B, environmental response and liability; 115C, leaking underground storage tanks; or 299J, pipeline safety; under public nuisance law for damage to the environment or the public health; under any other environmental or public health law; or under any environmental or public health ordinance or program of a municipality as defined in section 466.01.

(d) This subdivision expires on December 31, 2010, if by that date:

(1) the commissioner of agriculture certifies and publishes the certification in the State Register that at least 20 percent of the volume of gasoline sold in the state is denatured ethanol; or

(2) federal approval has not been granted for the use of E20 as gasoline. The United States Environmental Protection Agency's failure to act on an application shall not be deemed approval of the use of E20, or a waiver under section 211(f)(4) of the Clean Air Act, United States Code, title 42, section 7545, subsection (f), paragraph (4).

Sec. 90. Minnesota Statutes 2008, section 336.9-601, is amended to read:

336.9-601 RIGHTS AFTER DEFAULT; JUDICIAL ENFORCEMENT; CONSIGNOR OR BUYER OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES.

(a) **Rights of secured party after default.** After default, a secured party has the rights provided in this part and, except as otherwise provided in section 336.9-602, those provided by agreement of the parties. A secured party:

(1) may reduce a claim to judgment, foreclose, or otherwise enforce the claim, security interest, or agricultural lien by any available judicial procedure; and

(2) if the collateral is documents, may proceed either as to the documents or as to the goods they cover.

(b) **Rights and duties of secured party in possession or control.** A secured party in possession of collateral or control of collateral under section 336.7-106, 336.9-104, 336.9-105, 336.9-106, or 336.9-107 has the rights and duties provided in section 336.9-207.

(c) **Rights cumulative; simultaneous exercise.** The rights under subsections (a) and (b) are cumulative and may be exercised simultaneously.

(d) **Rights of debtor and obligor.** Except as otherwise provided in subsection (g) and section 336.9-605, after default, a debtor and an obligor have the rights provided in this part and by agreement of the parties.

(e) **Lien of levy after judgment.** If a secured party has reduced its claim to judgment, the lien of any levy that may be made upon the collateral by virtue of an execution based upon the judgment relates back to the earliest of:

(1) the date of perfection of the security interest or agricultural lien in the collateral;

(2) the date of filing a financing statement covering the collateral; or

(3) any date specified in a statute under which the agricultural lien was created.

(f) **Execution sale.** A sale pursuant to an execution is a foreclosure of the security interest or agricultural lien by judicial procedure within the meaning of this section. A secured party may purchase at the sale and thereafter hold the collateral free of any other requirements of this article.

(g) **Consignor or buyer of certain rights to payment.** Except as otherwise provided in section 336.9-607(c), this part imposes no duties upon a secured party that is a consignor or is a buyer of accounts, chattel paper, payment intangibles, or promissory notes.

(h) **Security interest in collateral that is agricultural property; enforcement.** A person may not begin to enforce a security interest in collateral that is agricultural property subject to sections 583.20 to 583.32 that has secured a debt of more than $5,000 unless: a mediation notice under subsection (i) is served on the debtor after a condition of default has occurred in the security agreement and a copy served on the director of the agricultural extension service; and the debtor and creditor have completed mediation under sections 583.20 to 583.32; or as otherwise allowed under sections 583.20 to 583.32.

(i) **Mediation notice.** A mediation notice under subsection (h) must contain the following notice with the blanks properly filled in.

"TO: ...(Name of Debtor)...

YOU HAVE DEFAULTED ON THE ...(Debt in Default)... SECURED BY AGRICULTURAL PROPERTY DESCRIBED AS ...(Reasonable Description of Agricultural Property Collateral)~~...~~. THE AMOUNT OF THE OUTSTANDING DEBT IS ...(Amount of Debt)...

AS A SECURED PARTY, ...(Name of Secured Party)... INTENDS TO ENFORCE THE SECURITY AGREEMENT AGAINST THE AGRICULTURAL PROPERTY

DESCRIBED ABOVE BY REPOSSESSING, FORECLOSING ON, OR OBTAINING A COURT JUDGMENT AGAINST THE PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDIATION. IF YOU REQUEST MEDIATION, A DEBT THAT IS IN DEFAULT WILL BE MEDIATED ONLY ONCE. IF YOU DO NOT REQUEST MEDIATION, THIS DEBT WILL NOT BE SUBJECT TO FUTURE MEDIATION IF THE SECURED PARTY ENFORCES THE DEBT.

IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE AN ORIENTATION MEETING AND A FINANCIAL ANALYST TO HELP YOU TO PREPARE FINANCIAL INFORMATION. IF YOU DECIDE TO PARTICIPATE IN MEDIATION, IT WILL BE TO YOUR ADVANTAGE TO ASSEMBLE YOUR FARM FINANCE AND OPERATION RECORDS AND TO CONTACT A COUNTY EXTENSION OFFICE AS SOON AS POSSIBLE. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR WITHIN 14 DAYS AFTER YOU RECEIVE THIS NOTICE. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

FROM: ...(Name and Address of Secured Party)..."

Sec. 91. Minnesota Statutes 2008, section 343.11, is amended to read:

343.11 ACQUISITION OF PROPERTY, APPROPRIATIONS.

Every county and district society for the prevention of cruelty to animals may acquire, by purchase, gift, grant, or devise, and hold, use, or convey, real estate and personal property, and lease, mortgage, sell, or use the same in any manner conducive to its interest, to the same extent as natural persons. The county board of any county, or the council of any city, in which such societies exist, may, in its discretion, appropriate for the maintenance and support of such societies in the transaction of the work for which they are organized, any sums of money not otherwise appropriated~~, not to exceed in any one year the sum of $4,800 or the sum of $1 per capita based upon the county's or city's population as of the most recent federal census, whichever is greater~~; provided, that no part of the appropriation shall be expended for the payment of the salary of any officer of the society.

Sec. 92. Minnesota Statutes 2008, section 550.365, subdivision 2, is amended to read:

Subd. 2. **Contents.** A mediation notice must contain the following notice with the blanks properly filled in.

"TO: ....(Name of Judgment Debtor)....

A JUDGMENT WAS ORDERED AGAINST YOU BY ....(Name of Court).... ON ....(Date of Judgment).

AS A JUDGMENT CREDITOR, ...(Name of Judgment Creditor).... INTENDS TO TAKE ACTION AGAINST THE AGRICULTURAL PROPERTY DESCRIBED AS ....(Description of Agricultural Property).... TO SATISFY THE JUDGMENT IN THE AMOUNT OF ....(Amount of Debt)....

YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDIATION. IF YOU REQUEST MEDIATION, A DEBT THAT IS IN DEFAULT WILL BE MEDIATED ONLY ONCE. IF YOU DO NOT REQUEST MEDIATION, THIS DEBT WILL NOT BE SUBJECT TO FUTURE MEDIATION IF THE SECURED PARTY ENFORCES THE DEBT.

IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE AN ORIENTATION MEETING AND A FINANCIAL ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. IF YOU DECIDE TO PARTICIPATE IN MEDIATION, IT WILL BE TO YOUR ADVANTAGE TO ASSEMBLE YOUR FARM FINANCE AND OPERATION RECORDS AND TO CONTACT A COUNTY EXTENSION OFFICE AS SOON AS POSSIBLE. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR WITHIN 14 DAYS AFTER YOU RECEIVE THIS NOTICE. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

FROM: ....(Name and Address of Judgment Creditor)...."

Sec. 93. Minnesota Statutes 2008, section 559.209, subdivision 2, is amended to read:

Subd. 2. **Contents.** A mediation notice must contain the following notice with the blanks properly filled in.

"TO: ....(Name of Contract for Deed Purchaser)....

YOU HAVE DEFAULTED ON THE CONTRACT FOR DEED OF THE AGRICULTURAL PROPERTY DESCRIBED AS ....(Size and Reasonable Location of Property, Not Legal Description)~~....~~. THE AMOUNT OF THE OUTSTANDING DEBT IS ....(Amount of Debt)....

AS THE CONTRACT FOR DEED VENDOR, ...(Contract for Deed Vendor).... INTENDS TO TERMINATE THE CONTRACT AND TAKE BACK THE PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE CONTRACT FOR DEED DEBT REVIEWED FOR MEDIATION. IF YOU REQUEST MEDIATION, A DEBT THAT IS IN DEFAULT WILL BE MEDIATED ONLY ONCE. IF YOU DO NOT REQUEST MEDIATION, THIS DEBT WILL NOT BE SUBJECT TO FUTURE MEDIATION IF THE CONTRACT FOR DEED VENDOR BEGINS REMEDIES TO ENFORCE THE DEBT.

IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE AN ORIENTATION MEETING AND A FINANCIAL ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. IF YOU DECIDE TO PARTICIPATE IN MEDIATION, IT WILL BE TO YOUR ADVANTAGE TO ASSEMBLE YOUR FARM FINANCE AND OPERATION RECORDS AND TO CONTACT A COUNTY EXTENSION OFFICE AS SOON AS POSSIBLE. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE CONTRACT FOR DEED DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR WITHIN 14 DAYS AFTER YOU RECEIVE THE NOTICE. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY EXTENSION OFFICE.

FROM: ....(Name and Address of Contract for Deed Vendor)...."

Sec. 94. Minnesota Statutes 2008, section 582.039, subdivision 2, is amended to read:

Subd. 2. **Contents.** A mediation notice must contain the following notice with the blanks properly filled in.

"TO: ....(Name of Record Owner)....

YOU HAVE DEFAULTED ON THE MORTGAGE OF THE AGRICULTURAL PROPERTY DESCRIBED AS ....(Size and Reasonable Location, Not Legal Description)~~....~~. THE AMOUNT OF THE OUTSTANDING DEBT ON THIS PROPERTY IS ....(Amount of Debt)....

AS HOLDER OF THE MORTGAGE, ...(Name of Holder of Mortgage).... INTENDS TO FORECLOSE ON THE PROPERTY DESCRIBED ABOVE.

YOU HAVE THE RIGHT TO HAVE THE MORTGAGE DEBT REVIEWED FOR MEDIATION. IF YOU REQUEST MEDIATION, A DEBT THAT IS IN DEFAULT WILL BE MEDIATED ONLY ONCE. IF YOU DO NOT REQUEST MEDIATION,

THIS DEBT WILL NOT BE SUBJECT TO FUTURE MEDIATION IF THE SECURED PARTY ENFORCES THE DEBT.

IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE AN ORIENTATION MEETING AND A FINANCIAL ANALYST TO HELP YOU PREPARE FINANCIAL INFORMATION. IF YOU DECIDE TO PARTICIPATE IN MEDIATION, IT WILL BE TO YOUR ADVANTAGE TO ASSEMBLE YOUR FARM FINANCE AND OPERATION RECORDS AND TO CONTACT A COUNTY EXTENSION OFFICE AS SOON AS POSSIBLE. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE MORTGAGE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR WITHIN 14 DAYS AFTER YOU RECEIVE THIS NOTICE. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

FROM: ....(Name and Address of Holder of Mortgage)...."

Sec. 95. Minnesota Statutes 2008, section 583.215, is amended to read:

583.215 EXPIRATION.

~~(a)~~ Sections 336.9-601, subsections (h) and (i); 550.365; 559.209; 582.039; and 583.20 to 583.32, expire June 30, ~~2009~~ 2013.

~~(b) Laws 1986, chapter 398, article 1, section 18, as amended, is repealed.~~

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

Sec. 96. **HUMAN RESOURCES.**

For fiscal years 2010 and 2011, the Department of Agriculture, Board of Animal Health, and Agricultural Utilization Research Institute may not use funds appropriated in sections 1 to 5 or statutorily appropriated from the agricultural fund to directly or indirectly pay for the services of staff in the Office of the Governor.

Sec. 97. **BOVINE TUBERCULOSIS CONTROL ASSESSMENT; TEMPORARY ASSESSMENT; APPROPRIATION.**

(a) From January 1, 2009, to December 31, 2009, a person who purchases cattle that were raised or fed within this state shall collect a bovine tuberculosis control assessment of $1 per head from the seller and shall submit all assessments collected to the commissioner of agriculture at least once every 30 days. If cattle that were raised or fed within this state are sold outside of the state and the assessment is not collected by the purchaser, the seller is responsible for submitting the assessment to the commissioner. For the purposes of this section, "a person who purchases cattle that were raised or fed within this state" includes the first purchaser, as defined in Minnesota Statutes, section 17.53, subdivision 8, paragraph (a), and any subsequent purchaser of the living animal.

(b) Money collected under this section shall be deposited in an account in the special revenue fund and is appropriated to the Board of Animal Health for bovine tuberculosis control activities.

(c) Notwithstanding paragraph (a), a person may not collect a bovine tuberculosis control assessment from a person whose cattle operation is located within a modified accredited zone established under Minnesota Statutes, section 35.244, unless the cattle owner voluntarily pays the assessment. The commissioner of agriculture shall publish and make available a list of cattle producers exempt under this paragraph.

(d) This section may be enforced under Minnesota Statutes, sections 17.982 to 17.984.

EFFECTIVE DATE. This section is effective the day following final enactment and applies retroactively to cattle purchased on or after January 1, 2009.

Sec. 98. **BIOFUEL STUDY; REPORT.**

The commissioner of agriculture must study the economic and technological feasibility of producing ethanol from whey. No later than May 1, 2010, the commissioner of agriculture must report findings to the legislative committees with jurisdiction over agriculture policy and finance.

Sec. 99. **GREEN JOBS FOOD PRODUCTION STUDY; REPORT.**

The Board of the Agricultural Utilization Research Institute must prepare a detailed study of this state's food production sector in coordination with the Minnesota State Colleges and Universities; urban, rural, and tribal community-based agriculture and food security organizations; members of the legislature with service on committees created by the Green Jobs Task Force; and other interested stakeholders. The study must define the size of the employment base and identify opportunities to increase the number of green jobs in each of the following sector segments: organics and organic value-added processing and local, conventional, natural, traditional, and urban farming. No later than January 15, 2010, the Board of the Agricultural Utilization Research Institute must report its findings to the legislative committees with jurisdiction over employment and economic development policy or finance or agriculture finance.

Sec. 100. **PILOT FOOD PROJECTS; REPORT.**

The commissioner of agriculture must solicit proposals and fund farm-to-school or farm-to-home pilot projects that encourage healthy eating for children, foster farm-to-consumer connections, and strengthen local economies. The commissioner must develop selection criteria in consultation with the chairs of the legislative committees with jurisdiction over agriculture finance and a representative of the University of Minnesota's farm-to-school project. The commissioner must select one project from each of the following areas of the state: a rural area, a tribal area, an urban core area, and a suburban area. No later than January 15, 2010, the commissioner must provide a program report and recommendations to the legislative committees with jurisdiction over agriculture policy or finance.

Sec. 101. **FEDERAL STIMULUS FUNDING.**

The commissioner of agriculture must apply for funding available to the state through the federal American Recovery and Reinvestment Act of 2009, Public Law 111-5, for areas under the purview of the commissioner including but not limited to agriculture and rural development, bioenergy, food safety, farm-to-school and related nutrition programs, and the development of local and regional food systems.

Sec. 102. **REPORT ON MINNESOTA PROCESSED FOODS LABELING.**

(a) The commissioner of agriculture must consult with Minnesota food processors and retailers regarding the development of labeling that identifies food products processed in this state. The commissioner must consult with interested parties including, but not limited to, the following organizations:

(1) at least four food processor industry representatives who represent different business sizes and product categories;

(2) at least two food retailers of which at least one must have retail store locations located outside of the Twin Cities metropolitan area;

(3) two representatives of the Department of Agriculture, one who works with the Minnesota grown program and one who works with the processed foods program;

(4) one representative of the Agricultural Utilization Research Institute; and

(5) two representatives of statewide agricultural producer groups.

(b) No later than March 31, 2010, the commissioner must report findings and recommendations to the legislative committees with jurisdiction over agriculture policy and finance. The report should include an assessment of the level of food processor interest in developing a trademarked logo or labeling statement as well as recommendations regarding program funding options, product eligibility criteria, and coordination with existing labeling and promotion programs and resources.

Sec. 103. **FERAL SWINE REPORT.**

The commissioner of natural resources, in coordination with the commissioner of agriculture and the executive director of the Board of Animal Health, must develop a report and recommend any necessary changes to state policies, authorities, and penalties related to feral swine and other nonnative or domestic animals released, that have escaped, or that are otherwise running at large. The agencies must consult with interested stakeholders. No later than January 15, 2010, the commissioner of natural resources must submit the report to the legislative committees with jurisdiction over natural resources or agriculture policy or finance.

Sec. 104. **DEADLINE FOR APPOINTMENTS.**

The commissioner of agriculture must complete the appointments required under Minnesota Statutes, section 18.91, by September 1, 2009. The commissioner or the commissioner's designee shall convene the first meeting of the committee no later than October 1, 2009.

Sec. 105. **APPROPRIATION MODIFICATION.**

(a) Notwithstanding Minnesota Statutes, section 35.085, the Board of Animal Health may make onetime grants to certain beef cattle producers participating in the bovine tuberculosis herd buyout authorized in Minnesota Statutes, section 35.086, from the $100,000 appropriation for reimbursements in Laws 2007, chapter 45, article 1, section 4.

(b) A buyout participant is eligible for payment under this section if the Board of Animal Health quarantined the participant's herd and required the participant to sell young cattle at slaughter rather than as feeder cattle.

(c) For each head of cattle sold at slaughter under paragraph (b), the Board of Animal Health must pay the difference between the fair market feeder cattle value at the time of sale, as determined by the Board of Animal Health, and the documented slaughter price received by the participant.

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

Sec. 106. **UNUSED OFFICE SPACE.**

The commissioner of agriculture, in consultation with the commissioner of administration, must actively seek tenants to rent vacant or unused space in the Freeman

Building. The commissioner of agriculture must notify entities that receive state funding of the amount and type of space available, the rental rate, and other lease terms. No later than February 1, 2011, the commissioner of agriculture must report actions taken and outcomes achieved under this section to the legislative committees with jurisdiction over agriculture finance. Any revenue raised under this section is appropriated to the commissioner of agriculture to award grants to livestock producers under the 21st Century agricultural reinvestment program in Minnesota Statutes, section 41A.12.

Sec. 107. **REPEALER.**

Minnesota Statutes 2008, sections 17.49, subdivision 3; 18G.12, subdivision 5; 38.02, subdivisions 3 and 4; 41.51; 41.52; 41.53; 41.55; 41.56; 41.57; 41.58, subdivisions 1 and 2; 41.59, subdivision 1; 41.60; 41.61, subdivision 1; 41.62; 41.63; and 41.65, and Minnesota Rules, part 1505.0820, are repealed.

ARTICLE 2
RURAL FINANCE AUTHORITY

Section 1. **RURAL FINANCE AUTHORITY; APPROPRIATION.**

Subdivision 1. **Appropriation.** $35,000,000 is appropriated from the bond proceeds fund to the commissioner of agriculture, as chair of the Board of the Rural Finance Authority, to purchase participation interests in or to make direct agricultural loans to farmers under Minnesota Statutes, chapter 41B, as authorized by the Minnesota Constitution, article XI, section 5, clause (h). This appropriation is for the beginning farmer program under Minnesota Statutes, section 41B.039; the loan restructuring program under Minnesota Statutes, section 41B.04; the seller-sponsored program under Minnesota Statutes, section 41B.042; the agricultural improvement loan program under Minnesota Statutes, section 41B.043; and the livestock expansion loan program under Minnesota Statutes, section 41B.045. All debt service on bond proceeds used to finance this appropriation must be repaid by the Rural Finance Authority under Minnesota Statutes, section 16A.643. Loan participations must be priced to provide full interest and principal coverage and a reserve for potential losses. Priority for loans must be given first, to basic beginning farmer loans; second, to seller-sponsored loans; and third, to agricultural improvement loans.

Subd. 2. **Bond sale.** To provide the money appropriated in this section from the bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to $35,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 3. **Notice.** If the appropriations in this section are enacted more than once in the 2009 regular legislative session, these appropriations must be given effect only once.

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

ARTICLE 3
VETERANS AFFAIRS

Section 1. **VETERANS AFFAIRS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. "The first year" is fiscal year 2010. "The second year" is fiscal year 2011. "The biennium" is fiscal years 2010 and 2011.

		APPROPRIATIONS Available for the Year Ending June 30 2010		2011
Sec. 2. **VETERANS AFFAIRS**				
Subdivision 1. **Total Appropriation**	$	59,742,000	$	58,807,000
Subd. 2. **Veterans Services**		15,896,000		15,896,000

Of this amount, $500,000 in fiscal year 2010 and $500,000 in fiscal year 2011 are to be used to continue working on the merger of the Department of Veterans Affairs computer system and the former Veterans Homes Board computer system.

Minnesota GI Bill. $1,450,000 each year is for the Minnesota GI Bill program in Minnesota Statutes, section 197.791. Of this amount, $100,000 each year must be transferred to the Office of Higher Education for use in administering the GI Bill program.

Veterans Service Organization Grants. $353,000 each year is for grants to the following congressionally chartered veterans service organizations, as designated by the commissioner: Disabled American Veterans, Military Order of the Purple Heart, the American Legion, Veterans of Foreign Wars, Vietnam Veterans of America, AMVETS, and Paralyzed Veterans of America. This funding must be allocated in direct proportion to the funding currently being provided by the commissioner to these organizations.

Homeless Veterans. $480,000 each year is in addition to the base and is a onetime appropriation for a grant to the Minnesota Assistance Council for Veterans (MACV) to provide assistance throughout Minnesota to veterans and their families who are homeless or in danger of homelessness, including housing, utility, employment, and legal assistance, according to guidelines established by the commissioner. In order to avoid duplication of services, the commissioner must ensure that this assistance will be coordinated with all other available programs for veterans.

State Soldiers Assistance Fund. $50,000 each year is for an increase in the State Soldiers Assistance Fund Program. This is a onetime appropriation.

Subd. 3. **Veterans Homes**	43,846,000	42,911,000

Veterans Homes Special Revenue Account. The general fund appropriations made to the department may be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited according to Minnesota Statutes, section 198.34, and are appropriated to the department for the operation of veterans homes facilities and programs.

Repair and Betterment. Of this appropriation, $1,435,000 in fiscal year 2010 and $500,000 in fiscal year 2011 are to be used for repair, maintenance, rehabilitation, and betterment activities at facilities statewide.

Hastings Veterans Home. $220,000 each year is for increases in the mental health program at the Hastings Veterans Home.

Food and Pharmaceuticals. $600,000 each year is for increases in food and pharmaceutical costs at the Minnesota veterans homes. This is a onetime appropriation.

Fuel and Utilities. $435,000 each year is for increases in fuel and utility costs at the Minnesota veterans homes. This is a onetime appropriation.

Sec. 3. Minnesota Statutes 2008, section 43A.11, subdivision 7, is amended to read:

Subd. 7. **Ranking of veterans.** Applicants who meet the minimum qualifications for a vacant position and claim disabled veteran's preference shall be listed in the applicant pool ahead of all other applicants. Applicants who meet the minimum qualifications for a vacant position and claim nondisabled veteran's preference shall be listed in the applicant pool after those claiming disabled veteran's preference and ahead of nonveterans. Each recently separated veteran who meets minimum qualifications for a vacant position and has claimed a veterans or disabled veterans preference must be granted an interview for the position by the hiring authority.

The term "recently separated veteran" means a veteran, as defined in section 197.447, who has served in active military service, at any time on or after September 11, 2001, and who has been honorably discharged from active service, as shown by the person's form DD-214.

EFFECTIVE DATE. This section is effective July 1, 2009, and applies to all appointments made on or after that date.

Sec. 4. Minnesota Statutes 2008, section 43A.23, subdivision 1, is amended to read:

Subdivision 1. **General.** (a) The commissioner is authorized to request proposals or to negotiate and to enter into contracts with parties which in the judgment of the commissioner are best qualified to provide service to the benefit plans. Contracts entered into are not subject to the requirements of sections 16C.16 to 16C.19. The commissioner may negotiate premium rates and coverage. The commissioner shall consider the cost of the plans, conversion options relating to the contracts, service capabilities, character, financial position, and reputation of the carriers, and any other factors which the commissioner deems appropriate. Each benefit contract must be for a uniform term of at least one year, but may be made automatically renewable from term to term in the absence of notice of termination by either party. A carrier licensed under chapter 62A is exempt from the taxes imposed by chapter 297I on premiums paid to it by the state.

(b) All self-insured hospital and medical service products must comply with coverage mandates, data reporting, and consumer protection requirements applicable to the licensed carrier administering the product, had the product been insured, including chapters 62J, 62M, and 62Q. Any self-insured products that limit coverage to a network of providers or provide different levels of coverage between network and nonnetwork providers shall comply with section 62D.123 and geographic access standards for health maintenance organizations adopted by the commissioner of health in rule under chapter 62D.

(c) Notwithstanding paragraph (b), a self-insured hospital and medical product offered under sections 43A.22 to 43A.30 is not required to extend dependent coverage to an eligible employee's unmarried child under the age of 25 to the full extent required under chapters 62A and 62L. Dependent coverage must, at a minimum, extend to an eligible employee's unmarried child who is under the age of 19 or an unmarried child under the age of 25 who is a full-time student. A person who is at least 19 years of age but who is under the age of 25 and who is not a full-time student must be permitted to be enrolled as a dependent of an eligible employee until age 25 if the person:

(1) was a full-time student immediately prior to being ordered into active military service, as defined in section 190.05, subdivision 5b or 5c;

(2) has been separated or discharged from active military service; and

(3) would be eligible to enroll as a dependent of an eligible employee, except that the person is not a full-time student.

The definition of "full-time student" for purposes of this paragraph includes any student who by reason of illness, injury, or physical or mental disability as documented by a physician is unable to carry what the educational institution considers a full-time course load so long as the student's course load is at least 60 percent of what otherwise is considered by the institution to be a full-time course load. Any notice regarding termination of coverage due to attainment of the limiting age must include information about this definition of "full-time student."

(d) Beginning January 1, 2010, the health insurance benefit plans offered in the commissioner's plan under section 43A.18, subdivision 2, and the managerial plan under section 43A.18, subdivision 3, must include an option for a health plan that is compatible with the definition of a high-deductible health plan in section 223 of the United States Internal Revenue Code.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to persons separated or discharged from active military service before, on, or after that date.

Sec. 5. Minnesota Statutes 2008, section 171.06, subdivision 3, is amended to read:

Subd. 3. **Contents of application; other information.** (a) An application must:

(1) state the full name, date of birth, sex, and either (i) the residence address of the applicant, or (ii) designated address under section 5B.05;

(2) as may be required by the commissioner, contain a description of the applicant and any other facts pertaining to the applicant, the applicant's driving privileges, and the applicant's ability to operate a motor vehicle with safety;

(3) state:

(i) the applicant's Social Security number; or

(ii) if the applicant does not have a Social Security number and is applying for a Minnesota identification card, instruction permit, or class D provisional or driver's license, that the applicant certifies that the applicant does not have a Social Security number;

(4) contain a space where the applicant may indicate a desire to make an anatomical gift according to paragraph (b); ~~and~~

(5) contain a notification to the applicant of the availability of a living will/health care directive designation on the license under section 171.07, subdivision 7; and

(6) contain a space where the applicant may request a veteran designation on the license under section 171.07, subdivision 15, and the driving record under section 171.12, subdivision 5a.

(b) If the applicant does not indicate a desire to make an anatomical gift when the application is made, the applicant must be offered a donor document in accordance with section 171.07, subdivision 5. The application must contain statements sufficient to comply with the requirements of the Darlene Luther Revised Uniform Anatomical Gift Act, chapter 525A, so that execution of the application or donor document will make the anatomical gift as provided in section 171.07, subdivision 5, for those indicating a desire to make an anatomical gift. The application must be accompanied by information describing Minnesota laws regarding anatomical gifts and the need for and benefits of anatomical gifts, and the legal implications of making an anatomical gift, including the law governing revocation of anatomical gifts. The commissioner shall distribute a notice that must accompany all applications for and renewals of a driver's license or Minnesota identification card. The notice must be prepared in conjunction with a Minnesota organ procurement organization that is certified by the federal Department of Health and Human Services and must include:

(1) a statement that provides a fair and reasonable description of the organ donation process, the care of the donor body after death, and the importance of informing family members of the donation decision; and

(2) a telephone number in a certified Minnesota organ procurement organization that may be called with respect to questions regarding anatomical gifts.

(c) The application must be accompanied also by information containing relevant facts relating to:

(1) the effect of alcohol on driving ability;

(2) the effect of mixing alcohol with drugs;

(3) the laws of Minnesota relating to operation of a motor vehicle while under the influence of alcohol or a controlled substance; and

(4) the levels of alcohol-related fatalities and accidents in Minnesota and of arrests for alcohol-related violations.

Sec. 6. Minnesota Statutes 2008, section 171.07, is amended by adding a subdivision to read:

Subd. 15. **Veteran designation.** (a) At the request of the applicant and on payment of the required fee, the department shall issue, renew, or reissue a driver's license or Minnesota identification card bearing the designation "Veteran" to an applicant who is a veteran, as defined in section 197.447.

(b) At the time of the initial application for the designation provided under this subdivision, the applicant must have a certified copy of the veteran's discharge papers.

(c) The commissioner of public safety is required to issue drivers' licenses and Minnesota identification cards with the veteran designation only after entering a new contract or in coordination with producing a new card design with modifications made as required by law.

EFFECTIVE DATE. This section is effective August 1, 2009, and applies to drivers' licenses and Minnesota identification cards issued as stated in paragraph (c).

Sec. 7. Minnesota Statutes 2008, section 171.12, is amended by adding a subdivision to read:

Subd. 5a. **Veteran designation.** When an applicant for a driver's license, instruction permit, or Minnesota identification card requests a veteran designation under section 171.06, subdivision 3, the commissioner shall maintain a computer record of veteran designations. The veteran designation may be removed from the computer record only upon written notice to the department. The veteran designation is classified as private data on individuals as defined in section 13.02, subdivision 12, except that this information is available to the commissioner of veterans affairs for the purpose of administering veterans benefits.

Sec. 8. Minnesota Statutes 2008, section 197.455, subdivision 1, is amended to read:

Subdivision 1. **Application.** (a) This section shall govern preference of a veteran under the civil service laws, charter provisions, ordinances, rules or regulations of a county, city, town, school district, or other municipality or political subdivision of this state. Any provision in a law, charter, ordinance, rule or regulation contrary to the applicable provisions of this section is void to the extent of such inconsistency.

(b) Sections 197.46 to ~~197.48 shall not~~ 197.481 also apply to ~~state civil service.~~ a veteran who is an incumbent in a classified appointment in the state civil service and has completed the probationary period for that position, as defined under section 43A.16. In matters of dismissal from such a position, a qualified veteran has the irrevocable option of using the procedures described in sections 197.46 to 197.481, or the procedures provided in the collective bargaining agreement applicable to the person, but not both.

For a qualified veteran electing to use the procedures of sections 197.46 to 197.481, the matters governed by those sections must not be considered grievances under a collective bargaining agreement, and if a veteran elects to appeal the dispute through those sections, the veteran is precluded from making an appeal under the grievance procedure of the collective bargaining agreement.

EFFECTIVE DATE. This section is effective July 1, 2009, and applies to appointments to state and local government positions of employment made on or after that date.

Sec. 9. Minnesota Statutes 2008, section 197.46, is amended to read:

197.46 VETERANS PREFERENCE ACT; REMOVAL FORBIDDEN; RIGHT OF MANDAMUS.

Any person whose rights may be in any way prejudiced contrary to any of the provisions of this section, shall be entitled to a writ of mandamus to remedy the wrong. No person holding a position by appointment or employment in the several counties, cities, towns, school districts and all other political subdivisions in the state, who is a veteran separated from the military service under honorable conditions, shall be removed from such position or employment except for incompetency or misconduct shown after a hearing, upon due notice, upon stated charges, in writing.

Any veteran who has been notified of the intent to discharge the veteran from an appointed position or employment pursuant to this section shall be notified in writing of such intent to discharge and of the veteran's right to request a hearing within 60 days of receipt of the notice of intent to discharge. The failure of a veteran to request a hearing within the provided 60-day period shall constitute a waiver of the right to a hearing. Such failure shall also waive all other available legal remedies for reinstatement.

Request for a hearing concerning such a discharge shall be made in writing and submitted by mail or personal service to the employment office of the concerned employer or other appropriate office or person.

In all governmental subdivisions having an established civil service board or commission, or merit system authority, such hearing for removal or discharge shall be held before such civil service board or commission or merit system authority. Where no such civil service board or commission or merit system authority exists, such hearing shall be held by a board of three persons appointed as follows: one by the governmental subdivision, one by the veteran, and the third by the two so selected. In the event the two persons so selected do not appoint the third person within ten days after the appointment of the last of the two, then the judge of the district court of the county wherein the proceeding is pending, or if there be more than one judge in said county then any judge in chambers, shall have jurisdiction to appoint, and upon application of either or both of the two so selected shall appoint, the third person to the board and the person so appointed by the judge with the two first selected shall constitute the board. The veteran may appeal from the decision of the board upon the charges to the district court by causing written notice of appeal, stating the grounds thereof, to be served upon the governmental subdivision or officer making the charges within 15 days after notice of the decision and by filing the original notice of appeal with proof of service thereof in the office of the court administrator of the district court within ten days after service thereof. Nothing in section 197.455 or this section shall be construed to apply to the position of private secretary, ~~teacher,~~ superintendent of schools, or one chief deputy of any elected official or head of a department, or to any person holding a strictly confidential relation to the appointing officer. The burden of establishing such relationship shall be upon the appointing officer in all proceedings and actions relating thereto.

All officers, boards, commissions, and employees shall conform to, comply with, and aid in all proper ways in carrying into effect the provisions of section 197.455 and this section notwithstanding any laws, charter provisions, ordinances or rules to the contrary. Any willful violation of such sections by officers, officials, or employees is a misdemeanor.

EFFECTIVE DATE. This section is effective July 1, 2009.

Sec. 10. Minnesota Statutes 2008, section 198.003, is amended by adding a subdivision to read:

Subd. 4a. **Federal funding.** The commissioner is authorized to apply for and accept federal funding for purposes of this section.

Sec. 11. Minnesota Statutes 2008, section 198.003, is amended by adding a subdivision to read:

Subd. 7. **Use of Medicare Part D for pharmacy costs.** (a) The commissioner shall maximize the use of Medicare Part D to pay pharmacy costs for eligible veterans residing at the veterans homes.

(b) The commissioner shall encourage eligible veterans to participate in the Medicare Part D program and assist veterans in obtaining Medicare Part D coverage.

(c) The commissioner shall take any necessary steps to prevent an eligible veteran participating in Medicare Part D from receiving fewer benefits under Medicare Part D than they would have received under their existing Veterans Administration benefits.

Sec. 12. **[198.365] VETERANS MENTAL HEALTH FACILITY; KANDIYOHI COUNTY.**

Subdivision 1. **Establishment.** (a) The commissioner of veterans affairs shall establish a 90-bed facility in Kandiyohi County to provide residential mental health nursing services to veterans, in conformance with licensing rules of the Department of Health and funding requirements of the United States Department of Veterans Affairs.

(b) Services provided by the facility may include, but not be limited to:

(1) geriatric care for mentally ill veterans who have severe behavior problems; and

(2) standard long-term care.

(c) To the extent practicable, the facility shall accept referrals from veterans homes in the state.

Subd. 2. **Funding.** (a) The facility must be purchased or built with funds, 65 percent of which must be provided by the federal government and 35 percent by other nonstate sources, including local units of government, veterans organizations, business entities, volunteer organizations, and any other nonstate sources deemed acceptable by the commissioner. Local contributions must include land for the facility and grounds, and funding sufficient to cover the full state and local contribution for the federal matching grant. The commissioner is authorized to accept pledges and funding, including contributions of land, from these local sources for this purpose.

(b) The commissioner shall seek private, local, state, and federal funding for possible development of a public-private partnership to provide services at this facility for veterans with traumatic brain injury and with posttraumatic stress disorder, as well as for veterans who have a dual diagnosis of mental illness and chemical dependency.

(c) The commissioner shall seek funding from private, local, state, and federal sources for possible development of traumatic brain injury research at this facility.

Sec. 13. Minnesota Statutes 2008, section 626.8517, is amended to read:

626.8517 ELIGIBILITY FOR RECIPROCITY EXAMINATION BASED ON RELEVANT MILITARY EXPERIENCE.

(a) For purposes of this section, "relevant military experience" means ~~five years of active duty military police service.~~:

(1) five years' active service experience in a military law enforcement occupational specialty;

(2) three years' active service experience in a military law enforcement occupational specialty and completion of a two-year or more degree from a regionally accredited postsecondary education institution; or

(3) five years' cumulative experience as a full-time peace officer in another state combined with active service experience in a military law enforcement occupational specialty.

(b) A person who has relevant military experience under paragraph (a) and who has been honorably discharged from ~~the~~ military active service as evidenced by a form DD-214 is eligible to take the reciprocity examination. "Active service" has the meaning given in section 190.05, subdivision 5.

Sec. 14. Laws 2008, chapter 297, article 2, section 26, subdivision 3, is amended to read:

Subd. 3. **Administrative provisions.** (a) The commissioner of veterans affairs, or the commissioner's designee, must convene the initial meeting of the working group. Upon request of the working group, the commissioner must provide meeting space and administrative services for the group. The members of the working group must elect a chair or co-chairs from the legislative members of the working group at the initial meeting. Each subsequent meeting is at the call of the chair or co-chairs.

(b) Public members of the working group serve without special compensation or special payment of expenses from the working group.

(c) The working group expires on June 30, ~~2009~~ 2010, unless an extension is authorized by law by that date.

Sec. 15. **DATE OPERATIONAL.**

To the extent practicable, the commissioner of veterans affairs shall design, construct, furnish, and equip the veterans mental health facility authorized in Minnesota Statutes, section 198.365, for commencement of operations on July 1, 2013. No state general fund money may be expended for operational costs for this facility prior to that date and without further legislative authorization.

Sec. 16. **REPORTING REQUIRED.**

(a) The commissioner of finance must collect the following data annually from each cabinet-level state agency, with the exception of the Metropolitan Council, and must report those data, by agency, by the second week of each legislative session, beginning in 2011, to the chairs and leading minority members of each of the house of representatives and senate committees having responsibility for veterans policy and finance issues:

(1) the total number of persons employed in full-time positions by the state agency;

(2) the total number of employees identified in clause (1) who are veterans;

(3) the total number of vacant full-time positions in the agency filled by hiring or appointment during the designated fiscal year;

(4) the total number of applications received for the positions identified in clause (3);

(5) the total number of applications identified in clause (4) for which veterans preference was elected by the applicant;

(6) the total number of applications identified in clause (5) for which the veteran applicant was judged by the hiring authority as meeting minimum requirements for the open positions of employment;

(7) the total number of veteran applicants identified in clause (6) who were interviewed by the hiring authority for the open positions of employment in the agency;

(8) the total number of veteran applicants identified in clause (7) who were selected for and offered employment within the open positions of employment in the agency;

(9) the total number of veteran applicants identified in clause (8) who were hired into the open positions of employment in the agency;

(10) the total number of veteran applicants identified in clause (6) who were sent a rejection letter, in accordance with Minnesota Statutes, section 43A.11, subdivision 9; and

(11) any other data or information deemed important by the commissioner of administration and reflecting on the efforts of the subject agency to recruit and hire veterans.

(b) The data must reflect one full fiscal year or one full calendar year, as determined by the commissioner of finance.

(c) The term "veteran" has the meaning given in Minnesota Statutes, section 197.447.

EFFECTIVE DATE. This section is effective July 1, 2009.

Sec. 17. **ALLIED FORCES; ESTIMATE OF ELIGIBILITY.**

By January 15, 2010, the commissioner of veterans affairs shall contact the United States Department of Defense, the United States Department of Veterans Affairs, and other relevant federal agencies as necessary to determine the number and identities of Minnesota residents who, as former residents of Vietnam or Laos, significantly aided or assisted the United States armed forces during the period of the Vietnam War, and, to the extent possible and in observance of federal and state privacy laws and best practices, shall locate an official federal list of those persons. The purpose of this directive is to provide information helpful to the legislature in weighing the feasibility of extending state veterans' benefits to Minnesota residents who have served as allied soldiers during the Vietnam War.

Sec. 18. **INTERAGENCY STAFF.**

For fiscal years 2010 and 2011, the Department of Veterans Affairs may not use funds appropriated in this article directly or indirectly to pay for the services of staff in the Office of the Governor.

ARTICLE 4
MILITARY AFFAIRS

Section 1. **MILITARY APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund and are available for the fiscal years indicated for each purpose. The figures "2010" and "2011" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2010, or June 30, 2011, respectively. "The first year" is fiscal year 2010. "The second year" is fiscal year 2011. "The biennium" is fiscal years 2010 and 2011.

		APPROPRIATIONS Available for the Year Ending June 30	
		2010	**2011**
Sec. 2. **MILITARY AFFAIRS**			
Subdivision 1. **Total Appropriation**	$	22,374,000	$ 19,374,000
The amounts that may be spent for each purpose are specified in the following subdivisions.			
Subd. 2. **Maintenance of Training Facilities**		6,660,000	6,660,000
Subd. 3. **General Support**		2,366,000	2,366,000
Subd. 4. **Enlistment Incentives**		13,348,000	10,348,000
If appropriations for either year of the biennium are insufficient, the appropriation from the other year is available. The appropriations for enlistment incentives are available until expended.			

Sec. 3. **[192.525] POSTDEPLOYMENT HEALTH ASSESSMENTS.**

The adjutant general must establish a program of postdeployment health and wellness assessments for members of the National Guard who have been called into active military service and deployed outside the state. There must be a health and wellness assessment conducted between six months and one year after the end of a member's deployment. The adjutant general may call on other state agencies, the United States Department of Veterans Affairs, county veteran service officers, and other appropriate resources in administering this program.

APPENDIX
Article locations in H1122-3

17.49 AQUACULTURE PROGRAM AND PROMOTION.

Subd. 3. **Report.** The commissioner shall prepare an annual report on the amount of fish and aquaculture products produced in the state, where the products were produced, the opportunities in the state for aquaculture development, and impediments to Minnesota development of aquaculture.

18G.12 INVASIVE SPECIES MANAGEMENT AND INVESTIGATION.

Subd. 5. **Invasive species annual report.** By January 15 of each year, the commissioner shall submit a report on harmful terrestrial invasive species to the chairs of the legislative committees having jurisdiction over environmental and agricultural resource issues. The report must include:

(1) detailed information on expenditures for administration, education, management, inspections, surveys, and research;

(2) an overview of accomplishments achieved during the prior calendar year;

(3) an analysis of the effectiveness of management activities;

(4) information related to the participation of other state and local units of government;

(5) information about shade tree protection efforts and results;

(6) an assessment of future management needs; and

(7) proposed goals for the coming year.

38.02 AID, DISTRIBUTION.

Subd. 3. **Entitlement for pro rata distribution.** A county or district agricultural society which has held its second annual fair is entitled to share pro rata in the distribution. Payments shall be based on reports submitted by agricultural societies under subdivision 1, paragraph (b), clause (6).

Subd. 4. **Poultry association or society; premiums aid.** A poultry association or society that receives aid in payment of premiums at exhibitions of poultry shall not receive an amount greater than the annual premium paid to exhibitors by it and the amount of aid paid shall not in any case exceed the sum of $150 to any one county. A society or association to be entitled to its distributive share of aid to poultry associations shall file annually with the commissioner of agriculture by the first day of April of each year a sworn statement signed by the president or secretary of the association or society showing the amount of cash premiums paid during the year to exhibitors. The amount to be distributed to the society or association from the aid appropriation shall be based and determined upon the amount of cash premiums paid out as hereinbefore provided. Except as herein provided, where there is more than one association in a county, the amount allotted to the county, not exceeding $150, shall be distributed to the societies in equal amounts.

41.51 PURPOSE.

In order to aid farmers in obtaining credit for the acquisition of farm real estate, there is established a family farm security program to provide state money in guarantee of loans made according to this chapter. The family farm security program established by this chapter, and the issuance of state bonds under section 41.62, is necessary to develop the state's agricultural resources.

41.52 DEFINITIONS.

Subdivision 1. **Scope.** For the purposes of Laws 1976, chapter 210 the following terms shall have the meanings given.

Subd. 2. **Applicant.** "Applicant" means a natural person applying for a family farm security loan.

Subd. 3. **Council.** "Council" means the Family Farm Advisory Council.

Subd. 4. **Commissioner.** "Commissioner" means the commissioner of agriculture.

Subd. 5. **Family farm security loan.** "Family farm security loan", except in the case of a seller-sponsored loan, means a loan secured by a first real estate mortgage. In the case of a seller-sponsored loan, it means a loan secured either by a real estate mortgage evidenced by one or more notes or secured by a contract for deed. It shall be used for acquisition of farm land and shall be approved by the commissioner. This loan shall be guaranteed and may qualify for a payment adjustment as defined in subdivision 10 and may be a seller-sponsored loan as defined in subdivision 8.

Subd. 6. **Farm land.** "Farm land" means land in Minnesota that is capable of supporting the commercial production of agricultural crops, livestock or livestock products, poultry products, milk or dairy products, or fruit or other horticultural products.

Subd. 7. **Lender.** "Lender" means any bank, savings bank, mutual savings bank, savings association, organized under the laws of this state or the United States, trust companies, trust companies acting as fiduciaries, and other financial institutions subject to the supervision of the commissioner of commerce; and any foreign or domestic corporation engaged in the business of insurance which is subject to the supervision of the commissioner of commerce as defined in section 60A.02, subdivision 3; and any financial institution operating under the supervision of the farm credit administration. In case of seller-sponsored loans as authorized in section 41.58, "lender" also means the seller of the property.

Subd. 8. **Seller-sponsored loan.** "Seller-sponsored loan" means a loan in which part or all of the purchase price of the farm is financed by a loan from the seller of the property who is a natural person, a partnership or a family farm corporation as defined in section 500.24, and the remainder of the loan, if any, is supplied by a lender as defined in subdivision 7 or other person. This loan shall be secured by a real estate mortgage evidenced by one or more notes that may carry different interest rates, or by a contract for deed.

Subd. 9. **Family farm loan guarantee.** "Family farm loan guarantee" means an agreement that in the event of default the state of Minnesota shall pay the lender 90 percent of the sums due and payable under the first real estate mortgage, or, in the case of a seller-sponsored loan, 90 percent of the sums due and payable under the note and mortgage or contract for deed.

Subd. 10. **Payment adjustment.** "Payment adjustment" means an amount of money equal to four percent interest on the principal balance of the family farm security loan.

Subd. 11. **Cooperating agency.** "Cooperating agency" means any individual, financial institution, state or federal agency, or any other legal entity which executes a memorandum of understanding with the family farm security program.

Subd. 12. **Memorandum of understanding.** "Memorandum of understanding" means an agreement outlining conditions under which a cooperating agency will provide farm real estate loan funds not to be included under a family farm loan guarantee to applicants.

Subd. 13. **Participant.** "Participant" means an applicant who has received final approval for a guarantee which has been fully executed by the state.

41.53 ADMINISTRATION AND RULES.

Subdivision 1. **Commissioner's powers.** The family farm security program shall be administered by the commissioner.

Subd. 2. **Rules.** The commissioner may adopt rules necessary for the efficient administration of sections 41.51 to 41.57; 41.58, subdivisions 1 and 2; 41.59, subdivision 1; and 41.61.

Subd. 3. **Report.** On or before January 1 of each year the commissioner shall submit a report to the legislature, as provided in section 3.195, concerning the actions of the commissioner and the status of loans granted.

41.55 ELIGIBILITY.

A family farm security loan approval may be granted if the following criteria are satisfied:

(a) that the applicant is a resident of the state of Minnesota;

(b) that the applicant has sufficient education, training, or experience in the type of farming for which the loan is desired and participation in a farm management program approved by the commissioner;

(c) that the applicant and the applicant's dependents and spouse have total net worth valued at less than $75,000 and have demonstrated a need for the loan;

(d) that the applicant intends to purchase farm land to be used by the applicant for agricultural purposes;

(e) that the applicant is credit worthy according to standards prescribed by the commissioner.

41.56 PROCEDURE.

Subdivision 1. **Loan application; denial.** Any person desiring to acquire farm land may make application with a lender for a family farm security loan. Upon completion of the appropriate forms by the applicant and the lender, the applicant shall forward the application to the commissioner for approval. The commissioner shall prescribe a screening process to determine eligibility and may arrange for local lenders to perform this function for the state. The commissioner may approve the application if the criteria of sections 41.55 and 41.57 are satisfied, and shall notify the applicant and the lender of the decision.

If the application is denied, the commissioner shall provide the applicant with a written statement of the reasons for the denial. An applicant who later becomes eligible may reapply.

Subd. 2. **Approved loans.** On approving a loan application, the commissioner shall notify the applicant and lender of the decision. The applicant and the lender may then complete the transaction for the loan.

Subd. 3. **Default, filing claim.** Within 90 days of a default on a guaranteed family farm security loan, the lender shall send notice to the participant stating that the commissioner must be notified if the default continues for 180 days, and the consequences of that default. The lender and the participant may agree to take any steps reasonable to assure the fulfillment of the loan obligation.

If a participant cannot meet scheduled loan payments because of unique or temporary circumstances and the participant proves sufficiently to the commissioner that the necessary cash flow can be generated in the future, the commissioner may use money in the special account in section 41.61, subdivision 1, to meet the participant's loan obligation for up to two consecutive years. This money must be paid back within eight years with interest at an annual percentage rate four percent below the prevailing Federal Land Bank rate.

A contract for deed participant may enter into an agreement with the commissioner whereby the outstanding principal balance of the loan is reduced by a minimum of ten percent, the loan is reamortized for the years remaining, and the commissioner agrees that the state shall pay the lender 100 percent of the sum due and payable if a default occurs during the remaining term of the reamortized loan.

After 180 days from the initial default, if the participant has not made arrangements to meet the obligation, the lender shall file a claim with the commissioner, identifying the loan and the nature of the default, and assigning to the state all of the lender's security and interest in the loan in exchange for payment according to the terms of the family farm security loan guarantee. In the case of a seller-sponsored loan, the seller may elect to pay the commissioner all sums owed the commissioner by the participant and retain title to the property in lieu of payment by the commissioner under the terms of the loan guarantee. If the commissioner determines that the terms of the family farm security loan guarantee have been met, the commissioner shall authorize payment of state funds to the lender, and shall notify the defaulting party. The state of Minnesota shall then succeed to the interest of the mortgagee or the vendor of the contract for deed. Taxes shall be levied and paid on the land as though the owner were a natural person and not a political subdivision of the state. The commissioner may, on behalf of the state, commence foreclosure or termination proceedings in the manner provided by law.

The commissioner may add any unpaid principal and interest payments on special assistance loans to the interest adjustment obligation balance provided for in section 41.57, subdivision 2. The commissioner and participant may agree to any other terms of repayment that are mutually satisfactory.

Subd. 4. **Sale of defaulted property.** In the event that title to any property is acquired by the state, upon conveyance of title to the state and expiration of the period of redemption, the commissioner shall undertake to sell the property by publishing a notice of the impending sale at least once each week for four successive weeks in a legal newspaper and also in a newspaper of general distribution in the county in which the property to be sold is situated. The notice must describe the lots or tracts to be offered and the terms of sale. Except as further provided, the terms and method of sale shall be determined by the commissioner.

The commissioner shall first attempt to sell the property to a person who is eligible for a family farm security loan. If the commissioner is unable to effect a sale to an eligible person, the commissioner shall attempt to sell the property for cash as provided in subdivision 4a. If the commissioner is unable to effect a sale to an eligible person or for cash, or if the commissioner finds that sale to an eligible person or for cash would not best protect the interests of the state, the commissioner may sell the property on terms which the commissioner finds will best protect the interests of the state. The commissioner may lease any real property which the commissioner is unable to sell with reasonable promptness. In any event, any acquired farm property must be sold within three years after the conveyance of title to the state or after the expiration of the period of redemption. The commissioner may contract for the services of a licensed real estate agent or broker to assist in selling any property acquired under this section and may pay for the services from the proceeds of the sale before proceeds are distributed under subdivision 4b.

In lieu of selling property under this subdivision, the commissioner may utilize participation under the beginning farmer program under chapter 41B.

In selling property acquired under this section, the commissioner may not sell the property to a relative within the second degree of kindred according to common law of a person who has defaulted.

Subd. 4a. **Sale for cash.** In selling any farm property for cash, the commissioner shall follow the procedures provided in this subdivision. The commissioner may sell the property to the highest bidder by taking sealed bids, by bids at public auction, or through negotiation. The commissioner may refuse to accept any or all bids. The successful bidder shall submit bid security in the form of a certified check, money order, or bank draft in the amount of five percent of the bid price on the day of selection and shall remit the balance of the purchase price within 90 days of the date of sale. Upon remittance by the purchaser of the balance within 90 days of the date of sale, the commissioner shall transfer title to the property, including any acquired mineral rights, to the purchaser by quitclaim deed. In the event that the purchaser fails to remit all of the balance within 90 days of the date of sale, the purchaser forfeits all rights to the property and any money paid for the property and the commissioner shall recommence the sale process specified in this subdivision.

Subd. 4b. **Proceeds of sale.** Proceeds from the sale of a parcel of property obtained by the state under this section shall be paid into the state family farm program bond account to the extent that proceeds of bonds issued under section 41.62, have been expended by the commissioner of agriculture for the purposes specified in section 41.62. The balance of the sale proceeds shall be paid into the general fund to the extent that funds were disbursed as payment adjustments by the commissioner and into the special account authorized in section 41.61, subdivision 1, to the extent that funds from the special account were disbursed according to the terms of the family farm security loan guarantee and for any insurance premiums or taxes paid on the property. Proceeds in excess of these amounts shall be paid to the lender to the extent that payment to the lender pursuant to the loan guarantee was less than the money due and payable to the lender under the family farm security loan. Proceeds in excess of these amounts shall be paid to cooperating agencies according to the terms of the family farm memorandum of understanding. Additional proceeds, if any, shall be paid into the special account authorized in section 41.61, subdivision 1.

Subd. 5. **Guarantee void.** The loan guarantee is void only if the guaranteed loan was obtained or retained by fraud or material misrepresentation of which the original lender or subsequent holder had actual knowledge.

Subd. 6. **Secondary market guarantees without recourse.** In the case of all family farm loan guarantees, except seller-sponsored loan guarantees, the commissioner is authorized to extend said guarantees to a bona fide purchaser of the guaranteed portion of the note and mortgage executed by an original lender and borrower without recourse by the state of Minnesota against said bona fide purchaser of said guaranteed portion, provided the state of Minnesota is made the named beneficiary of a title insurance policy insuring marketable title to the farm land in question and the state of Minnesota is given the written opinion of original lender's counsel that the original loan transaction was fully closed, that disbursements were made correctly, that lender's security was properly perfected and constitutes a valid first lien upon the property, that original borrower's note is a valid and binding obligation, and that all conditions deemed desirable to assure the validity and legal enforceability of the note and mortgage and all agreements delivered to the original lender in connection with the original loan have been complied with satisfactorily. In the event title insurance is, as a practical matter, unavailable or an undue hardship, the commissioner is authorized to provide said guarantee without recourse by the state of Minnesota against said bona fide purchaser provided the state of Minnesota is given the written opinion of competent local counsel concerning marketable title and the written opinion of original lender's counsel that the original loan transaction was fully closed, that disbursements were made correctly, that lender's security was properly perfected and constitutes a valid first lien upon the property, that original borrower's note is a valid and binding obligation, and that all conditions deemed desirable to assure the validity and legal enforceability of the note and mortgage and all agreements delivered to the original lender in connection with the original loan have been complied with satisfactorily. The making of such a guarantee without recourse shall not affect the rights the state of Minnesota may have with respect to the original lender, mortgagor, or any other party.

Subd. 7. **Insurance.** The commissioner may insure the state against loss to farm properties acquired under this section by fire, lightning, windstorm, tornado, flood, or hail, using any insurance company licensed to do business in Minnesota. The insurance may be in an amount the commissioner determines and the commissioner may pay the premiums from the special account created in section 41.61, subdivision 1.

41.57 TERMS OF THE LOAN.

Subdivision 1. **Forms; appraisal procedure; limitations.** A family farm security loan shall be transacted on forms approved by the commissioner with the advice of the attorney general. The commissioner shall establish by rule an appraisal procedure and shall thereby determine the value and income potential of the property before guaranteeing a family farm security loan. No guarantee shall be made if the purchase price of the farm land exceeds the appraisal value as determined under the provisions of this subdivision.

Subd. 2. **Payment adjustment.** To be eligible for payment adjustment a family farm security loan shall have a maximum term of 20 years and shall provide for payments at least annually so that the loan shall be amortized over its term with equal annual payments of principal and interest, adjusted for variable interest rates, except that a loan to be amortized over a term of ten years or less need not provide for equal annual payments of principal and interest. During the first ten years of a family farm security loan, the commissioner shall annually pay to the lender four percent of the outstanding balance due at the beginning of that year and the participant shall pay the remainder of the payment due. After the tenth year, the participant shall make payments according to the stated interest rate. The participant may petition the commissioner for one ten-year renewal of the payment adjustment. If a renewal is granted, in the 21st year the participant shall reimburse the commissioner for the sums paid on the participant's behalf under this subdivision. If no renewal is granted, the participant shall reimburse the commissioner in the 11th year for the sums paid on the participant's behalf under this subdivision. The obligation to repay the payment adjustment is a lien against the property. If the participant does not reimburse the state within the required time period, the commissioner may charge interest at the rate of two percent above the prevailing rate charged by the Federal Land Bank of St. Paul on the net amount owed for the period of delinquency. To recover the adjustment payment due in delinquency cases, the commissioner may proceed to foreclose by advertisement on the lien as if it were a real estate mortgage following the procedures in chapter 580.

Subd. 2a. **Settlements before due date.** The commissioner may settle interest adjustment payment accounts of participants before the contractual due date. These settlements may include receiving partial payments for outstanding obligations if the participant and cooperating lender agree to voluntarily withdraw from the program.

Subd. 2b. **Discounting using present value.** The commissioner may settle interest adjustment payment accounts by discounting the obligation using a present value calculation. The interest rate used in this calculation must be three percent above the current Farm Credit Bank of St. Paul wholesale loan rate to the agricultural credit associations as certified each month by the commissioner.

Subd. 3. **Annual review.** (a) The participant and the participant's dependents and spouse shall annually submit to the commissioner a statement of their net worth. If their net worth in any year exceeds the sum of $135,000, the participant shall be ineligible for a payment adjustment in that year.

(b) The participant shall annually submit to the commissioner evidence of participation in an approved farm management program for at least the first ten years of the family farm security loan. The commissioner may waive this requirement if the participant requests a waiver and provides justification.

Subd. 4. **Additional payment; principal reduction.** (a) The commissioner must annually pay to qualified sellers of property, financed by a family farm security loan, an amount approximately equal to the additional state income tax paid as a result of the inclusion in gross income of the interest and payment adjustment earned on a seller sponsored family farm security loan. No payment may be made under this subdivision to a qualified seller, unless the seller agrees to reduce the outstanding principal amount of the loan by three percent effective prior to or beginning the year in which application is made.

(b) The payment amount must be determined as follows: In order to qualify for a payment, the seller must apply to the commissioner by October 1, following the previous tax year. The application must include a copy of the seller's previous tax year state income tax return. The commissioner must recompute the seller's total state income tax liability that would be due if the interest and payment adjustment amounts were not includable in gross income for state income tax purposes. The commissioner may require the seller to compute these amounts as part of the application. For any calendar year the amount of the payment equals the reduction in state income tax liability that would occur if the interest and payment adjustment were not included in gross income for state tax purposes.

(c) If the seller elects to receive payments under this subdivision, the buyer's payments of principal and interest under the loan must be recalculated. The revised payment schedule must reflect the three percent reduction in the outstanding principal required by paragraph (a) and must provide for equal payments over the remaining term of the loan. The interest rate on the loan may not be increased.

(d) The commissioner may make the payments under this subdivision in the same manner provided for the payment adjustment under subdivision 2.

(e) For purposes of this subdivision, the following terms have the meanings given:

(1) "Gross income" means gross income as defined for purposes of chapter 290.

(2) "Qualified seller" means an individual who sold farm land under a seller sponsored loan after April 1, 1978, and before December 31, 1985, and who is a resident of Minnesota during the calendar year and is subject to the payment of Minnesota income taxes.

41.58 SELLER-SPONSORED LOANS.

Subdivision 1. **Authorization.** The commissioner may provide a guarantee to the lenders on seller-sponsored loans when the buyer satisfies the eligibility criteria in section 41.55. The commissioner may also provide a payment adjustment on behalf of the participant in the case of seller-sponsored loans.

Subd. 2. **Negotiability and marketability.** A seller-sponsored loan shall be secured by a purchase money real estate mortgage evidenced by negotiable note or notes as defined in section 336.3-104 or by a contract for deed. The commissioner must be notified in writing within 30 days after a family farm security loan note is sold or exchanged or vendor's interest in a contract for deed is sold, exchanged, assigned or transferred.

41.59 SALE OR CONVEYANCE.

Subdivision 1. **Immediate repayment of loan.** Any participant who sells or conveys the property for which a family farm security loan was issued shall immediately retire the entire indebtedness still owed to the lender and the commissioner. The new owner may negotiate a new family farm security loan, but under no circumstances may the original loan be assumed by the new owner. If the new owner is granted a family farm security loan, the new owner may agree to assume the original participant's responsibility to reimburse the commissioner for a payment adjustment received, as a portion of the total purchase price. That portion of the purchase price may not be included under the guarantee or considered when calculating the payment adjustment for the new owner. This subdivision is not intended to prohibit the participant from granting a security interest in the property for the purposes of securing an additional loan.

Any participant who fails to personally maintain the land covered by a family farm security loan in active agricultural production for a period of time longer than one year is in default. The default may be waived by the commissioner in the event of a physical disability or other extenuating circumstances.

41.60 DISCRIMINATION PROHIBITED.

In carrying out their respective duties under Laws 1976, chapter 210, the council and the commissioner shall not discriminate between applicants because of race, color, creed, religion, national origin, sex, marital status, disability, political or ideological persuasion.

41.61 APPROPRIATIONS.

Subdivision 1. **Special account; standing appropriation.** There is created a special account in the state treasury for the purposes of financing the family farm security program.

The amount needed from time to time to pay lenders for defaulted loans and make other payments authorized by this chapter including insurance premiums, taxes, repairs and maintenance costs, advertising, and other sales expenses on defaulted farms is appropriated from the special account to the commissioner. Money is also appropriated to the commissioner from the special account so that the commissioner may purchase the rights of first lienholders at mortgage foreclosure sales and satisfy certain fixture loans. The sum of all outstanding family farm security loans guaranteed by the commissioner at any time may not exceed $100,000,000. All bond proceeds received in the fund must be used only for the purposes specified in section 41.62.

41.62 GENERAL OBLIGATION BONDS.

Subdivision 1. **Procedure.** Upon request of the commissioner of agriculture, the commissioner of finance is authorized to issue general obligation bonds of the state in a principal amount not exceeding $20,000,000 to acquire public lands by providing money to be paid by the commissioner of agriculture from the special account established by section 41.61 to pay lenders for defaulted loans and to purchase the rights of first lienholders at mortgage foreclosure sales. The bonds shall be secured as provided in the Minnesota Constitution, article XI, section 7, and, except as provided in this section, shall be issued and secured as provided in section 16A.641. The proceeds of the bonds, except any premium and accrued interest, shall be deposited in the special account established in section 41.61 and used solely for the purposes specified above and in section 16A.641, subdivision 8. The premium and accrued interest, if any, shall be deposited in the state family farm security program bond account in the state bond fund. The commissioner shall issue only the amount of bonds as from time to time the commissioner determines are necessary for the purposes specified in this section.

Subd. 2. **Terms of bonds.** The commissioner of finance may fix the terms of the bonds in any manner permitted for bonds of a municipality under chapter 475, and may enter into, on behalf of the state, all agreements deemed necessary for this purpose, including those authorized to be entered into by municipalities in chapter 475.

Subd. 3. **Sale of bonds.** If determined by the commissioner of finance to be necessary in order to reduce costs of issuance, to secure a favorable prevailing interest rate, or to receive the bond proceeds by a specified date, or if the terms of the bonds are fixed as provided in sections 475.54, subdivision 5a, and 475.56, paragraph (b), the bonds may be sold by negotiation and without solicitation of sealed bids.

Subd. 4. **Bond fund account.** The commissioner of finance shall maintain in the state bond fund a separate bookkeeping account that shall be designated as the state family farm security program bond account, to record receipts and disbursements of money transferred to the fund to pay bonds issued under this section and to record income from the investment of the money. The income shall be credited to the account in each fiscal year in an amount equal to the approximate average return that year on all funds invested by the commissioner of finance, as determined by the commissioner of finance, times the average balance in the account that year.

Subd. 5. **Transfers, appropriation.** In addition to the money required to be transferred to the state family farm security program bond account under section 41.56, subdivision 4b, and in order to reduce the amount of taxes otherwise required by the Minnesota Constitution to be levied for the state bond fund, the commissioner of finance shall transfer from the general fund to the state family farm security program bond account, on December 1 in each year, a sum of money sufficient in amount, when added to the balance then on hand in that account, to pay all bonds issued under this section and the interest on them due and to become due to and including July 1 in the second ensuing year. All money to be so credited and all income from its investment is annually appropriated for the payment of the bonds and interest on them, and shall be available in the state family farm security program bond account before the levy of the tax in any year required by the Minnesota Constitution, article XI, section 7. The legislature may also appropriate to the state family farm security program bond account any other money in the state treasury not otherwise appropriated, for the security of bonds issued under this section in the event that sufficient money should not be available in the account from the appropriation in this section, before the levy of the tax in any year. The commissioner of finance shall make the appropriate entries in the accounts of the respective funds.

Subd. 6. **Constitutional levy.** On or before December 1 in each year the state auditor shall levy on all taxable property within the state whatever tax may be necessary to produce an amount sufficient, with all money then in the state family farm security program bond account, to pay the entire amount of principal and interest due then or earlier and principal and interest to become due on or before July 1 in the second year thereafter on bonds issued under this section. This tax shall be levied upon all real property used for a homestead, as well as other taxable property, notwithstanding section 273.13, subdivisions 6 and 7. The tax must not be limited in rate or amount until all the bonds and interest on them are fully paid. The proceeds of this tax are appropriated and shall be credited to the state bond fund, and the principal and interest on the bonds are payable from all the proceeds. As much of the proceeds as is necessary, is appropriated for the payments. If at any time there is insufficient money from the proceeds of the taxes to pay the principal and interest when due on the bonds, the principal and interest must be paid out of the general fund in the state treasury, and the amount necessary for the payment is appropriated.

Subd. 7. **Compliance with federal law.** The commissioner of finance is authorized to covenant and agree with the holders of the bonds issued under this section that the state will comply, insofar as possible, with the provisions of the United States Internal Revenue Code now or hereafter enacted that are applicable to the bonds and that establish conditions under which the interest to be paid on the bonds will not be includable in gross income for federal tax purposes.

Subd. 8. **Taxability of interest.** The bonds authorized by this section may be issued without regard to whether the interest to be paid on them is includable in gross income for federal tax purposes.

41.63 DATA PRIVACY.

Personal financial information, credit reports, financial statements, tax refund calculations, and net worth statements, received or prepared by the commissioner regarding any family farm security loans, are private data on individuals under chapter 13.

41.65 USE AND DISPOSITION OF PROPERTY.

Subdivision 1. **Commissioner may sell or lease property.** The commissioner may sell or lease property acquired by the state in a manner that protects the interests of the state. Persons desiring to purchase or lease property must apply to the commissioner.

Subd. 2. **Managing and selling property.** (a) The commissioner must attempt to sell agricultural property to persons entering farming and farmers that need additional property to continue their farming operations.

(b) The commissioner must give priority to applicants desiring to purchase or lease property who:

(1) are residents of the state of Minnesota;

(2) have sufficient education, training, or experience in the type of farming for which the property is desired and agree to continued participation in a farm management program, approved by the commissioner for at least the first ten years;

(3) have, including the applicant's dependents and spouse, a total net worth valued at less than $100,000 and have demonstrated a need for acquiring property from the commissioner;

(4) intend to purchase farm land to be used by the applicant for agricultural purposes; and

(5) are credit worthy according to standards prescribed by the commissioner.

(c) The commissioner must attempt to sell the property by a cash sale. Agricultural property may be leased with an option to purchase to accommodate a sale. The commissioner should avoid long-term leasing of property.

Subd. 3. **Restricted agricultural use.** (a) Acquired property that has marginal land as defined in section 103F.511, subdivision 7, or wetlands must be restricted from agricultural use on the marginal land or wetlands.

(b) If the commissioner determines that all or a portion of acquired property should be taken out of agricultural use or particular agricultural uses should be restricted, the commissioner shall have the attorney general prepare an easement restricting the agricultural use and record the easement with the county recorder where the property is located.

Subd. 4. **Exclusive agricultural use.** The commissioner may place easements on acquired property restricting development and allowing only agricultural or conservation use.