

SENATE
STATE OF MINNESOTA
EIGHTY-EIGHTH SESSION

S.F. No. 2437

(SENATE AUTHORS: KOENEN)

DATE	D-PG	OFFICIAL STATUS
03/06/2014	6004	Introduction and first reading Referred to Jobs, Agriculture and Rural Development

1.1 A bill for an act
1.2 relating to agriculture; modifying provisions related to the shared savings loan
1.3 program; modifying definition applicable to the pilot agricultural microloan
1.4 program; amending Minnesota Statutes 2012, sections 17.115, subdivisions
1.5 1, 2, 3, 4; 41B.056, subdivision 2; repealing Minnesota Statutes 2012, section
1.6 17.115, subdivision 5.

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

1.8 Section 1. Minnesota Statutes 2012, section 17.115, subdivision 1, is amended to read:

1.9 Subdivision 1. **Establishment.** The commissioner shall establish a shared savings
1.10 loan program to provide loans that enable farmers to ~~adopt best management practices~~
1.11 ~~that emphasize sufficiency and self-sufficiency in agricultural inputs, including energy~~
1.12 ~~efficiency, reduction or improved management of inputs, increasing energy production by~~
1.13 ~~agricultural producers, and environmental improvements.;~~

- 1.14 (1) add value to crops or livestock produced in Minnesota;
1.15 (2) adopt best management practices that emphasize sufficiency and self-sufficiency;
1.16 (3) reduce or improve management of agricultural inputs resulting in environmental
1.17 improvements; or
1.18 (4) increase production of on-farm energy.

1.19 Sec. 2. Minnesota Statutes 2012, section 17.115, subdivision 2, is amended to read:

1.20 Subd. 2. **Loan criteria.** (a) The shared savings loan program must provide loans for
1.21 purchase of new or used ~~machinery~~ equipment and installation of equipment for projects
1.22 that make environmental improvements and enhance farm profitability. The loan program
1.23 may also be used to add value to crops or livestock produced in Minnesota by: (1) initiating
1.24 or expanding livestock product processing; (2) purchasing equipment to initiate, upgrade,

or modernize value-added agricultural businesses; or (3) increasing farmers' processing and aggregating capacity to facilitate entry into farm-to-institution and other markets.

Eligible loan uses do not include seed, fertilizer, or fuel or other operating expenses.

(b) Loans may not exceed \$40,000 per individual applying for a loan and may not exceed \$160,000 for loans to four or more individuals on joint projects. The loan repayment period may be up to seven years as determined by project cost and energy savings. The interest rate on the loans must not exceed six percent.

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

(d) The commissioner may impose a reasonable nonrefundable application fee for each application for a loan. The commissioner may review the fee annually and make adjustments as necessary. The application fee shall be initially set at \$50. Application fees must be deposited in the revolving loan account established in this section. The commissioner may also collect fees that are related to the origination of the loan.

Sec. 3. Minnesota Statutes 2012, section 17.115, subdivision 3, is amended to read:

Subd. 3. **Awarding of loans.** (a) Applications for loans must be made to the commissioner on forms prescribed by the commissioner.

(b) The applications must be reviewed, ranked, and recommended by a loan review panel appointed by the commissioner. ~~The loan review panel shall consist of two lenders with agricultural experience, two resident farmers of the state using sustainable agriculture methods, two resident farmers of the state using organic agriculture methods, a farm management specialist, a representative from a postsecondary education institution, and a chair from the department.~~

~~(c) The loan review panel shall rank applications according to the following criteria:~~

~~(1) realize savings to the cost of agricultural production;~~

~~(2) reduce or make more efficient use of energy or inputs;~~

~~(3) increase overall farm profitability; and~~

~~(4) result in environmental benefits.~~

~~(d) A loan application must show that the loan can be repaid by the applicant.~~

~~(e)~~ (c) The commissioner must consider the recommendations of the loan review panel and may make loans for eligible projects.

Sec. 4. Minnesota Statutes 2012, section 17.115, subdivision 4, is amended to read:

Subd. 4. **Administration; information dissemination.** The shared savings revolving loan account is established in the special revenue fund. The amount in the revolving loan account is appropriated to the commissioner to make loans under this

section and administer the loan program. The interest on the money in the revolving loan account ~~and~~, the interest on loans repaid to the state, and any application fees may be spent by the commissioner for administrative expenses. The commissioner shall collect and disseminate information relating to projects for which loans are given under this section.

Sec. 5. Minnesota Statutes 2012, section 41B.056, subdivision 2, is amended to read:

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

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

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

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

Sec. 6. **REPEALER.**

Minnesota Statutes 2012, section 17.115, subdivision 5, is repealed.

APPENDIX
Repealed Minnesota Statutes: 14-3611

17.115 SHARED SAVINGS LOAN PROGRAM.

Subd. 5. **Farm manure digester technology.** Appropriations in Laws 1998, chapter 401, section 6, must be used for revolving loans for demonstration projects of farm manure digester technology. Notwithstanding the limitations of subdivision 2, paragraphs (b) and (c), loans under this subdivision are no-interest loans in principal amounts not to exceed \$200,000 and may be made to any resident of this state. Loans for one or more projects must be made only after the commissioner seeks applications. Loans under this program may be used as a match for federal loans or grants. Money repaid from loans must be returned to the revolving fund for future projects.