

A bill for an act relating to state government; appropriating money for agricultural, veterans, and military affairs purposes; establishing and modifying certain programs; modifying certain accounts and fees; amending Minnesota Statutes 2006, sections 17.03, subdivision 3; 17.101, subdivision 2; 17.102, subdivisions 1, 3, 4, by adding subdivisions; 17.117, subdivisions 5a, 5b; 18B.33, subdivision 1; 18B.34, subdivision 1; 18B.345; 18C.305, by adding a subdivision; 18E.03, subdivision 4; 28A.082, subdivision 1; 41B.043, subdivisions 2, 3, 4; 41B.047; 41B.055; 41B.06; 41C.05, subdivision 2; 168.1255, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 35; 41A; 192; repealing Minnesota Statutes 2006, sections 17.109; 18B.315; 18C.425, subdivision 5; 41B.043, subdivision 1a.

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

ARTICLE 1
AGRICULTURE APPROPRIATIONS

Section 1. SUMMARY OF APPROPRIATIONS.

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

	<u>2008</u>	<u>2009</u>	<u>Total</u>
<u>General</u>	\$ 59,932,000	\$ 49,577,000	\$ 102,509,000
<u>Remediation</u>	388,000	388,000	776,000
<u>Total</u>	\$ 53,320,000	\$ 49,965,000	\$ 103,285,000

Sec. 2. AGRICULTURE APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the

appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for the fiscal year ending June 30, 2007, are effective the day following final enactment.

APPROPRIATIONS
Available for the Year
Ending June 30
2008 **2009**

Sec. 3. **DEPARTMENT OF AGRICULTURE**

Subdivision 1. Total Appropriation **\$** **47,541,000** **\$** **44,199,000**

Appropriations by Fund

	<u>2008</u>	<u>2009</u>
<u>General</u>	<u>47,153,000</u>	<u>43,811,000</u>
<u>Remediation</u>	<u>388,000</u>	<u>388,000</u>

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

Subd. 2. Protection Services **14,775,000** **14,995,000**

Appropriations by Fund

<u>General</u>	<u>14,387,000</u>	<u>14,607,000</u>
<u>Remediation</u>	<u>388,000</u>	<u>388,000</u>

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

\$150,000 each year from the agricultural fund must be spent for continuation of the increase in monitoring of pesticides in groundwater and surface waters throughout the state. This amount must be used primarily for sample collection and laboratory analytical costs and is in addition to other appropriations and funding for the water monitoring program.

\$800,000 the first year and \$800,000 the second year are for research, evaluation,

3.1	<u>and effectiveness monitoring of agricultural</u>		
3.2	<u>practices in restoring impaired waters. This</u>		
3.3	<u>is a onetime appropriation.</u>		
3.4	<u>\$200,000 the first year and \$200,000</u>		
3.5	<u>the second year are for management and</u>		
3.6	<u>coordination activities that contribute</u>		
3.7	<u>to restoring impaired waters, including</u>		
3.8	<u>technical assistance in the development of</u>		
3.9	<u>total maximum daily load (TMDL) plans.</u>		
3.10	<u>This is a onetime appropriation.</u>		
3.11	<u>\$263,000 the first year and \$267,000 the</u>		
3.12	<u>second year are for additional invasive</u>		
3.13	<u>species control activities.</u>		
3.14	<u>\$90,000 the first year and \$92,000 the second</u>		
3.15	<u>year are for additional meat inspection</u>		
3.16	<u>activities.</u>		
3.17	<u>\$346,000 the first year and \$205,000 the</u>		
3.18	<u>second year are for electronic inspection</u>		
3.19	<u>system costs for dairy and food inspections.</u>		
3.20	<u>\$120,000 the first year and \$123,000 the</u>		
3.21	<u>second year are for emergency planning</u>		
3.22	<u>activities.</u>		
3.23	<u>\$141,000 the first year and \$143,000 the</u>		
3.24	<u>second year are for livestock premise</u>		
3.25	<u>identification activities that increase the</u>		
3.26	<u>state's ability to respond to animal health</u>		
3.27	<u>emergencies.</u>		
3.28	<u>Subd. 3. Agricultural Marketing and</u>		
3.29	<u>Development</u>	<u>9,355,000</u>	<u>6,475,000</u>
3.30	<u>\$136,000 the first year and \$136,000 the</u>		
3.31	<u>second year are for transfer to the Minnesota</u>		
3.32	<u>grown account and may be used as grants</u>		
3.33	<u>for Minnesota grown promotion under</u>		
3.34	<u>Minnesota Statutes, section 17.102. Grants</u>		
3.35	<u>may be made for one year. Notwithstanding</u>		

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4.1 Minnesota Statutes, section 16A.28, the
4.2 appropriations encumbered under contract
4.3 on or before June 30, 2009, for Minnesota
4.4 grown grants in this paragraph are available
4.5 until June 30, 2011. The balance in the
4.6 Minnesota grown matching account in the
4.7 agricultural fund is canceled to the Minnesota
4.8 grown account in the agricultural fund and
4.9 the Minnesota grown matching account is
4.10 abolished.

4.11 \$210,000 the first year and \$210,000 the
4.12 second year are for grants to farmers for
4.13 demonstration projects involving sustainable
4.14 agriculture as authorized in Minnesota
4.15 Statutes, section 17.116. Of the amount
4.16 for grants, up to \$20,000 may be used for
4.17 dissemination of information about the
4.18 demonstration projects. Notwithstanding
4.19 Minnesota Statutes, section 16A.28, the
4.20 appropriations encumbered under contract
4.21 on or before June 30, 2009, for sustainable
4.22 agriculture grants in this paragraph are
4.23 available until June 30, 2011.

4.24 \$100,000 the first year and \$100,000
4.25 the second year are to provide training
4.26 and technical assistance to county and
4.27 town officials relating to livestock siting
4.28 issues and local zoning and land use
4.29 planning, including a checklist template that
4.30 would clarify the federal, state, and local
4.31 government requirements for consideration
4.32 of an animal agriculture modernization
4.33 or expansion project. In developing
4.34 the training and technical assistance
4.35 program, the commissioner shall seek
4.36 guidance, advice, and support of livestock

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5.1 producer organizations, general agricultural
5.2 organizations, local government associations,
5.3 academic institutions, other government
5.4 agencies, and others with expertise in land
5.5 use and agriculture.

5.6 \$103,000 the first year and \$106,000 the
5.7 second year are for additional integrated pest
5.8 management activities.

5.9 \$1,250,000 the first year and \$1,250,000
5.10 the second year are for the agricultural best
5.11 management practices loan program. At
5.12 least \$1,000,000 each year is available for
5.13 pass-thru to local governments and lenders
5.14 for low-interest loans. This is a onetime
5.15 appropriation.

5.16 \$3,000,000 the first year is for the agricultural
5.17 best management practices loan program
5.18 for capital equipment loans for: (1) persons
5.19 using native, perennial cropping systems for
5.20 energy or seed production; or (2) bioenergy
5.21 producers using feed stocks from plants
5.22 or animals or their by-products. This is a
5.23 onetime appropriation.

5.24 \$150,000 the first year and \$150,000
5.25 the second year are appropriated from
5.26 the general fund to the commissioner of
5.27 agriculture for annual cost-share payments
5.28 to resident farmers or persons who sell,
5.29 process, or package agricultural products
5.30 in this state for the costs of organic
5.31 certification. Annual cost-share payments
5.32 per farmer must be two-thirds of the cost
5.33 of the certification or \$350, whichever is
5.34 less. In any year that a resident farmer or
5.35 person who sells, processes, or packages

6.1 agricultural products in this state receives
6.2 a federal organic certification cost-share
6.3 payment, that resident farmer or person is
6.4 not eligible for state cost-share payments.
6.5 A certified farmer is eligible to receive
6.6 annual certification cost-share payments for
6.7 up to five years. \$15,000 each year is for
6.8 organic market and program development.
6.9 The commissioner may allocate any
6.10 excess appropriation in either fiscal year
6.11 for organic producer education efforts,
6.12 assistance for persons transitioning from
6.13 conventional to organic agriculture, or
6.14 sustainable agriculture demonstration grants
6.15 authorized under Minnesota Statutes, section
6.16 17.116, and pertaining to organic research
6.17 or demonstration. This appropriation is
6.18 available until expended.
6.19 Subd. 4. **Value-Added Agricultural Products** 16,768,000 16,268,000
6.20 \$15,168,000 the first year and \$15,168,000
6.21 the second year are for ethanol producer
6.22 payments under Minnesota Statutes, section
6.23 41A.09. If the total amount for which all
6.24 producers are eligible in a quarter exceeds
6.25 the amount available for payments, the
6.26 commissioner shall make payments on a
6.27 pro rata basis. If the appropriation exceeds
6.28 the total amount for which all producers
6.29 are eligible in a fiscal year for scheduled
6.30 payments and for deficiencies in payments
6.31 during previous fiscal years, the balance
6.32 in the appropriation is available to the
6.33 commissioner for value-added agricultural
6.34 programs including the value-added
6.35 agricultural product processing and
6.36 marketing grant program under Minnesota

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7.1 Statutes, section 17.101, subdivision 5. The
7.2 appropriation remains available until spent.
7.3 \$100,000 the first year and \$100,000 the
7.4 second year are for ethanol combustion
7.5 efficiency grants under Minnesota Statutes,
7.6 section 41A.09, subdivision 9.
7.7 \$750,000 the first year and \$1,000,000 the
7.8 second year are for grants to the Minnesota
7.9 Institute for Sustainable Agriculture at
7.10 the University of Minnesota to provide
7.11 funds for on-station and on-farm field scale
7.12 research and outreach to develop and test
7.13 the agronomic and economic requirements
7.14 of diverse stands of prairie plants and other
7.15 perennials for bioenergy systems including,
7.16 but not limited to, multiple species selection
7.17 and establishment, ecological management
7.18 between planting and harvest, harvest
7.19 technologies, financial and agronomic
7.20 risk management, farmer goal setting and
7.21 adoption of technologies, integration of
7.22 wildlife habitat into management approaches,
7.23 evaluation of carbon and other benefits, and
7.24 robust policies needed to induce farmer
7.25 conversion on marginal lands.
7.26 \$150,000 the first year is for grants to
7.27 nongovernmental entities to assist in the
7.28 development of business plans and structures
7.29 related to community ownership of eligible
7.30 cellulosic biofuel facilities under Minnesota
7.31 Statutes, section 41A.10. This is a onetime
7.32 appropriation and is available until June 30,
7.33 2009.
7.34 \$300,000 is for a grant to the Bois Forte
7.35 Band of Chippewa for a feasibility study of

8.1	<u>a renewable energy biofuels demonstration</u>		
8.2	<u>facility on the Bois Forte Reservation in</u>		
8.3	<u>St. Louis and Koochiching Counties. The</u>		
8.4	<u>grant shall be used by the Bois Forte Band</u>		
8.5	<u>to conduct a detailed feasibility study of</u>		
8.6	<u>the economic and technical viability of</u>		
8.7	<u>developing a multistream renewable energy</u>		
8.8	<u>biofuels demonstration facility on Bois Forte</u>		
8.9	<u>Reservation land to utilize existing forest</u>		
8.10	<u>resources, woody biomass, and cellulosic</u>		
8.11	<u>waste to produce ethanol or butanol, or both,</u>		
8.12	<u>for use as a liquid fuel source or a gasoline</u>		
8.13	<u>supplement and oxygenation agent. This is a</u>		
8.14	<u>onetime appropriation and is available until</u>		
8.15	<u>June 30, 2009.</u>		
8.16	<u>\$300,000 is for a grant to the White Earth</u>		
8.17	<u>Band of Chippewa for a feasibility study</u>		
8.18	<u>of a renewable energy biofuels research</u>		
8.19	<u>and production facility on the White Earth</u>		
8.20	<u>Reservation in Mahnomen County. The</u>		
8.21	<u>grant must be used by the White Earth Band</u>		
8.22	<u>and the University of Minnesota to conduct</u>		
8.23	<u>a detailed feasibility study of the economic</u>		
8.24	<u>and technical viability of developing a</u>		
8.25	<u>multistream renewable energy biofuels</u>		
8.26	<u>demonstration facility on White Earth</u>		
8.27	<u>Reservation land to utilize existing forest</u>		
8.28	<u>resources, woody biomass, and cellulosic</u>		
8.29	<u>waste to produce ethanol or butanol, or both,</u>		
8.30	<u>for use as a liquid fuel source or a gasoline</u>		
8.31	<u>supplement and oxygenation agent. This is a</u>		
8.32	<u>onetime appropriation and is available until</u>		
8.33	<u>June 30, 2009.</u>		
8.34	<u>Subd. 5. Administration and Financial</u>		
8.35	<u>Assistance</u>	<u>6,643,000</u>	<u>6,461,000</u>

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9.1 \$1,005,000 the first year and \$1,005,000
9.2 the second year are for continuation of
9.3 the dairy development and profitability
9.4 enhancement and dairy business planning
9.5 grant programs established under Laws
9.6 1997, chapter 216, section 7, subdivision
9.7 2, and Laws 2001, First Special Session
9.8 chapter 2, section 9, subdivision 2 and to
9.9 administer a dairy investment tax credit
9.10 program. The commissioner may allocate
9.11 the available sums among permissible
9.12 activities, including efforts to improve the
9.13 quality of milk produced in the state in the
9.14 proportions that the commissioner deems
9.15 most beneficial to Minnesota's dairy farmers.
9.16 The commissioner must submit a work plan
9.17 detailing plans for expenditures under this
9.18 program to the chairs of the house and senate
9.19 committees dealing with agricultural policy
9.20 and budget on or before the start of each
9.21 fiscal year. If significant changes are made
9.22 to the plans in the course of the year, the
9.23 commissioner must notify the chairs.
9.24 \$50,000 the first year and \$50,000 the
9.25 second year are for the Northern Crops
9.26 Institute. These appropriations may be spent
9.27 to purchase equipment.
9.28 \$19,000 the first year and \$19,000 the
9.29 second year are for a grant to the Minnesota
9.30 Livestock Breeders Association.
9.31 \$465,000 the first year and \$465,000 the
9.32 second year are for payments to county and
9.33 district agricultural societies and associations
9.34 under Minnesota Statutes, section 38.02,
9.35 subdivision 1. Aid payments to county and

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10.1 district agricultural societies and associations
10.2 shall be disbursed not later than July 15 of
10.3 each year. These payments are the amount of
10.4 aid owed by the state for an annual fair held
10.5 in the previous calendar year.
10.6 \$65,000 the first year and \$65,000 the second
10.7 year are for annual grants to the Northern
10.8 Minnesota Forage-Turf Seed Advisory
10.9 Committee for basic and applied research on
10.10 the improved production of forage and turf
10.11 seed related to new and improved varieties.
10.12 The grant recipient may subcontract with a
10.13 qualified third party for some or all of the
10.14 basic and applied research.
10.15 \$250 the first year is for a grant to the
10.16 Minnesota Turf Seed Council for basic
10.17 and applied agronomic research on native
10.18 plants, including plant breeding, nutrient
10.19 management, pest management, disease
10.20 management, yield, and viability. The grant
10.21 recipient may subcontract with a qualified
10.22 third party for some or all of the basic
10.23 or applied research. This is a onetime
10.24 appropriation and is available until spent.
10.25 \$200,000 the first year and \$200,000 the
10.26 second year are for grants to Second Harvest
10.27 Heartland on behalf of Minnesota's six
10.28 Second Harvest food banks for the purchase
10.29 of milk for distribution to Minnesota's food
10.30 shelves and other charitable organizations
10.31 that are eligible to receive food from the food
10.32 banks. Milk purchased under the grants must
10.33 be acquired from Minnesota milk processors
10.34 and based on low-cost bids. The milk must be
10.35 allocated to each Second Harvest food bank

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11.1 serving Minnesota according to the formula
11.2 used in the distribution of United States
11.3 Department of Agriculture commodities
11.4 under The Emergency Food Assistance
11.5 Program (TEFAP). Second Harvest
11.6 Heartland must submit quarterly reports
11.7 to the commissioner on forms prescribed
11.8 by the commissioner. The reports must
11.9 include, but are not limited to, information
11.10 on the expenditure of funds, the amount
11.11 of milk purchased, and the organizations
11.12 to which the milk was distributed. Second
11.13 Harvest Heartland may enter into contracts
11.14 or agreements with food banks for shared
11.15 funding or reimbursement of the direct
11.16 purchase of milk. Each food bank receiving
11.17 money from this appropriation may use up to
11.18 two percent of the grant for administrative
11.19 expenses.
11.20 \$100,000 the first year and \$100,000 the
11.21 second year are for transfer to the Board of
11.22 Trustees of the Minnesota State Colleges and
11.23 Universities for mental health counseling
11.24 support to farm families and business
11.25 operators through farm business management
11.26 programs at Central Lakes College and
11.27 Ridgewater College.
11.28 \$18,000 the first year and \$18,000 the
11.29 second year are for grants to the Minnesota
11.30 Horticultural Society.
11.31 \$250,000 the first year and \$250,000 the
11.32 second year are from the general fund
11.33 for transfer to the Minnesota Agricultural
11.34 Education Leadership Council for programs

12.1	<u>of the council under Minnesota Statutes,</u>			
12.2	<u>chapter 41D.</u>			
12.3	Sec. 4. <u>BOARD OF ANIMAL HEALTH</u>	<u>\$</u>	<u>3,479,000</u>	<u>\$</u>
				<u>3,466,000</u>
12.4	<u>\$448,000 the first year and \$363,000 the</u>			
12.5	<u>second year are for bovine tuberculosis</u>			
12.6	<u>eradication and surveillance in cattle herds.</u>			
12.7	<u>\$200,000 the first year and \$200,000 the</u>			
12.8	<u>second year are for a program to control</u>			
12.9	<u>paratuberculosis (Johne's disease) in</u>			
12.10	<u>domestic bovine herds.</u>			
12.11	<u>\$80,000 the first year and \$80,000 the second</u>			
12.12	<u>year are for a program to investigate the</u>			
12.13	<u>avian pneumovirus disease and to identify</u>			
12.14	<u>the infected flocks. This appropriation must</u>			
12.15	<u>be matched on a dollar-for-dollar or in-kind</u>			
12.16	<u>basis with nonstate sources and is in addition</u>			
12.17	<u>to money currently designated for turkey</u>			
12.18	<u>disease research. Costs of blood sample</u>			
12.19	<u>collection, handling, and transportation,</u>			
12.20	<u>in addition to costs associated with early</u>			
12.21	<u>diagnosis tests and the expenses of vaccine</u>			
12.22	<u>research trials, may be credited to the match.</u>			
12.23	<u>\$400,000 the first year and \$400,000 the</u>			
12.24	<u>second year are for the purposes of cervidae</u>			
12.25	<u>inspection as authorized in Minnesota</u>			
12.26	<u>Statutes, section 35.155.</u>			
12.27	Sec. 5. <u>AGRICULTURAL UTILIZATION</u>			
12.28	<u>RESEARCH INSTITUTE</u>	<u>\$</u>	<u>2,300,000</u>	<u>\$</u>
				<u>2,300,000</u>
12.29	<u>\$700,000 the first year and \$700,000 the</u>			
12.30	<u>second year are for technical assistance</u>			
12.31	<u>and technology transfer to bioenergy crop</u>			
12.32	<u>producers and users.</u>			
12.33	Sec. 6. <u>COMPENSATION INCREASES</u>			

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13.1 The appropriations in this article, and any
13.2 statutory appropriations from which state
13.3 employee compensation is paid from any
13.4 fund, include an amount sufficient to fund
13.5 compensation increases of at least 3.25
13.6 percent of the 2007 compensation base for
13.7 the first year, compounded at the rate of 3.25
13.8 percent for the second year. This amount
13.9 must be used for that purpose and no other.

13.10 Sec. 7. Minnesota Statutes 2006, section 17.03, subdivision 3, is amended to read:

13.11 Subd. 3. **Cooperation with federal agencies.** (a) The commissioner shall cooperate
13.12 with the government of the United States, with financial agencies created to assist in the
13.13 development of the agricultural resources of this state, and so far as practicable may use
13.14 the facilities provided by the existing state departments and the various state and local
13.15 organizations. This subdivision is intended to relate to every function and duty which
13.16 devolves upon the commissioner.

13.17 (b) The commissioner may apply for, receive, and disburse federal funds made
13.18 available to the state by federal law or regulation for any purpose related to the powers
13.19 and duties of the commissioner. All money received by the commissioner under this
13.20 paragraph shall be deposited in the state treasury and is appropriated to the commissioner
13.21 for the purposes for which it was received. Money received under this paragraph does not
13.22 cancel and is available for expenditure according to federal law. The commissioner may
13.23 contract with and enter into grant agreements with persons, organizations, educational
13.24 institutions, firms, corporations, other state agencies, and any agency or instrumentality of
13.25 the federal government to carry out agreements made with the federal government relating
13.26 to the expenditure of money under this paragraph. Bid requirements under chapter 16C do
13.27 not apply to contracts under this paragraph.

13.28 Sec. 8. Minnesota Statutes 2006, section 17.101, subdivision 2, is amended to read:

13.29 Subd. 2. **Agricultural development grants and contracts.** In order to carry out
13.30 the duties in subdivision 1, the commissioner, in addition to whatever other resources
13.31 the department may commit, shall make grants and enter into contracts to fulfill the
13.32 obligations of subdivision 1. The commissioner may enter into partnerships or seek gifts to
13.33 carry out subdivision 1. The commissioner may contract with, among others, agricultural
13.34 commodity organizations, the University of Minnesota, and agriculture related businesses

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14.1 to fulfill the duties. The commissioner shall make permanent rules for the administration
14.2 of these grants and contracts. The rules shall specify at a minimum:

- 14.3 (a) eligibility criteria;
- 14.4 (b) application procedures;
- 14.5 (c) provisions for application review and project approval;
- 14.6 (d) provisions for program monitoring and review for all approved grants and
14.7 contracts; and
- 14.8 (e) other provisions the commissioner finds necessary.

14.9 Contracts entered into by the commissioner pursuant to this subdivision shall not
14.10 exceed 75 percent of the cost of the project supported by the commissioner's grant. In
14.11 any ~~biennium~~ year, no organization shall receive more than \$70,000 in grants from the
14.12 commissioner.

14.13 Sec. 9. Minnesota Statutes 2006, section 17.102, subdivision 1, is amended to read:

14.14 Subdivision 1. **Establishment and use of label.** (a) The commissioner shall
14.15 establish a "Minnesota grown" logo or labeling statement for use in identifying
14.16 agricultural products that are grown, raised, processed, or manufactured in this state.
14.17 The commissioner may develop labeling statements that apply to specific marketing or
14.18 promotional needs. One version of a labeling statement must identify food products
14.19 certified as organically grown in this state. The Minnesota grown logo or labeling
14.20 statement may be used on ~~raw agricultural~~ products only if 80 percent or more of the
14.21 agricultural product is produced in this state.

14.22 (b) The Minnesota grown logo or labeling statement may not be used without
14.23 a license from the commissioner except that wholesalers and retailers may use the
14.24 Minnesota grown logo and labeling statement for displaying and advertising products that
14.25 qualify for use of the Minnesota grown logo or labeling statement.

14.26 Sec. 10. Minnesota Statutes 2006, section 17.102, subdivision 3, is amended to read:

14.27 Subd. 3. **License.** A person may not use the Minnesota grown logo or labeling
14.28 without an annual license from the commissioner. The commissioner shall issue licenses
14.29 for a fee of ~~\$5~~ \$20.

14.30 Sec. 11. Minnesota Statutes 2006, section 17.102, subdivision 4, is amended to read:

14.31 Subd. 4. **Minnesota grown account.** The Minnesota grown account is established
14.32 as an account in the agricultural fund. License fee receipts and penalties collected under
14.33 this section must be deposited in the agricultural fund and credited to the Minnesota grown

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15.1 account. The money in the account is continuously appropriated to the commissioner ~~to~~
15.2 ~~implement and enforce this section and to promote the Minnesota grown logo and labeling~~
15.3 for the direct costs of implementing the Minnesota grown program.

15.4 Sec. 12. Minnesota Statutes 2006, section 17.102, is amended by adding a subdivision
15.5 to read:

15.6 Subd. 4a. **Funding sources.** The Minnesota grown account shall consist of
15.7 license fees, penalties, advertising revenue, revenue from the development and sale of
15.8 promotional materials, gifts, and appropriations.

15.9 Sec. 13. Minnesota Statutes 2006, section 17.102, is amended by adding a subdivision
15.10 to read:

15.11 Subd. 4b. **Appropriations must be matched by private funds.** Appropriations
15.12 from the Minnesota grown account may be expended only to the extent that they are
15.13 matched with contributions to the account from private sources on a basis of at least \$1
15.14 of private contributions to each \$4 of state money. For the purposes of this subdivision,
15.15 "private contributions" includes, but is not limited to, license fees, penalties, advertising
15.16 revenue, revenue from the development and sale of promotional materials, and gifts.

15.17 Sec. 14. Minnesota Statutes 2006, section 17.117, subdivision 5a, is amended to read:

15.18 Subd. 5a. **Agricultural and environmental revolving accounts.** (a) There
15.19 shall be established in the ~~agricultural~~ special revenue fund revolving accounts to
15.20 receive appropriations, transfers of the balances from previous appropriations for the
15.21 activities under this section, and money from other sources. All balances from previous
15.22 appropriations for activities under this section and repayments of loans granted under this
15.23 section, including principal and interest, must be deposited into the appropriate revolving
15.24 account created in this subdivision or the account created in subdivision 13. Interest
15.25 earned in an account accrues to that account.

15.26 (b) The money in the revolving accounts and the account created in subdivision 13 is
15.27 appropriated to the commissioner for the purposes of this section.

15.28 Sec. 15. Minnesota Statutes 2006, section 17.117, subdivision 5b, is amended to read:

15.29 Subd. 5b. **Application fee.** The commissioner may impose a nonrefundable
15.30 application fee of \$50 for each loan issued under the program. The fees must be credited
15.31 to the agricultural best management practices administration account, which is hereby
15.32 established in the ~~agricultural~~ special revenue fund. Interest earned in the account accrues

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16.1 to the account. Money in the account and interest earned in the accounts established
16.2 in the agricultural fund under subdivision 5a are appropriated to the commissioner for
16.3 administrative expenses of the program.

16.4 Sec. 16. Minnesota Statutes 2006, section 18B.33, subdivision 1, is amended to read:

16.5 Subdivision 1. **Requirement.** (a) A person may not apply a pesticide for hire
16.6 without a commercial applicator license for the appropriate use categories or a structural
16.7 pest control license ~~or aquatic pest control license.~~

16.8 ~~(b) A person with a commercial applicator license may not apply pesticides on~~
16.9 ~~or into surface waters without an aquatic pest control license under section 18B.315;~~
16.10 ~~except an aquatic pest control license is not required for licensed commercial applicators~~
16.11 ~~applying pesticides for the purposes of:~~

- 16.12 ~~(1) pest control on cultivated wild rice;~~
16.13 ~~(2) mosquito and black fly control operations;~~
16.14 ~~(3) pest control on rights-of-way;~~
16.15 ~~(4) aerial pest control operations for emergent vegetation control;~~
16.16 ~~(5) aerial application of piscicides; and~~
16.17 ~~(6) pest control for silvicultural operations.~~

16.18 ~~(c)~~ (b) A commercial applicator licensee must have a valid license identification card
16.19 when applying pesticides for hire and must display it upon demand by an authorized
16.20 representative of the commissioner or a law enforcement officer. The commissioner shall
16.21 prescribe the information required on the license identification card.

16.22 Sec. 17. Minnesota Statutes 2006, section 18B.34, subdivision 1, is amended to read:

16.23 Subdivision 1. **Requirement.** (a) Except for a licensed commercial applicator,
16.24 certified private applicator, ~~a licensed aquatic pest control applicator,~~ or licensed structural
16.25 pest control applicator, a person, including a government employee, may not use a
16.26 restricted use pesticide in performance of official duties without having a noncommercial
16.27 applicator license for an appropriate use category.

16.28 ~~(b) A licensed noncommercial applicator may not apply pesticides into or on surface~~
16.29 ~~waters without an aquatic pest control license, except an aquatic pest control license is not~~
16.30 ~~required for licensed noncommercial applicators applying pesticides for the purposes of:~~

- 16.31 ~~(1) mosquito and black fly control operations;~~
16.32 ~~(2) pest control on rights-of-way;~~
16.33 ~~(3) pest control operations for purple loosestrife control;~~
16.34 ~~(4) application of piscicides; and~~

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17.1 ~~(5) pest control for silvicultural operations.~~

17.2 ~~(e)~~ (b) A licensee must have a valid license identification card when applying
17.3 pesticides and must display it upon demand by an authorized representative of the
17.4 commissioner or a law enforcement officer. The license identification card must contain
17.5 information required by the commissioner.

17.6 Sec. 18. Minnesota Statutes 2006, section 18B.345, is amended to read:

17.7 **18B.345 PESTICIDE APPLICATION ON GOLF COURSES.**

17.8 (a) Application of a pesticide to the property of a golf course must be performed by:

17.9 (1) a structural pest control applicator; or

17.10 (2) a commercial or noncommercial pesticide applicator with appropriate use
17.11 certification; ~~or.~~

17.12 ~~(3) an aquatic pest control applicator.~~

17.13 (b) Pesticides determined by the commissioner to be sanitizers and disinfectants are
17.14 exempt from the requirements in paragraph (a).

17.15 Sec. 19. Minnesota Statutes 2006, section 18C.305, is amended by adding a
17.16 subdivision to read:

17.17 Subd. 3. **Exemption.** A permit and safeguard is not required for agricultural
17.18 commodity producers who store, on their own property, for their own use, no more than
17.19 6,000 gallons of liquid commercial fertilizer.

17.20 Sec. 20. Minnesota Statutes 2006, section 18E.03, subdivision 4, is amended to read:

17.21 Subd. 4. **Fee.** (a) The response and reimbursement fee consists of the surcharges and
17.22 any adjustments made by the commissioner in this subdivision and shall be collected by
17.23 the commissioner. The amount of the response and reimbursement fee shall be determined
17.24 and imposed annually by the commissioner as required to satisfy the requirements in
17.25 subdivision 3. The commissioner shall adjust the amount of the surcharges imposed in
17.26 proportion to the amount of the surcharges listed in this subdivision. License application
17.27 categories under paragraph (d) must be charged in proportion to the amount of surcharges
17.28 imposed up to a maximum of 50 percent of the license fees set under chapters 18B and
17.29 18C.

17.30 (b) The commissioner shall impose a surcharge on pesticides registered under
17.31 chapter 18B to be collected as a surcharge on the registration application fee under
17.32 section 18B.26, subdivision 3, that is equal to 0.1 percent of sales of the pesticide in the
17.33 state and sales of pesticides for use in the state during the previous calendar year, except

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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 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;

(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; ~~and.~~

~~(6) a \$20 surcharge to be imposed on aquatic pest control licenses under section 18B.315.~~

(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.

Sec. 21. Minnesota Statutes 2006, section 28A.082, subdivision 1, is amended to read:

Subdivision 1. **Fees; application.** The fees for review of food handler facility floor plans under the Minnesota Food Code are based upon the square footage of the structure being newly constructed, remodeled, or converted. The fees for the review shall be:

square footage	review fee
0 - 4,999	\$ 156.25 <u>200.00</u>
5,000 - 24,999	\$ 218.75 <u>275.00</u>
25,000 plus.....	\$ 343.75 <u>425.00</u>

The applicant must submit the required fee, review application, plans, equipment specifications, materials lists, and other required information on forms supplied by the department at least 30 days prior to commencement of construction, remodeling, or conversion.

Sec. 22. **[35.085] INDEMNITY FOR DESTROYED CATTLE.**

(a) The board may pay indemnity to cattle owners who choose to euthanize cattle that test suspect on the comparative cervical skin test for bovine tuberculosis, if funds are available from appropriations for the purpose and if the United States Department of Agriculture refuses to pay indemnity for the animal. The board shall pay fair market value less salvage value as appraised by a disinterested appraiser appointed by the board. The board has final decision as to the amount of indemnity. If the owner refuses the board's offer, the owner need not dispose of the animal unless and until it later shows positive to any recognized test for bovine tuberculosis.

(b) If the owner of the animal informs the board that there is a lien or mortgage against the animal, the board shall include the name of the mortgagee or lender on the indemnity check. The board is not liable if a mortgagee or lender is not named on the check.

Sec. 23. **[41A.10] CELLULOSIC BIOFUEL DEVELOPMENT.**

Subdivision 1. **Appropriation.** A sum sufficient to make the payments required by this section is annually appropriated from the general fund to the commissioner of agriculture and all money so appropriated is available until expended.

Subd. 2. **Definitions.** For the purposes of this section and sections 17.118, 41A.11, and 103F.518, the terms defined in this subdivision have the meanings given them.

(a) "Cellulosic biofuel" means transportation fuel derived from cellulosic materials.

(b) "Cellulosic material" means an agricultural feedstock primarily comprised of cellulose, hemicellulose, or lignin or a combination of those ingredients grown on agricultural lands.

(c) "Agricultural land" means land used for horticultural, row, close grown, pasture, and hayland crops; growing nursery stocks; animal feedlots; farm yards; associated building sites; and public and private drainage systems and field roads located on any of that land.

(d) "Cellulosic biofuel facility" means a facility at which cellulosic biofuel is produced.

(e) "Perennial crops" means agriculturally produced plants that have a life cycle of at least three years at the location where the plants are being cultivated.

(f) "Perennial cropping system" means an agricultural production system that utilizes a perennial crop.

(g) "Native species" means a plant species which was present in a defined area of Minnesota prior to European settlement (circa 1850). A defined area may be an ecological classification province. Wild-type varieties therefore are regional or local ecotypes that have not undergone a selection process.

(h) "Diverse native prairie" means a prairie planted from a mix of local Minnesota native prairie species. A selection from all available native prairie species may be made so as to match species appropriate to local site conditions.

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

(j) "Eligible biofuel producer" means a cellulosic biofuel facility that is at least 60 percent owned and controlled by farmers, as defined in section 500.24, subdivision 2, paragraph (n), or natural persons who reside in the county where the cellulosic biofuel facility is located or in an adjoining county.

Subd. 3. **Cellulosic biofuel production goal.** The state cellulosic biofuel production goal is one-quarter of the total amount necessary for ethanol use required under section 239.791, subdivision 1a, by 2015 or when cellulosic biofuel facilities in the state attain a total annual production level of 60,000,000 gallons, whichever is first.

21.1 Subd. 4. Cellulosic biofuel producer payments. (a) The commissioner shall
21.2 make cash payments to eligible producers of cellulosic biofuel located in the state that
21.3 have begun production at a specific location by June 30, 2012. For the purpose of this
21.4 subdivision, an entity that holds a controlling interest in more than one cellulosic biofuel
21.5 plant is considered a single eligible producer. The amount of the payment for each eligible
21.6 producer's annual production, except as provided in paragraph (d), is 15 cents per gallon
21.7 for each gallon of cellulosic biofuel produced at a specific location for five years after the
21.8 start of production. Cellulosic materials utilized in the production of cellulosic biofuel
21.9 must follow best available management practices or standards for their establishment,
21.10 growing, and harvesting.

21.11 (b) In lieu of the payment under paragraph (a), the commissioner shall make cash
21.12 payments to eligible producers of cellulosic biofuel located in the state that utilize
21.13 perennial, native cellulosic material grown that follow the standards derived under the
21.14 reinvest in Minnesota clean energy program that have begun production at a specific
21.15 location by June 30, 2015. For the purpose of this subdivision, an entity that holds a
21.16 controlling interest in more than one cellulosic biofuel facility is considered a single
21.17 eligible producer. The amount of the payment for each eligible biofuel producer's annual
21.18 production, except as provided in paragraph (d), is 30 cents per gallon for each gallon of
21.19 cellulosic biofuel produced at a specific location for ten years after the start of production.

21.20 (c) No payments shall be made for cellulosic biofuel production that occurs after
21.21 June 30, 2022, for those eligible biofuel producers under paragraph (a), and 2025 for
21.22 those eligible biofuel producers under paragraph (b). An eligible producer of cellulosic
21.23 biofuel shall not transfer the producer's eligibility for payments under this section to a
21.24 cellulosic biofuel facility at a different location.

21.25 (d) If the level of production at a cellulosic biofuel facility increases due to an
21.26 increase in the production capacity of the facility, the payment under paragraph (a) applies
21.27 to the additional increment of production until five years after the increased production
21.28 began and under paragraph (b) applies to the additional increment of production until ten
21.29 years after the increased production began. If capacity under paragraph (a) is converted
21.30 to payment under paragraph (b), the ten-year payment limit starts when the capacity
21.31 increased under paragraph (a). Once a facility's production capacity reaches 15,000,000
21.32 gallons per year, no additional increment will qualify for the payment.

21.33 (e) Payments under paragraphs (a) and (b) to all eligible biofuel producers may
21.34 not exceed \$27,000,000 in a fiscal year. Total payments under paragraphs (a) and (b) to
21.35 an eligible biofuel producer in a fiscal year may not exceed the amount necessary for
21.36 15,000,000 gallons of biofuel production.

22.1 (f) An eligible biofuel producer may blend cellulosic feedstocks eligible under
22.2 paragraphs (a) and (b), but only the percentage of gallons that is attributable to feedstocks
22.3 under paragraph (a) receive 15 cents per gallon, and those under paragraph (b) receive
22.4 30 cents per gallon.

22.5 (g) By the last day of October, January, April, and July, each eligible biofuel producer
22.6 shall file a claim for payment for cellulosic biofuel production during the preceding three
22.7 calendar months. An eligible biofuel producer that files a claim under this subdivision shall
22.8 include a statement of the eligible biofuel producer's total cellulosic biofuel production in
22.9 Minnesota during the quarter covered by the claim. For each claim and statement of total
22.10 cellulosic biofuel production filed under this subdivision, the volume of cellulosic biofuel
22.11 production must be examined by an independent certified public accountant in accordance
22.12 with standards established by the American Institute of Certified Public Accountants.

22.13 (h) Payments must be made November 15, February 15, May 15, and August 15.
22.14 A separate payment must be made for each claim filed. The total quarterly payment
22.15 to an eligible producer under this paragraph may not exceed the amount necessary for
22.16 3,750,000 gallons of biofuel production.

22.17 (i) If an eligible biofuel producer becomes ineligible within five years after the last
22.18 payment has been received under paragraph (a), and ten years after under paragraph (b),
22.19 all payments received for biofuel production must be refunded to the commissioner.
22.20 Refunded payments received under this paragraph shall be deposited in the general fund.

22.21 (j) Annually, within 90 days of the end of its fiscal year, a cellulosic biofuel producer
22.22 receiving payments under this subdivision must file a disclosure statement on a form
22.23 provided by the commissioner. The initial disclosure statement must include a summary
22.24 description of the organization of the business structure of the claimant, a listing of the
22.25 percentages of ownership and governance by any person or other entity with an ownership
22.26 interest or governance rights of five percent or greater, and a copy of its annual audited
22.27 financial statements, including the auditor's report and footnotes. The disclosure statement
22.28 must include information demonstrating what percentage of the entity receiving payments
22.29 under this section is owned and governed by farmers or other entities that reside within the
22.30 county where the cellulosic biofuel facility is located. Subsequent annual reports must
22.31 reflect noncumulative changes in ownership of ten percent or more of the entity. The
22.32 report need not disclose the identity of the persons or entities, but the claimant must
22.33 retain information within its files confirming the accuracy of the data provided. This data
22.34 must be made available to the commissioner upon request. Not later than the 15th day
22.35 of February in each year, the commissioner shall deliver to the chairs of the standing
22.36 committees of the senate and the house of representatives that deal with agricultural policy

23.1 and agricultural finance an annual report summarizing aggregated and facility data from
23.2 plants receiving payments under this section during the preceding calendar year. Audited
23.3 financial statements and notes and disclosure statements submitted to the commissioner
23.4 are nonpublic data under section 13.02, subdivision 9. Notwithstanding the provisions of
23.5 chapter 13 relating to nonpublic data, summaries of the submitted audited financial reports
23.6 and notes and disclosure statements will be contained in the report to the committee chairs
23.7 and will be public data.

23.8 (k) Bioenergy production for which payment has been received under section
23.9 41A.11 is not eligible for payment under this section.

23.10 **Sec. 24. [41A.11] BIOENERGY PRODUCTION INCENTIVE.**

23.11 Subdivision 1. **Appropriation.** A sum sufficient to make the payments required
23.12 by this section is annually appropriated from the general fund to the commissioner of
23.13 agriculture and all money so appropriated is available until expended.

23.14 Subd. 2. **Definitions.** The definitions in section 41A.10 apply to this section.

23.15 For the purposes of this section, "bioenergy production" means the generation of
23.16 energy for commercial heat, industrial process heat, or electrical power from a cellulosic
23.17 material or other material composed of agricultural feedstocks from plants or animals or
23.18 their by-products for a new or expanded capacity facility or a facility that is displacing
23.19 existing use of fossil fuel after the effective date of this section.

23.20 Subd. 3. **Bioenergy producer payments.** (a) The commissioner shall make
23.21 cash payments to eligible producers of bioenergy located in the state that have begun
23.22 production at a specific location by June 30, 2009. For the purpose of this subdivision,
23.23 an entity that holds a controlling interest in more than one bioenergy production facility
23.24 is considered a single eligible producer. The amount of the payment for each producer's
23.25 annual production, except as provided in paragraph (d), is 75 cents per 1,000,000 British
23.26 thermal units (Btu) of bioenergy production produced at a specific location for three
23.27 years after the start of production. Cellulosic materials utilized for bioenergy production
23.28 must follow best available management practices or standards for their establishment,
23.29 growing, and harvesting.

23.30 (b) The commissioner shall make cash payments to producers of bioenergy located
23.31 in the state that utilize perennial, native cellulosic material grown according to standards
23.32 derived under the reinvest in Minnesota clean energy program that have begun a practice
23.33 at a specific location by June 30, 2015. For the purpose of this subdivision, an entity that
23.34 holds a controlling interest in more than one bioenergy production facility is considered
23.35 a single producer. The amount of the payment for each producer's annual production,

24.1 except as provided in paragraph (d), is \$1.50 per 1,000,000 British thermal units (Btu)
24.2 of bioenergy production produced at a specific location for ten years after the start of
24.3 production.

24.4 (c) No payments shall be made for bioenergy production that occurs after June 30,
24.5 2012, for those eligible bioenergy producers under paragraph (a), and 2025 for those
24.6 eligible biofuel producers under paragraph (b). A producer of bioenergy production shall
24.7 not transfer the producer's eligibility for payments under this section to a bioenergy
24.8 production facility at a different location.

24.9 (d) If the level of production at a bioenergy production facility increases due to an
24.10 increase in the production capacity of the facility, the payment under paragraph (a) applies
24.11 to the additional increment of production until three years after the increased production
24.12 began, and under paragraph (b), ten years after the increased production began. If capacity
24.13 under paragraph (a) is converted to payment under paragraph (b), the ten-year payment
24.14 limit starts when the capacity increased under paragraph (a). Once a facility's bioenergy
24.15 production capacity reaches 1,500,000,000,000 Btu per year, no additional increment will
24.16 qualify for the payment under both paragraphs (a) and (b).

24.17 (e) Total payments under paragraphs (a) and (b) to all producers may not exceed
24.18 \$11,000,000 in a fiscal year. Total payments under paragraphs (a) and (b) to a producer in
24.19 a fiscal year may not exceed \$2,250,000.

24.20 (f) An eligible facility may blend a cellulosic feedstock with other fuels in the
24.21 bioenergy production facility, but only the percentage attributable to cellulosic material
24.22 listed is eligible to receive the producer payment.

24.23 (g) An eligible bioenergy producer may blend the cellulosic materials eligible under
24.24 paragraphs (a) and (b), but only the percentage that is attributable to feedstocks under
24.25 paragraph (a) receive 75 cents per 1,000,000 Btu and those under paragraph (b) receive
24.26 \$1.50 per 1,000,000 Btu.

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

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25.1 (i) Payments shall be made November 15, February 15, May 15, and August 15.

25.2 A separate payment shall be made for each claim filed. The total quarterly payment to a
25.3 producer under this paragraph may not exceed \$562,500.

25.4 (j) Biofuel production for which payment has been received under section 41A.10 is
25.5 not eligible for payment under this section.

25.6 Sec. 25. Minnesota Statutes 2006, section 41B.043, subdivision 2, is amended to read:

25.7 Subd. 2. **Specifications.** ~~No direct loan may exceed \$35,000 or \$125,000 for a loan~~
25.8 ~~participation.~~ Each ~~direct~~ loan and participation must be secured by a mortgage on real
25.9 property and such other security as the authority may require.

25.10 Sec. 26. Minnesota Statutes 2006, section 41B.043, subdivision 3, is amended to read:

25.11 Subd. 3. **Application and origination fee.** The authority may impose a reasonable
25.12 nonrefundable application fee for each application submitted for a ~~direct loan or~~
25.13 participation ~~and an origination fee for each direct loan~~ issued under the agricultural
25.14 improvement loan program. ~~The origination fee initially shall be set at 1.5 percent and~~ The
25.15 application fee ~~at~~ is initially \$50. The authority may review the fees annually and make
25.16 adjustments as necessary. The fees must be deposited in the state treasury and credited
25.17 to an account in the special revenue fund. Money in this account is appropriated to the
25.18 commissioner for administrative expenses of the agricultural improvement loan program.

25.19 Sec. 27. Minnesota Statutes 2006, section 41B.043, subdivision 4, is amended to read:

25.20 Subd. 4. **Interest rate.** The interest rate per annum on the agricultural improvement
25.21 ~~direct loan or~~ participation must be the rate of interest determined by the authority to be
25.22 necessary to provide for the timely payment of principal and interest when due on bonds
25.23 or other obligations of the authority issued under chapter 41B to provide financing for
25.24 ~~direct loans and~~ participations made under the agricultural improvement loan program,
25.25 and to provide for reasonable and necessary costs of issuing, carrying, administering,
25.26 and securing the bonds or notes and to pay the costs incurred and to be incurred by the
25.27 authority in the implementation of the agricultural improvement loan program.

25.28 Sec. 28. Minnesota Statutes 2006, section 41B.047, is amended to read:

25.29 **41B.047 DISASTER RECOVERY LOAN PROGRAM.**

25.30 Subdivision 1. **Establishment.** The authority shall establish and implement a
25.31 disaster recovery loan program to help farmers;

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(1) clean up, repair, or replace farm structures and septic and water systems, as well as ~~replacement of~~ replace seed, other crop inputs, feed, and livestock, when damaged by high winds, hail, tornado, or flood; or

(2) purchase watering systems, irrigation systems, and other drought mitigation systems and practices when drought is the cause of the purchase.

Subd. 3. **Eligibility.** To be eligible for this program, a borrower must:

(1) be a resident of this state or a domestic family farm corporation or family farm partnership as defined in section 500.24, subdivision 2;

(2) certify that the damage or loss was sustained within a county that was the subject of a state or federal disaster declaration;

(3) demonstrate an ability to repay the loan;

(4) have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than ~~\$400,000~~ \$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 Consumer Price Index; and

(5) have received at least 50 percent of average annual gross income from farming for the past three years.

Subd. 4. **Loans.** (a) The authority may participate in a disaster recovery loan with an eligible lender to a farmer who is eligible under subdivision 3. Participation is limited to 45 percent of the principal amount of the loan or \$50,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may differ from the interest rates and repayment terms of the lender's retained portion of the loan, but the authority's interest rate must not exceed four percent.

(b) Standards for loan amortization shall be set by the Rural Finance Authority not to exceed ten years.

(c) Security for the disaster recovery loans must be a personal note executed by the borrower and whatever other security is required by the eligible lender or the authority.

(d) The authority may impose a reasonable nonrefundable application fee for a disaster recovery loan. The authority may review the fee annually and make adjustments as necessary. The application fee is initially \$50. Application fees received by the authority must be deposited in the ~~disaster recovery revolving fund~~ revolving loan account established under section 41B.06.

(e) Disaster recovery loans under this program will be made using money in the ~~disaster recovery revolving fund established under subdivision 2~~ revolving loan account established under section 41B.06.

27.1 (f) Repayments of financial assistance under this section, including principal and
27.2 interest, must be deposited into the revolving loan account established under section
27.3 41B.06.

27.4 Sec. 29. Minnesota Statutes 2006, section 41B.055, is amended to read:

27.5 **41B.055 LIVESTOCK EQUIPMENT PILOT LOAN PROGRAM.**

27.6 Subdivision 1. **Establishment.** The authority must establish and implement
27.7 a livestock equipment pilot loan program to help finance the ~~first~~ purchase of
27.8 livestock-related equipment and make livestock facilities improvements.

27.9 Subd. 2. **Eligibility.** Notwithstanding section 41B.03, to be eligible for this program
27.10 a borrower must:

27.11 (1) be a resident of Minnesota or general partnership or a family farm corporation,
27.12 authorized farm corporation, family farm partnership, or authorized farm partnership as
27.13 defined in section 500.24, subdivision 2;

27.14 (2) be the principal operator of a livestock farm;

27.15 (3) have a total net worth, including assets and liabilities of the borrower's spouse
27.16 and dependents, no greater than the amount stipulated in section 41B.03, subdivision 3;

27.17 (4) demonstrate an ability to repay the loan; and

27.18 (5) hold an appropriate feedlot registration or be using the loan under this program
27.19 to meet registration requirements. ~~In addition to the requirements in clauses (1) to (5),~~
27.20 ~~preference must be given to applicants who have farmed less than ten years as evidenced~~
27.21 ~~by their filing of schedule F in their federal tax returns.~~

27.22 Subd. 3. **Loans.** (a) The authority may participate in a livestock equipment loan
27.23 equal to 90 percent of the purchased equipment value with an eligible lender to a farmer
27.24 who is eligible under subdivision 2. Participation is limited to 45 percent of the principal
27.25 amount of the loan or \$40,000, whichever is less. The interest rates and repayment terms
27.26 of the authority's participation interest may differ from the interest rates and repayment
27.27 terms of the lender's retained portion of the loan, but the authority's interest rate must
27.28 not exceed three percent. The authority may review the interest annually and make
27.29 adjustments as necessary.

27.30 (b) Standards for loan amortization must be set by the Rural Finance Authority and
27.31 must not exceed ~~seven~~ ten years.

27.32 (c) Security for a livestock equipment loan must be a personal note executed by the
27.33 borrower and whatever other security is required by the eligible lender or the authority.

27.34 (d) Refinancing of existing debt is not an eligible purpose.

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(e) The authority may impose a reasonable, nonrefundable application fee for a livestock equipment loan. The authority may review the fee annually and make adjustments as necessary. The initial application fee is \$50. Application fees received by the authority must be deposited in the revolving loan account established in section 41B.06.

(f) Loans under this program must be made using money in the revolving loan account established in section 41B.06.

Subd. 4. **Eligible expenditures.** Money may be used for loans for the acquisition of equipment for animal housing, confinement, animal feeding, milk production, and waste management, including the following, if related to animal husbandry:

- (1) fences;
- (2) watering facilities;
- (3) feed storage and handling equipment;
- (4) milking parlors;
- (5) milking equipment;
- (6) scales;
- (7) milk storage and cooling facilities;
- (8) manure pumping and storage facilities; ~~and~~
- (9) capital investment in pasture;
- (10) hoop barns;
- (11) portable structures;
- (12) hay and forage equipment; and
- (13) related structural work for the installation of equipment.

Sec. 30. Minnesota Statutes 2006, section 41B.06, is amended to read:

41B.06 RURAL FINANCE AUTHORITY REVOLVING LOAN ACCOUNT.

There is established in the rural finance administration fund a Rural Finance Authority revolving loan account that is eligible to receive appropriations and the transfer of loan funds from other programs. All repayments of financial assistance granted from this account, including principal and interest, must be deposited into this account. Interest earned on money in the account accrues to the account, and the money in the account is appropriated to the commissioner of agriculture for purposes of the Rural Finance Authority livestock equipment, methane digester, disaster recovery, and value-added agricultural product loan programs, including costs incurred by the authority to establish and administer the programs.

Sec. 31. Minnesota Statutes 2006, section 41C.05, subdivision 2, is amended to read:

Subd. 2. **Eligibility; beginning farmers.** The authority shall provide in the agricultural development bond beginning farmer and agricultural business enterprise loan program that a mortgage or a contract on behalf of a beginning farmer may be provided if the borrower qualifies under authority rules and under federal tax law governing qualified small issue bonds and must:

- (1) be a resident of Minnesota;
- (2) have sufficient education, training, or experience in the type of farming for which the loan is desired;
- (3) have a low or moderate net worth, as defined in section 41C.02, subdivision 12;
- (4) certify that the agricultural land to be purchased will be used by the borrower for agricultural purposes;
- (5) certify that farming will be the principal occupation of an individual borrower;
- (6) agree to participate in a farm management program approved by the commissioner of agriculture for at least the first ~~five~~ three years of the loan, if an approved program is available within 45 miles from the borrower's residence. The commissioner may waive this requirement for any of the programs administered by the authority if the participant requests a waiver and provides justification; and
- (7) agree to file an approved soil and water conservation plan with the Soil Conservation Service office in the county where the land is located.

Sec. 32. **NEXT GENERATION BIOENERGY RECOMMENDATIONS.**

(a) The commissioner of agriculture, in cooperation with the commissioners of commerce and natural resources, and the Board of Water and Soil Resources, shall consult with a broad range of agricultural and conservation stakeholders to develop recommendations for consideration in the 2008 legislative session for the development of the next generation bioenergy industry in Minnesota.

(b) The recommendations shall include, but are not limited to:

(1) the broadest appropriate biomass feedstock definition to optimize the benefits of bioenergy development to all parts of the state, including agricultural residue, perennial grasses as an energy crop, and wood;

(2) the organization of bioenergy program or programs to maximize coordination with the expected 2007 federal Farm Bill;

(3) the structure of state incentives to encourage local ownership of energy production and encourage conservation on marginal lands, while ensuring that state taxpayers receive the most value for the resources dedicated to bioenergy development;

(4) the sharing of the cost of the incentives between the agriculture and environment, natural resources, and energy budgets in the legislative process; and

(5) the most promising biomass technologies, and biofuels that can be produced from these technologies, and the applications for which the fuels can best be used.

(c) The commissioner shall provide a report on the recommendations by December 1, 2007, to the chairs of the house and senate committees and divisions with jurisdiction over agriculture and environment policy and finance.

Sec. 33. **REPEALER.**

Minnesota Statutes 2006, sections 17.109; 18B.315; 18C.425, subdivision 5; and 41B.043, subdivision 1a, are repealed.

ARTICLE 2

MILITARY AND VETERANS AFFAIRS APPROPRIATIONS

Section 1. **SUMMARY OF APPROPRIATIONS.**

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

	<u>2008</u>	<u>2009</u>	<u>Total</u>
General	\$ 32,430,000	\$ 30,956,000	\$ 63,386,000
Special Revenue	676,000	676,000	1,352,000
Total	\$ 33,106,000	\$ 31,632,000	\$ 64,738,000

Sec. 2. **MILITARY AND VETERANS 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, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2008" and "2009" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2008, or June 30, 2009, respectively. "The first year" is fiscal year 2008. "The second year" is fiscal year 2009. "The biennium" is fiscal years 2008 and 2009. Appropriations for the fiscal year ending June 30, 2007, are effective the day following final enactment.

APPROPRIATIONS
Available for the Year
Ending June 30

2008 **2009**

31.1	Sec. 3. <u>MILITARY AFFAIRS</u>		
31.2	Subdivision 1. <u>Total Appropriation</u>	\$ <u>20,775,000</u>	\$ <u>19,195,000</u>
31.3	<u>Appropriations by Fund</u>		
31.4		<u>2008</u>	<u>2009</u>
31.5	<u>General</u>	<u>20,437,000</u>	<u>18,857,000</u>
31.6	<u>Special Revenue</u>	<u>338,000</u>	<u>338,000</u>
31.7	<u>The amounts that may be spent for each</u>		
31.8	<u>purpose are specified in the following</u>		
31.9	<u>subdivisions.</u>		
31.10	Subd. 2. <u>Maintenance of Training Facilities</u>	<u>6,622,000</u>	<u>6,485,000</u>
31.11	<u>\$185,000 the first year is to pay special</u>		
31.12	<u>assessments levied against state property.</u>		
31.13	<u>This is a onetime appropriation.</u>		
31.14	Subd. 3. <u>General Support</u>	<u>3,942,000</u>	<u>2,496,000</u>
31.15	<u>Appropriations by Fund</u>		
31.16	<u>General</u>	<u>3,604,000</u>	<u>2,158,000</u>
31.17	<u>Special Revenue</u>	<u>338,000</u>	<u>338,000</u>
31.18	<u>\$338,000 the first year and \$338,000 the</u>		
31.19	<u>second year are from the "Support Our</u>		
31.20	<u>Troops" account in the special revenue fund</u>		
31.21	<u>established in Minnesota Statutes, section</u>		
31.22	<u>190.19, for grants under that section.</u>		
31.23	<u>\$30,000 each year is for payments of honor</u>		
31.24	<u>guards as provided in Minnesota Statutes,</u>		
31.25	<u>section 192.382.</u>		
31.26	<u>\$1,500,000 the first year is for the Minnesota</u>		
31.27	<u>National Guard reintegration program. This</u>		
31.28	<u>is a onetime appropriation and is available</u>		
31.29	<u>until spent.</u>		
31.30	<u>\$275,000 the first year and \$285,000 the</u>		
31.31	<u>second year are for additional staffing.</u>		
31.32	Subd. 4. <u>Enlistment Incentives</u>	<u>10,211,000</u>	<u>10,214,000</u>

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32.1 If appropriations for either year of the
32.2 biennium are insufficient, the appropriation
32.3 from the other year is available. The
32.4 appropriations for enlistment incentives are
32.5 available until expended.

32.6	Sec. 4. <u>VETERANS AFFAIRS</u>	\$	<u>12,331,000</u>	\$	<u>12,437,000</u>
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32.7	<u>Appropriations by Fund</u>		
32.8	<u>2008</u>	<u>2009</u>	
32.9	<u>General</u>	<u>11,993,000</u>	<u>12,099,000</u>
32.10	<u>Special Revenue</u>	<u>338,000</u>	<u>338,000</u>

32.11 (a) \$750,000 each year is for tribal veterans
32.12 services offices.

32.13 (b) \$750,000 each year is for a grant to the
32.14 Minnesota Assistance Council for Veterans.
32.15 This is a onetime appropriation.

32.16 (c) \$250,000 each year is for marketing
32.17 veterans outreach programs. This is a
32.18 onetime appropriation.

32.19 (d) \$1,000,000 each year is added to the base
32.20 for state soldier's assistance under Minnesota
32.21 Statutes, section 197.05.

32.22 (e) \$450,000 the first year and \$450,000 the
32.23 second year are for the higher education
32.24 veterans assistance program under Minnesota
32.25 Statutes, section 197.585. This appropriation
32.26 must be included in the agency appropriation
32.27 base through fiscal year 2011.

32.28 (f) \$500,000 each year is for administration
32.29 of veterans programming. This appropriation
32.30 includes money for the biennium for
32.31 an ombudsman for residents and family
32.32 members of residents at the Minneapolis
32.33 Veterans' Home. The ombudsman must
32.34 attend all meetings of the Veterans Homes

33.1 Board and provide a report at each
33.2 meeting regarding the status of concerns
33.3 communicated to the ombudsman.

33.4 (g) \$100,000 each year is for information
33.5 technology.

33.6 (h) \$75,000 each year is for operations at the
33.7 Minnesota State Veterans Cemetery in Little
33.8 Falls.

33.9 (i) \$500,000 each year is for grants to
33.10 counties under the terms of this section.

33.11 The commissioner shall issue a request
33.12 for proposals for grants to enhance the
33.13 benefits, programs, and services provided
33.14 to veterans. The request must specify that
33.15 priority will be given to proposals that meet
33.16 the programmatic goals established by the
33.17 commissioner, including proposals that will:

33.18 (1) provide the most effective outreach to
33.19 veterans;

33.20 (2) reintegrate combat veterans into society;

33.21 (3) collaborate with other social service
33.22 agencies, educational institutions, and other
33.23 relevant community resources;

33.24 (4) reduce homelessness among veterans;
33.25 and

33.26 (5) provide measurable outcomes.

33.27 The commissioner may provide incentives
33.28 to encourage, and may give priority to
33.29 proposals that foster, regional collaboration
33.30 for service delivery. The grants may be for a
33.31 term of up to two years. The commissioner
33.32 shall ensure that grants are made throughout
33.33 all regions of the state and shall develop a
33.34 description of best practices for the use of

34.1 these grants. A county may not reduce its
34.2 county veterans service officer budget by any
34.3 amount received as a grant under this section.
34.4 Grants made under this section are in addition
34.5 to and not subject to the requirements for
34.6 grants made under Minnesota Statutes,
34.7 section 197.608. The Minnesota Association
34.8 of County Veterans Service Officers may
34.9 apply for grants under this section beginning
34.10 July 1, 2007. Any balance remaining after
34.11 the first year does not cancel and is available
34.12 in the second year. This appropriation must
34.13 be included in the appropriation base through
34.14 fiscal year 2011.

34.15 (j) \$250,000 each year is added to the base
34.16 for grants to Disabled American Veterans,
34.17 Military Order of the Purple Heart, Veterans
34.18 of Foreign Wars, Vietnam Veterans of
34.19 America, and other congressionally chartered
34.20 veterans service organizations designated by
34.21 the commissioner.

34.22 (k) \$338,000 each year is from the account
34.23 in the special revenue fund established in
34.24 Minnesota Statutes, section 190.19, for (1)
34.25 grants to veterans service organizations; and
34.26 (2) outreach to underserved veterans. Any
34.27 balance in the first year does not cancel and
34.28 is available in the second year.

34.29 **Sec. 5. COMPENSATION INCREASES**

34.30 The appropriations in this article, and any
34.31 statutory appropriations from which state
34.32 employee compensation is paid from any
34.33 fund, include an amount sufficient to fund
34.34 compensation increases of at least 3.25
34.35 percent of the 2007 compensation base for

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35.1 the first year, compounded at the rate of 3.25
35.2 percent for the second year. This amount
35.3 must be used for that purpose and no other.

35.4 Sec. 6. Minnesota Statutes 2006, section 168.1255, is amended by adding a subdivision
35.5 to read:

35.6 Subd. 6. **World War II memorial donation matching account.** Money remaining
35.7 in the World War II memorial donation matching account after the state share of the
35.8 construction costs of the World War II memorial has been paid in full is appropriated to the
35.9 commissioner of veterans affairs for services and programs for veterans and their families.

35.10 Sec. 7. **[192.382] HONOR GUARDS.**

35.11 The adjutant general may activate members to serve as an honor guard at the funeral
35.12 of any person who served in the Minnesota National Guard and who was: (1) honorably
35.13 discharged after serving six or more years, or (2) in active service. Members activated for
35.14 service as honor guards must be paid at the rate provided in section 192.49, subdivision 1
35.15 or 2.