

**SENATE**  
**STATE OF MINNESOTA**  
**NINETY-FIRST SESSION**

**S.F. No. 1859**

(SENATE AUTHORS: WEBER)

DATE	D-PG	OFFICIAL STATUS
02/28/2019	581	Introduction and first reading
		Referred to Agriculture, Rural Development, and Housing Policy
03/13/2019		Comm report: To pass as amended and re-refer to Agriculture, Rural Development, and Housing Finance

1.1 A bill for an act

1.2 relating to agriculture; making policy and technical changes to various agricultural

1.3 provisions including provisions related to hemp, food handlers, eggs, milk, cheese,

1.4 bioincentive programs, loan programs, and other agriculture provisions; amending

1.5 Minnesota Statutes 2018, sections 18C.425, subdivision 6; 18C.70, subdivision

1.6 5; 18C.71, subdivision 4; 18C.80, subdivision 2; 18H.10; 18K.02, subdivision 3;

1.7 18K.06; 25.33, subdivision 8; 28A.04, subdivision 1; 28A.05; 28A.075; 28A.0752,

1.8 subdivisions 1, 2; 28A.08, subdivision 3; 29.26; 32D.13, by adding a subdivision;

1.9 32D.20, subdivision 2; 32D.22; 34A.11, subdivision 7; 41A.15, subdivisions 2,

1.10 10, by adding a subdivision; 41A.16, subdivisions 1, 4; 41A.17, subdivisions 1,

1.11 2, 3; 41A.18, subdivisions 1, 2, 3; 41B.02, subdivision 10a; 41B.03, subdivision

1.12 3; 41B.0391, subdivision 1; 41B.047, subdivisions 1, 3; 41B.049, subdivision 5;

1.13 41B.055, subdivision 3; 41B.057, subdivision 3; repealing Minnesota Statutes

1.14 2018, section 41A.15, subdivisions 2a, 2b.

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

1.16 Section 1. Minnesota Statutes 2018, section 18C.425, subdivision 6, is amended to read:

1.17 Subd. 6. **Payment of inspection fee.** (a) The person who registers and distributes in the

1.18 state a specialty fertilizer, soil amendment, or plant amendment under section 18C.411 shall

1.19 pay the inspection fee to the commissioner.

1.20 (b) The person licensed under section 18C.415 who distributes a fertilizer to a person

1.21 not required to be so licensed shall pay the inspection fee to the commissioner, except as

1.22 exempted under section 18C.421, subdivision 1, paragraph (b).

1.23 (c) The person responsible for payment of the inspection fees for fertilizers, soil

1.24 amendments, or plant amendments sold and used in this state must pay an inspection fee of

1.25 39 cents per ton, and until June 30, ~~2019~~ 2029, an additional 40 cents per ton, of fertilizer,

1.26 soil amendment, and plant amendment sold or distributed in this state, with a minimum of

1.27 \$10 on all tonnage reports. Notwithstanding section 18C.131, the commissioner must deposit

all revenue from the additional 40 cents per ton fee in the agricultural fertilizer research and education account in section 18C.80. 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. 2. Minnesota Statutes 2018, section 18C.70, subdivision 5, is amended to read:

Subd. 5. **Expiration.** This section expires June 30, ~~2020~~ 2030.

Sec. 3. Minnesota Statutes 2018, section 18C.71, subdivision 4, is amended to read:

Subd. 4. **Expiration.** This section expires June 30, ~~2020~~ 2030.

Sec. 4. Minnesota Statutes 2018, section 18C.80, subdivision 2, is amended to read:

Subd. 2. **Expiration.** This section expires June 30, ~~2020~~ 2030.

Sec. 5. Minnesota Statutes 2018, section 18H.10, is amended to read:

**18H.10 STORAGE OF NURSERY STOCK.**

(a) 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.

(b) Packaged dormant nursery stock must be stored under conditions that retard growth, prevent etiolated growth, and protect its viability.

(c) Balled and burlapped nursery stock being held for sale to the public must be kept in a moisture-holding material approved by the commissioner and not toxic to plants. The moisture-holding material must adequately cover and protect the ball of earth and must be kept moist at all times. The commissioner may approve alternative nursery stock management practices to maintain the viability of balled and burlapped stock.

Sec. 6. Minnesota Statutes 2018, section 18K.02, subdivision 3, is amended to read:

Subd. 3. **Industrial hemp.** "Industrial hemp" means ~~the plant~~ any plant species of the genus Cannabis sativa L. and any ~~part~~ parts of the plant, whether growing or not, including the plant's seeds, and all the plant's derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol

concentration of not more than 0.3 percent on a dry weight basis. Industrial hemp is not marijuana as defined in section 152.01, subdivision 9.

Sec. 7. Minnesota Statutes 2018, section 18K.06, is amended to read:

**18K.06 RULEMAKING.**

(a) The commissioner shall adopt rules governing the production, testing, and licensing of industrial hemp.

(b) Rules adopted under paragraph (a) must include, but not be limited to, provisions governing:

(1) the supervision and inspection of industrial hemp during its growth and harvest;

(2) the testing of industrial hemp to determine delta-9 tetrahydrocannabinol levels;

(3) the use of background check results required under section 18K.04 to approve or deny a license application; and

(4) any other provision or procedure necessary to carry out the purposes of this chapter.

(c) Rules issued under this section must be consistent with federal law regarding the production, distribution, and sale of industrial hemp.

(d) The commissioner may use the expedited rulemaking process in section 14.389 to adopt rules authorized under this section.

Sec. 8. Minnesota Statutes 2018, section 25.33, subdivision 8, is amended to read:

Subd. 8. **Drug.** "Drug" means (1) any article intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in animals other than humans; and (2) articles other than feed intended to affect the structure or any function of the animal body.

Sec. 9. Minnesota Statutes 2018, section 28A.04, subdivision 1, is amended to read:

Subdivision 1. **Application; date of issuance.** (a) No person shall engage in the business of manufacturing, processing, selling, handling, or storing food without having first obtained from the commissioner a license for doing such business. Applications for such license shall be made to the commissioner in such manner and time as required and upon such forms as provided by the commissioner and shall contain the name and address of the applicant, address or description of each place of business, and the nature of the business to be conducted at each place, and such other pertinent information as the commissioner may require.

(b) A retail or wholesale food handler license shall be issued for the period July 1 to June 30 following and shall be renewed thereafter by the licensee on or before July 1 each year, except that:

(1) licenses for all mobile food concession units and retail mobile units must be issued for the period April 1 to March 31, and must be renewed thereafter by the licensee on or before April 1 each year; and

(2) a license issued for a temporary food concession stand must have a license issuance and renewal date consistent with appropriate statutory provisions.

(c) A custom exempt food handler license shall be issued for the period July 1 to June 30 following and shall be renewed thereafter by the licensee on or before July 1 each year. The custom exempt food handler license is for businesses that only conduct custom exempt operations and mark all products as "Not For Sale." Food handlers that conduct retail exempt operations or other operations other than custom exempt processing or slaughter are not eligible for this license.

(d) A license for a food broker or for a food processor or manufacturer shall be issued for the period January 1 to December 31 following and shall be renewed thereafter by the licensee on or before January 1 of each year, except that a license for a wholesale food processor or manufacturer operating only at the state fair shall be issued for the period July 1 to June 30 following and shall be renewed thereafter by the licensee on or before July 1 of each year. A penalty for a late renewal shall be assessed in accordance with section 28A.08.

~~(e)~~ (e) A person applying for a new license up to 14 calendar days before the effective date of the new license period under paragraph (b) must be issued a license for the 14 days and the next license year as a single license and pay a single license fee as if the 14 days were part of the upcoming license period.

Sec. 10. Minnesota Statutes 2018, section 28A.05, is amended to read:

**28A.05 CLASSIFICATION.**

All persons required to have a license under section 28A.04 shall be classified into one of the following classes of food handlers, according to their principal mode of business.

(a) Retail food handlers are persons who sell or process and sell food directly to the ultimate consumer or who custom process meat or poultry. The term includes a person who sells food directly to the ultimate consumer through the use of vending machines, and a

person who sells food for consumption on site or off site if the sale is conducted on the premises that are part of a grocery or convenience store operation.

(b) Wholesale food handlers are persons who sell to others for resale. A person who handles food in job lots (jobbers) is included in this classification.

(c) Wholesale food processors or manufacturers are persons who process or manufacture raw materials and other food ingredients into food items, or who reprocess food items, or who package food for sale to others for resale, or who commercially slaughter animals or poultry. Included herein are persons who can, extract, ferment, distill, pickle, bake, freeze, dry, smoke, grind, mix, stuff, pack, bottle, recondition, or otherwise treat or preserve food for sale to others for resale, cold storage warehouse operators as defined in section 28.01, subdivision 3, salvage food processors as defined in section 31.495, subdivision 1, and dairy plants as defined in section 32D.01, subdivision 6.

(d) Custom exempt food handlers are persons who only conduct custom exempt processing as defined in section 31A.02, subdivision 5. A retail or wholesale transaction may not take place in a facility operated by a person with a custom exempt food handler license.

~~(d)~~ (e) A food broker is a person who buys and sells food and who negotiates between a buyer and a seller of food, but who at no time has custody of the food being bought and sold.

Sec. 11. Minnesota Statutes 2018, section 28A.075, is amended to read:

**28A.075 DELEGATION TO LOCAL BOARD OF HEALTH.**

(a) At the request of a local board of health that licensed and inspected grocery and convenience stores on January 1, 1999, the commissioner must enter into agreements before January 1, 2001, with local boards of health to delegate to the appropriate local board of health the licensing and inspection duties of the commissioner pertaining to retail food handlers that are grocery or convenience stores. At the request of a local board of health that licensed and inspected part of any grocery or convenience store on January 1, 1999, the commissioner must enter into agreements before July 1, 2001, with local boards of health to delegate to the appropriate local board of health the licensing and inspection duties of the commissioner pertaining to retail food handlers that are grocery or convenience stores. At any time thereafter, the commissioner may enter into an agreement with a local board of health that licensed and inspected all or part of any grocery or convenience store on January 1, 1999, to delegate to the appropriate local board of health the licensing and

inspection duties of the commissioner pertaining to retail food handlers ~~that are~~ such as grocery or convenience stores. Retail ~~grocery or convenience stores~~ food handlers inspected under the state meat inspection program of chapter 31A are exempt from delegation.

(b) A local board of health must adopt an ordinance consistent with the Minnesota Food Code, Minnesota Rules, chapter 4626, for all of its jurisdiction to regulate ~~grocery and convenience stores~~ retail food handlers and the ordinance (Food Code) must not be in conflict with standards set in law or rule.

(c) A fee to recover the estimated costs of enforcement of this chapter must be established by ordinance and must be fair, reasonable, and proportionate to the actual cost of the licensing and inspection services. The fee must only be maintained and used for the estimated costs of enforcing this chapter.

Sec. 12. Minnesota Statutes 2018, section 28A.0752, subdivision 1, is amended to read:

Subdivision 1. **Agreements to perform duties of commissioner.** (a) Agreements to delegate licensing and inspection duties pertaining to retail ~~grocery or convenience stores~~ food handlers shall include licensing, inspection, reporting, and enforcement duties authorized under sections 17.04, 29.21, 29.23, 29.235, 29.236, 29.237, 29.24, 29.25, 29.26, 29.27, and 30.49, appropriate sections of the Minnesota Food Law, chapters 31 and 34A, and applicable Minnesota food rules.

(b) Agreements are subject to subdivision 3.

(c) This subdivision does not affect agreements entered into under section 28A.075 or current cooperative agreements which base inspections and licensing responsibility on the firm's most predominant mode of business.

Sec. 13. Minnesota Statutes 2018, section 28A.0752, subdivision 2, is amended to read:

Subd. 2. **Approval of agreements.** An agreement to delegate licensing and inspection of retail food handlers ~~that are grocery or convenience stores~~ to a community health board must be approved by the commissioner and is subject to subdivision 3.

Sec. 14. Minnesota Statutes 2018, section 28A.08, subdivision 3, is amended to read:

Subd. 3. **Fees effective July 1, 2003.**

Type of food handler	License Fee Effective July 1, 2003	Penalties	
		Late Renewal	No License

7.1	1. <u>Retail food handler or custom exempt food</u>			
7.2	<u>handler</u>			
7.3	(a) Having gross sales of only prepackaged			
7.4	nonperishable food of less than \$15,000 for			
7.5	the immediately previous license or fiscal			
7.6	year and filing a statement with the			
7.7	commissioner	\$ 50	\$ 17	\$ 33
7.8	(b) Having under \$15,000 gross sales or			
7.9	service including food preparation or having			
7.10	\$15,000 to \$50,000 gross sales or service			
7.11	for the immediately previous license or			
7.12	fiscal year	\$ 77	\$ 25	\$ 51
7.13	(c) Having \$50,001 to \$250,000 gross sales			
7.14	or service for the immediately previous			
7.15	license or fiscal year	\$155	\$ 51	\$102
7.16	(d) Having \$250,001 to \$1,000,000 gross			
7.17	sales or service for the immediately previous			
7.18	license or fiscal year	\$276	\$ 91	\$182
7.19	(e) Having \$1,000,001 to \$5,000,000 gross			
7.20	sales or service for the immediately previous			
7.21	license or fiscal year	\$799	\$264	\$527
7.22	(f) Having \$5,000,001 to \$10,000,000 gross			
7.23	sales or service for the immediately previous			
7.24	license or fiscal year	\$1,162	\$383	\$767
7.25	(g) Having \$10,000,001 to \$15,000,000			
7.26	gross sales or service for the immediately			
7.27	previous license or fiscal year	\$1,376	\$454	\$908
7.28	(h) Having \$15,000,001 to \$20,000,000			
7.29	gross sales or service for the immediately			
7.30	previous license or fiscal year	\$1,607	\$530	\$1,061
7.31	(i) Having \$20,000,001 to \$25,000,000			
7.32	gross sales or service for the immediately			
7.33	previous license or fiscal year	\$1,847	\$610	\$1,219
7.34	(j) Having over \$25,000,001 gross sales or			
7.35	service for the immediately previous license			
7.36	or fiscal year	\$2,001	\$660	\$1,321
7.37	2. Wholesale food handler			
7.38	(a) Having gross sales or service of less than			
7.39	\$25,000 for the immediately previous			
7.40	license or fiscal year	\$ 57	\$ 19	\$ 38
7.41	(b) Having \$25,001 to \$250,000 gross sales			
7.42	or service for the immediately previous			
7.43	license or fiscal year	\$284	\$ 94	\$187
7.44	(c) Having \$250,001 to \$1,000,000 gross			
7.45	sales or service from a mobile unit without			
7.46	a separate food facility for the immediately			
7.47	previous license or fiscal year	\$444	\$147	\$293
7.48	(d) Having \$250,001 to \$1,000,000 gross			
7.49	sales or service not covered under paragraph	\$590	\$195	\$389

8.1	(c) for the immediately previous license or fiscal year			
8.2				
8.3	(e) Having \$1,000,001 to \$5,000,000 gross sales or service for the immediately previous license or fiscal year			
8.4				
8.5		\$769	\$254	\$508
8.6	(f) Having \$5,000,001 to \$10,000,000 gross sales or service for the immediately previous license or fiscal year			
8.7				
8.8		\$920	\$304	\$607
8.9	(g) Having \$10,000,001 to \$15,000,000 gross sales or service for the immediately previous license or fiscal year			
8.10				
8.11		\$990	\$327	\$653
8.12	(h) Having \$15,000,001 to \$20,000,000 gross sales or service for the immediately previous license or fiscal year			
8.13				
8.14		\$1,156	\$381	\$763
8.15	(i) Having \$20,000,001 to \$25,000,000 gross sales or service for the immediately previous license or fiscal year			
8.16				
8.17		\$1,329	\$439	\$877
8.18	(j) Having over \$25,000,001 or more gross sales or service for the immediately previous license or fiscal year			
8.19				
8.20		\$1,502	\$496	\$991
8.21	3. Food broker	\$150	\$ 50	\$ 99
8.22	4. Wholesale food processor or manufacturer			
8.23	(a) Having gross sales or service of less than \$125,000 for the immediately previous license or fiscal year			
8.24				
8.25		\$169	\$ 56	\$112
8.26	(b) Having \$125,001 to \$250,000 gross sales or service for the immediately previous license or fiscal year			
8.27				
8.28		\$392	\$129	\$259
8.29	(c) Having \$250,001 to \$1,000,000 gross sales or service for the immediately previous license or fiscal year			
8.30				
8.31		\$590	\$195	\$389
8.32	(d) Having \$1,000,001 to \$5,000,000 gross sales or service for the immediately previous license or fiscal year			
8.33				
8.34		\$769	\$254	\$508
8.35	(e) Having \$5,000,001 to \$10,000,000 gross sales or service for the immediately previous license or fiscal year			
8.36				
8.37		\$920	\$304	\$607
8.38	(f) Having \$10,000,001 to \$15,000,000 gross sales or service for the immediately previous license or fiscal year			
8.39				
8.40		\$1,377	\$454	\$909
8.41	(g) Having \$15,000,001 to \$20,000,000 gross sales or service for the immediately previous license or fiscal year			
8.42				
8.43		\$1,608	\$531	\$1,061
8.44	(h) Having \$20,000,001 to \$25,000,000 gross sales or service for the immediately previous license or fiscal year			
8.45				
8.46		\$1,849	\$610	\$1,220
8.47	(i) Having \$25,000,001 to \$50,000,000 gross sales or service for the immediately previous license or fiscal year			
8.48				
8.49		\$2,090	\$690	\$1,379



9.1	(j) Having \$50,000,001 to \$100,000,000			
9.2	gross sales or service for the immediately			
9.3	previous license or fiscal year	\$2,330	\$769	\$1,538
9.4	(k) Having \$100,000,000 or more gross			
9.5	sales or service for the immediately previous			
9.6	license or fiscal year	\$2,571	\$848	\$1,697
9.7	5. Wholesale food processor of meat or poultry			
9.8	products under supervision of the U.S.			
9.9	Department of Agriculture			
9.10	(a) Having gross sales or service of less than			
9.11	\$125,000 for the immediately previous			
9.12	license or fiscal year	\$112	\$ 37	\$ 74
9.13	(b) Having \$125,001 to \$250,000 gross sales			
9.14	or service for the immediately previous			
9.15	license or fiscal year	\$214	\$ 71	\$141
9.16	(c) Having \$250,001 to \$1,000,000 gross			
9.17	sales or service for the immediately previous			
9.18	license or fiscal year	\$333	\$110	\$220
9.19	(d) Having \$1,000,001 to \$5,000,000 gross			
9.20	sales or service for the immediately previous			
9.21	license or fiscal year	\$425	\$140	\$281
9.22	(e) Having \$5,000,001 to \$10,000,000 gross			
9.23	sales or service for the immediately previous			
9.24	license or fiscal year	\$521	\$172	\$344
9.25	(f) Having over \$10,000,001 gross sales or			
9.26	service for the immediately previous license			
9.27	or fiscal year	\$765	\$252	\$505
9.28	(g) Having \$15,000,001 to \$20,000,000			
9.29	gross sales or service for the immediately			
9.30	previous license or fiscal year	\$893	\$295	\$589
9.31	(h) Having \$20,000,001 to \$25,000,000			
9.32	gross sales or service for the immediately			
9.33	previous license or fiscal year	\$1,027	\$339	\$678
9.34	(i) Having \$25,000,001 to \$50,000,000			
9.35	gross sales or service for the immediately			
9.36	previous license or fiscal year	\$1,161	\$383	\$766
9.37	(j) Having \$50,000,001 to \$100,000,000			
9.38	gross sales or service for the immediately			
9.39	previous license or fiscal year	\$1,295	\$427	\$855
9.40	(k) Having \$100,000,001 or more gross			
9.41	sales or service for the immediately previous			
9.42	license or fiscal year	\$1,428	\$471	\$942
9.43	6. Wholesale food processor or manufacturer			
9.44	operating only at the State Fair	\$125	\$ 40	\$ 50
9.45	7. Wholesale food manufacturer having the			
9.46	permission of the commissioner to use the			
9.47	name Minnesota Farmstead cheese	\$ 30	\$ 10	\$ 15

10.1	8. Wholesale food manufacturer processing			
10.2	less than 700,000 pounds per year of raw			
10.3	milk	\$ 30	\$ 10	\$ 15
10.4	9. A milk marketing organization without			
10.5	facilities for processing or manufacturing			
10.6	that purchases milk from milk producers for			
10.7	delivery to a licensed wholesale food			
10.8	processor or manufacturer	\$ 50	\$ 15	\$ 25

10.9 Sec. 15. Minnesota Statutes 2018, section 29.26, is amended to read:

10.10 **29.26 EGGS IN POSSESSION OF RETAILER.**

10.11 All eggs sold or offered for sale at retail must have been candled and graded and must  
 10.12 be clearly labeled according to Minnesota consumer grades as established by rule under  
 10.13 section 29.23. No eggs shall be sold or offered for sale as "ungraded," "unclassified," or by  
 10.14 any other name that does not clearly designate the grade. All eggs in possession of the  
 10.15 retailer, either in temporary storage or on display, must be held at a temperature not to  
 10.16 exceed 45 degrees Fahrenheit (7 degrees Celsius).

10.17 ~~Candled and graded~~ Grade AA eggs held 31 days past the coded pack date for Grade  
 10.18 AA eggs, or Grade A eggs held 46 days past the coded pack date for Grade A eggs, lose  
 10.19 their grades and must be removed from sale.

10.20 Sec. 16. Minnesota Statutes 2018, section 32D.13, is amended by adding a subdivision to  
 10.21 read:

10.22 Subd. 11. **Milk storage requirement.** (a) A milk hauler must not pick up milk from a  
 10.23 farm that has a bulk tank that is not in proper working order.

10.24 (b) Milk must not be stored for longer than 72 hours at a farm before the milk is picked  
 10.25 up by a milk hauler for transport to a plant. The commissioner or an agent of the  
 10.26 commissioner may waive the 72-hour time limit in the case of hardship, emergency, or  
 10.27 natural disaster.

10.28 Sec. 17. Minnesota Statutes 2018, section 32D.20, subdivision 2, is amended to read:

10.29 Subd. 2. **Labels.** (a) Pasteurized milk or fluid milk products offered or exposed for sale  
 10.30 or held in possession for sale shall be labeled or otherwise designated as pasteurized milk  
 10.31 or pasteurized fluid milk products, and in the case of fluid milk products the label shall also  
 10.32 state the name of the specific product.

10.33 (b) Milk and dairy products must be labeled (1) with the plant number where the product  
 10.34 was produced; 2 or (2) if produced in a state where official plant numbers are not assigned,

11.1 with the name and address of the manufacturer and the address of the plant where it was  
11.2 manufactured or distributor.

11.3 Sec. 18. Minnesota Statutes 2018, section 32D.22, is amended to read:

11.4 **32D.22 MANUFACTURE OF CHEESE; REQUIREMENTS IN PROCESS.**

11.5 (a) No person, firm, or corporation shall manufacture, transport, sell, offer, or expose  
11.6 for sale or have in possession with intent to sell at retail to a consumer any cheese that has  
11.7 not been (1) manufactured from milk or milk products that have been pasteurized; (2)  
11.8 subjected to a heat treatment equivalent to pasteurization during the process of manufacturing  
11.9 or processing; or (3) subjected to an aging process where it has been kept for at least 60  
11.10 days after manufacture at a temperature no lower than 35 degrees Fahrenheit.

11.11 (b) Any cheese described in paragraph (a), clause (3), that has been made from  
11.12 unpasteurized milk must be labeled with a statement that the cheese has been aged for 60  
11.13 days or more.

11.14 Sec. 19. Minnesota Statutes 2018, section 34A.11, subdivision 7, is amended to read:

11.15 Subd. 7. **Emergency powers.** After an emergency declaration issued under chapter 12,  
11.16 chapter 35, or the federal Stafford Act, the commissioner may restrict the movement of food  
11.17 if the commissioner has probable cause to believe that the movement of food may: threaten  
11.18 the agricultural economy; transport a dangerous, infectious, or communicable disease; or  
11.19 threaten the health of animals. The commissioner may provide for the issuance of permits  
11.20 to allow for the continued movement of food upon meeting the disease control measures  
11.21 established by the commissioner.

11.22 Sec. 20. Minnesota Statutes 2018, section 41A.15, subdivision 2, is amended to read:

11.23 Subd. 2. **Advanced biofuel.** "Advanced biofuel" ~~has the meaning given in section~~  
11.24 ~~239.051, subdivision 1a.~~ means a renewable fuel, other than ethanol derived from corn  
11.25 starch, that has lifecycle greenhouse gas emissions that are at least 50 percent less than  
11.26 baseline lifecycle greenhouse gas emissions.

11.27 Sec. 21. Minnesota Statutes 2018, section 41A.15, is amended by adding a subdivision to  
11.28 read:

11.29 Subd. 2e. **Biomass.** "Biomass" means any organic matter that is available on a renewable  
11.30 or recurring basis, including agricultural crops and trees, wood and wood waste and residues,

12.1 plants including aquatic plants, grasses, residues, fibers, animal waste, and the organic  
12.2 portion of solid wastes.

12.3 Sec. 22. Minnesota Statutes 2018, section 41A.15, subdivision 10, is amended to read:

12.4 Subd. 10. **Renewable chemical.** "Renewable chemical" means a chemical ~~with biobased~~  
12.5 ~~content~~, polymer, monomer, plastic, or composite material that is entirely produced from  
12.6 biomass.

12.7 Sec. 23. Minnesota Statutes 2018, section 41A.16, subdivision 1, is amended to read:

12.8 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must  
12.9 source from Minnesota at least 80 percent ~~raw materials from Minnesota~~ of the biomass  
12.10 used to produce an advanced biofuel, except that, if a facility is sited 50 miles or less from  
12.11 the state border, raw materials biomass used to produce an advanced biofuel may be sourced  
12.12 from outside of Minnesota, but only if at least 80 percent of the biomass is sourced from  
12.13 within a 100-mile radius of the facility or from within Minnesota. ~~Raw materials must be~~  
12.14 ~~from agricultural or forestry sources or from solid waste.~~ The facility must be located in  
12.15 Minnesota, must begin production at a specific location by June 30, 2025, and must not  
12.16 begin operating above 23,750 MMBtu of quarterly advanced biofuel production before July  
12.17 1, 2015. Eligible facilities include existing companies and facilities that are adding advanced  
12.18 biofuel production capacity, or retrofitting existing capacity, as well as new companies and  
12.19 facilities. Production of conventional corn ethanol and conventional biodiesel is not eligible.  
12.20 Eligible advanced biofuel facilities must produce at least 23,750 MMBtu of advanced biofuel  
12.21 quarterly.

12.22 (b) No payments shall be made for advanced biofuel production that occurs after June  
12.23 30, 2035, for those eligible biofuel producers under paragraph (a).

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

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

12.28 (e) Renewable chemical production for which payment has been received under section  
12.29 41A.17, and biomass thermal production for which payment has been received under section  
12.30 41A.18, are not eligible for payment under this section.

12.31 (f) Biobutanol is eligible under this section.

13.1 Sec. 24. Minnesota Statutes 2018, section 41A.16, subdivision 4, is amended to read:

13.2 Subd. 4. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic  
13.3 biomass used for advanced biofuel production must be produced using Minnesota ~~state~~  
13.4 forest biomass harvesting guidelines or the equivalent. All cellulosic biomass from brushlands  
13.5 must be produced using Minnesota brushland ~~harvesting~~ biomass ~~harvest~~ harvesting  
13.6 guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land  
13.7 parcels greater than 160 acres must be certified by the Forest Stewardship Council, the  
13.8 Sustainable Forestry Initiative, or the American Tree Farm System. Uncertified land from  
13.9 parcels of 160 acres or less, tribal lands, and federal land must ~~be harvested by a logger~~  
13.10 ~~who has completed training for biomass harvesting from the Minnesota logger education~~  
13.11 ~~program or the equivalent and have a forest stewardship management plan-, as defined in~~  
13.12 section 290C.02, subdivision 7, or the equivalent, and be harvested by a logger who has  
13.13 completed training for biomass harvesting from the Minnesota logger education program  
13.14 or the equivalent.

13.15 Sec. 25. Minnesota Statutes 2018, section 41A.17, subdivision 1, is amended to read:

13.16 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this ~~program~~ section  
13.17 must source from Minnesota at least 80 percent ~~biobased content from Minnesota. of the~~  
13.18 biomass used to produce a renewable chemical, except that, if a facility is sited 50 miles or  
13.19 less from the state border, ~~biobased content must~~ biomass used to produce a renewable  
13.20 chemical may be sourced from outside of Minnesota, but only if at least 80 percent of the  
13.21 biomass is sourced from within a 100-mile radius of the facility or from within Minnesota.  
13.22 ~~Biobased content must be from agricultural or forestry sources or from solid waste.~~ The  
13.23 facility must be located in Minnesota, must begin production at a specific location by June  
13.24 30, 2025, and must not begin production of 750,000 pounds of chemicals quarterly before  
13.25 January 1, 2015. Eligible facilities include existing companies and facilities that are adding  
13.26 production capacity, or retrofitting existing capacity, as well as new companies and facilities.  
13.27 Eligible renewable chemical facilities must produce at least 750,000 pounds of renewable  
13.28 chemicals quarterly. Renewable chemicals produced through processes that are fully  
13.29 commercial before January 1, 2000, are not eligible.

13.30 (b) No payments shall be made for renewable chemical production that occurs after June  
13.31 30, 2035, for those eligible renewable chemical producers under paragraph (a).

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

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

(e) Advanced biofuel production for which payment has been received under section 41A.16, and biomass thermal production for which payment has been received under section 41A.18, are not eligible for payment under this section.

Sec. 26. Minnesota Statutes 2018, section 41A.17, subdivision 2, is amended to read:

**Subd. 2. Payment amounts; bonus; limits.** (a) The commissioner shall make payments to eligible producers of renewable chemicals located in the state. The amount of the payment for each producer's annual production is \$0.03 per pound of sugar-derived renewable chemical, \$0.03 per pound of cellulosic sugar, starch, oil, or animal fat, and \$0.06 per pound of cellulosic-derived renewable chemical produced at a specific location for ten years after the start of production.

(b) An eligible facility producing renewable chemicals using agricultural cellulosic biomass is eligible for a 20 percent bonus payment for each pound produced from agricultural biomass that is derived from perennial crop or cover crop biomass.

(c) Total payments under this section to an eligible renewable chemical producer in a fiscal year may not exceed the amount necessary for 99,999,999 pounds of renewable chemical production. Total payments under this section to all eligible renewable chemical producers in a fiscal year may not exceed the amount necessary for 599,999,999 pounds of renewable chemical production. The commissioner shall award payments on a first-come, first-served basis within the limits of available funding.

(d) For purposes of this section, an entity that holds a controlling interest in more than one renewable chemical production facility is considered a single eligible producer.

Sec. 27. Minnesota Statutes 2018, section 41A.17, subdivision 3, is amended to read:

**Subd. 3. Cellulosic forestry biomass requirements.** All forestry-derived cellulosic biomass used for renewable chemical production must be produced using Minnesota ~~state~~ forest biomass harvesting guidelines or the equivalent. All cellulosic biomass from brushlands must be produced using Minnesota brushland ~~harvesting~~ biomass ~~harvest~~ harvesting guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres must be certified by the Forest Stewardship Council, the Sustainable Forestry Initiative, or the American Tree Farm System. Uncertified land from parcels of 160 acres or less, tribal lands, and federal land must ~~be harvested by a logger~~

15.1 ~~who has completed training for biomass harvesting from the Minnesota logger education~~  
15.2 ~~program or the equivalent and have a forest stewardship management plan, as defined in~~  
15.3 section 290C.02, subdivision 7, or the equivalent, and be harvested by a logger who has  
15.4 completed training for biomass harvesting from the Minnesota logger education program  
15.5 or the equivalent.

15.6 Sec. 28. Minnesota Statutes 2018, section 41A.18, subdivision 1, is amended to read:

15.7 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must  
15.8 source from Minnesota at least 80 percent ~~raw materials from Minnesota.~~ of the biomass  
15.9 used for biomass thermal production, except that, if a facility is sited 50 miles or less from  
15.10 the state border, raw materials should biomass used for biomass thermal production may  
15.11 be sourced from outside of Minnesota, but only if at least 80 percent of the biomass is  
15.12 sourced from within a 100-mile radius of the facility, or from within Minnesota. ~~Raw~~  
15.13 ~~materials~~ Biomass must be from agricultural or forestry sources. The facility must be located  
15.14 in Minnesota, must have begun production at a specific location by June 30, 2025, and must  
15.15 not begin before July 1, 2015. Eligible facilities include existing companies and facilities  
15.16 that are adding production capacity, or retrofitting existing capacity, as well as new  
15.17 companies and facilities. Eligible biomass thermal production facilities must produce at  
15.18 least 250 MMbtu of biomass thermal quarterly.

15.19 (b) No payments shall be made for biomass thermal production that occurs after June  
15.20 30, 2035, for those eligible biomass thermal producers under paragraph (a).

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

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

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

15.29 Sec. 29. Minnesota Statutes 2018, section 41A.18, subdivision 2, is amended to read:

15.30 Subd. 2. **Payment amounts; bonus; limits; blending.** (a) The commissioner shall make  
15.31 payments to eligible producers of biomass thermal located in the state. The amount of the

payment for each producer's annual production is \$5.00 per MMbtu of biomass thermal production produced at a specific location for ten years after the start of production.

(b) An eligible facility producing biomass thermal using agricultural cellulosic biomass is eligible for a 20 percent bonus payment for each MMbtu produced from agricultural biomass that is derived from perennial crop or cover crop biomass.

(c) Total payments under this section to an eligible thermal producer in a fiscal year may not exceed the amount necessary for 30,000 MMbtu of thermal production. Total payments under this section to all eligible thermal producers in a fiscal year may not exceed the amount necessary for 150,000 MMbtu of total thermal production. The commissioner shall award payments on a first-come, first-served basis within the limits of available funding.

(d) An eligible facility may blend a cellulosic feedstock with other fuels in the biomass thermal production facility, but only the percentage attributable to cellulosic material biomass meeting the cellulosic forestry biomass requirements or agricultural cellulosic biomass sourcing plan is eligible to receive payment.

(e) When a facility is eligible due to adding production capacity or retrofitting existing capacity, the entire amount of biomass meeting the cellulosic forestry biomass requirements or agricultural cellulosic biomass sourcing plan is assumed to have been used for the biomass thermal production from the added or retrofitted production capacity.

(f) For purposes of this section, an entity that holds a controlling interest in more than one biomass thermal production facility is considered a single eligible producer.

Sec. 30. Minnesota Statutes 2018, section 41A.18, subdivision 3, is amended to read:

Subd. 3. **Cellulosic forestry biomass requirements.** All forestry-derived cellulosic biomass used for biomass thermal production must be produced using Minnesota ~~state forest~~ biomass harvesting guidelines or the equivalent. All cellulosic biomass from brushland brushlands must be produced using Minnesota brushland ~~harvesting~~ biomass harvesting guidelines or the equivalent. Forestry-derived cellulosic biomass that comes from land parcels greater than 160 acres must be certified by the Forest Stewardship Council, the Sustainable Forestry Initiative, or the American Tree Farm System. Uncertified land from parcels of 160 acres or less, tribal lands, and federal land must ~~be harvested by a logger who has completed training for biomass harvesting from the Minnesota logger education program or the equivalent and have a forest stewardship management plan-, as defined in~~ section 290C.02, subdivision 7, or the equivalent and be harvested by a logger who has



17.1 completed training for biomass harvesting from the Minnesota logger education program  
17.2 or the equivalent.

17.3 Sec. 31. Minnesota Statutes 2018, section 41B.02, subdivision 10a, is amended to read:

17.4 Subd. 10a. **Livestock expansion.** "Livestock expansion" means the purchase of a  
17.5 livestock farm or improvements to a livestock operation, including the purchase and  
17.6 construction or installation of improvements to land, buildings, and other permanent  
17.7 structures, including equipment incorporated in or permanently affixed to the land, buildings,  
17.8 or structures, which are useful for and intended to be used for the purpose of raising livestock.

17.9 Sec. 32. Minnesota Statutes 2018, section 41B.03, subdivision 3, is amended to read:

17.10 Subd. 3. **Eligibility for beginning farmer loans.** (a) In addition to the requirements  
17.11 under subdivision 1, a prospective borrower for a beginning farm loan in which the authority  
17.12 holds an interest, must:

17.13 (1) have sufficient education, training, or experience in the type of farming for which  
17.14 the loan is desired;

17.15 (2) have a total net worth, including assets and liabilities of the borrower's spouse and  
17.16 dependents, of less than \$800,000 in 2017 and an amount in subsequent years which is  
17.17 adjusted for inflation by multiplying that amount by the cumulative inflation rate as  
17.18 determined by the United States All-Items Consumer Price Index;

17.19 (3) demonstrate a need for the loan;

17.20 (4) demonstrate an ability to repay the loan;

17.21 (5) certify that the agricultural land to be purchased will be used by the borrower for  
17.22 agricultural purposes;

17.23 (6) certify that farming will be the principal occupation of the borrower;

17.24 (7) agree to participate in a farm management program approved by the commissioner  
17.25 of agriculture for at least the first three years of the loan, if an approved program is available  
17.26 within 45 miles from the borrower's residence. The ~~commissioner~~ authority may waive this  
17.27 requirement for any of the programs administered by the authority if the participant requests  
17.28 a waiver and has ~~either~~ a four-year degree in an agricultural program or related field,  
17.29 reasonable agricultural job-related experience, or certification as an adult farm management  
17.30 instructor; and

18.1 (8) agree to file an approved soil and water conservation plan with the Natural Resources  
18.2 Conservation Service office in the county where the land is located.

18.3 (b) If a borrower fails to participate under paragraph (a), clause (7), the borrower is  
18.4 subject to penalty as determined by the authority.

18.5 Sec. 33. Minnesota Statutes 2018, section 41B.0391, subdivision 1, is amended to read:

18.6 Subdivision 1. **Definitions.** (a) For purposes of this section, the following terms have  
18.7 the meanings given.

18.8 (b) "Agricultural assets" means agricultural land, livestock, facilities, buildings, and  
18.9 machinery used for farming in Minnesota.

18.10 (c) "Beginning farmer" means an individual who:

18.11 (1) is a resident of Minnesota;

18.12 (2) is seeking entry, or has entered within the last ten years, into farming;

18.13 (3) intends to farm land located within the state borders of Minnesota;

18.14 (4) is not and whose spouse is not a family member of the owner of the agricultural  
18.15 assets from whom the beginning farmer is seeking to purchase or rent agricultural assets;

18.16 (5) is not and whose spouse is not a family member of a partner, member, shareholder,  
18.17 or trustee of the owner of agricultural assets from whom the beginning farmer is seeking to  
18.18 purchase or rent agricultural assets; and

18.19 (6) meets the following eligibility requirements as determined by the authority:

18.20 (i) has a net worth that does not exceed the limit provided under section 41B.03,  
18.21 subdivision 3, paragraph (a), clause (2);

18.22 (ii) provides the majority of the day-to-day physical labor and management of the farm;

18.23 (iii) has, by the judgment of the authority, adequate farming experience or demonstrates  
18.24 knowledge in the type of farming for which the beginning farmer seeks assistance from the  
18.25 authority;

18.26 (iv) demonstrates to the authority a profit potential by submitting projected earnings  
18.27 statements;

18.28 (v) asserts to the satisfaction of the authority that farming will be a significant source  
18.29 of income for the beginning farmer;

(vi) ~~participates in~~ is enrolled in or has completed within ten years of their first year of farming a financial management program approved by the authority or the commissioner of agriculture;

(vii) agrees to notify the authority if the beginning farmer no longer meets the eligibility requirements within the three-year certification period, in which case the beginning farmer is no longer eligible for credits under this section; and

(viii) has other qualifications as specified by the authority.

The commissioner may waive the requirement in item (vi) if the participant requests a waiver and has a four-year degree in an agricultural program or related field, reasonable agricultural job-related experience, or certification as an adult farm management instructor.

(d) "Family member" means a family member within the meaning of the Internal Revenue Code, section 267(c)(4).

(e) "Farm product" means plants and animals useful to humans and includes, but is not limited to, forage and sod crops, oilseeds, grain and feed crops, dairy and dairy products, poultry and poultry products, livestock, fruits, and vegetables.

(f) "Farming" means the active use, management, and operation of real and personal property for the production of a farm product.

(g) "Owner of agricultural assets" means an individual, trust, or pass-through entity that is the owner in fee of agricultural land or has legal title to any other agricultural asset. Owner of agricultural assets does not mean an equipment dealer, livestock dealer defined in section 17A.03, subdivision 7, or comparable entity that is engaged in the business of selling agricultural assets for profit and that is not engaged in farming as its primary business activity. An owner of agricultural assets approved and certified by the authority under subdivision 4 must notify the authority if the owner no longer meets the definition in this paragraph within the three year certification period and is then no longer eligible for credits under this section.

(h) "Resident" has the meaning given in section 290.01, subdivision 7.

(i) "Share rent agreement" means a rental agreement in which the principal consideration given to the owner of agricultural assets is a predetermined portion of the production of farm products produced from the rented agricultural assets and which provides for sharing production costs or risk of loss, or both.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2018.

Sec. 34. Minnesota Statutes 2018, section 41B.047, subdivision 1, is amended to read:

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

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

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

(3) restore farmland; ~~or~~

(4) replace flocks, make building improvements, or cover the loss of revenue when the replacement, improvements, or loss of revenue is due to the confirmed presence of the highly pathogenic avian influenza in a commercial poultry or game flock located in Minnesota; or

(5) replace livestock, make building improvements, or cover the loss of revenue when the replacement, improvements, or loss of revenue is due to the confirmed presence of a highly contagious disease in a livestock operation located in Minnesota.

Sec. 35. Minnesota Statutes 2018, section 41B.047, subdivision 3, is amended to read:

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

(1) meet the requirements of section 41B.03, subdivision 1;

(2) certify that the damage or loss was (i) sustained within a county that was the subject of a state or federal disaster declaration ~~or~~; (ii) due to the confirmed presence of the highly pathogenic avian influenza in a commercial poultry or game flock located in Minnesota; or (iii) due to a market disaster or emergency as determined by the authority;

(3) demonstrate an ability to repay the loan; and

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

Sec. 36. Minnesota Statutes 2018, section 41B.049, subdivision 5, is amended to read:

Subd. 5. **Loan criteria.** (a) To be eligible, a borrower must be a resident of Minnesota or an entity that is not prohibited from owning agricultural land under section 500.24.

(b) State participation in a participation loan is limited to 45 percent of the principal amount of the loan. A direct loan or loan participation may not exceed \$250,000.

(c) Loans under this program may be used as a match for federal loans or grants.

~~(d) A borrower who has previously received a loan under subdivision 1 is prohibited from receiving another methane digester loan under subdivision 1.~~

Sec. 37. Minnesota Statutes 2018, section 41B.055, subdivision 3, is amended to read:

Subd. 3. **Loans.** (a) The authority may participate in a livestock equipment loan equal to 90 percent of the purchased equipment value with an eligible lender to a farmer who is eligible under subdivision 2. Participation is limited to 45 percent of the principal amount of the loan or ~~\$40,000~~ \$100,000, 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 three percent. The authority may review the interest annually and make adjustments as necessary.

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

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

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

(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 Rural Finance Authority administrative account established in section 41B.03.

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

Sec. 38. Minnesota Statutes 2018, section 41B.057, subdivision 3, is amended to read:

Subd. 3. **Loan participation.** The authority may participate in a farm opportunity loan with an eligible lender, as defined in section 41B.02, subdivision 8, to a farmer or a group of farmers on joint projects who are eligible under subdivision 2, paragraph (c), and who are actively engaged in farming. Participation is limited to 45 percent of the principal amount

22.1 of the loan or ~~\$45,000~~ \$100,000 per individual, whichever is less. For loans to a group made  
22.2 up of four or more individuals, participation is limited to 45 percent of the principal amount  
22.3 of the loan or ~~\$180,000~~ \$250,000, whichever is less. The interest rate on the loans must not  
22.4 exceed six percent.

22.5 Sec. 39. **REPEALER.**

22.6 Minnesota Statutes 2018, section 41A.15, subdivisions 2a and 2b, are repealed.

**41A.15 DEFINITIONS.**

Subd. 2a. **Biobased content.** "Biobased content" means a chemical, polymer, monomer, or plastic that is not sold primarily for use as food, feed, or fuel and that has a biobased percentage of at least 51 percent as determined by testing representative samples using American Society for Testing and Materials specification D6866.

Subd. 2b. **Biobased formulated product.** "Biobased formulated product" means a product that is not sold primarily for use as food, feed, or fuel and that has a biobased content percentage of at least ten percent as determined by testing representative samples using American Society for Testing and Materials specification D6866, or that contains a biobased chemical constituent that displaces a known hazardous or toxic constituent previously used in the product formulation.