

SENATE

STATE OF MINNESOTA

EIGHTY-NINTH SESSION

S.F. No. 3154

(SENATE AUTHORS: TOMASSONI, Bakk and Saxhaug)

DATE	D-PG	OFFICIAL STATUS
03/23/2016	5235	Introduction and first reading Referred to Jobs, Agriculture and Rural Development
03/31/2016	5395a	Comm report: To pass as amended and re-refer to Environment and Energy
04/01/2016	5453	Comm report: To pass and re-referred to Finance

1.1 A bill for an act

1.2 relating to forest resources; establishing a production incentive program for

1.3 the use of forest resources in the production of siding; providing a sales tax

1.4 exemption for siding production facility materials; appropriating money;

1.5 amending Minnesota Statutes 2014, section 297A.71, by adding a subdivision;

1.6 proposing coding for new law in Minnesota Statutes, chapter 41A.

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

1.8 Section 1. **[41A.20] SIDING PRODUCTION INCENTIVE.**

1.9 Subdivision 1. **Definitions.** (a) For the purposes of this section, the terms defined in

1.10 this subdivision have the meanings given them.

1.11 (b) "Commissioner" means the commissioner of agriculture.

1.12 (c) "Forest resources" means raw wood logs and material primarily made up of

1.13 cellulose, hemicellulose, or lignin, or a combination of those ingredients.

1.14 Subd. 2. **Eligibility.** (a) A facility eligible for payment under this section must

1.15 source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles

1.16 or less from the state border, raw materials may be sourced from within a 100-mile

1.17 radius. Raw materials must be from forest resources. The facility must be located in

1.18 Minnesota, must begin production at a specific location by June 30, 2025, and must not

1.19 begin operating before July 1, 2017. Eligible facilities include existing companies and

1.20 facilities that are adding siding production capacity, or retrofitting existing capacity, as

1.21 well as new companies and facilities. Eligible siding production facilities must produce

1.22 at least ... board feet of siding each year.

1.23 (b) No payments shall be made for siding production that occurs after June 30, 2035,

1.24 for those eligible producers under paragraph (a).

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

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

2.5 Subd. 3. **Payment amounts; limits.** (a) The commissioner shall make payments  
2.6 to eligible producers of siding. The amount of the payment for each eligible producer's  
2.7 annual production is \$..... per 1,000 board feet of siding produced at a specific location  
2.8 for ten years after the start of production.

2.9 (b) Total payments under this section to an eligible siding producer in a fiscal year  
2.10 may not exceed the amount necessary for ... board feet of siding produced. Total payments  
2.11 under this section to all eligible siding producers in a fiscal year may not exceed the  
2.12 amount necessary for ... board feet of siding produced. The commissioner shall award  
2.13 payments on a first-come, first-served basis within the limits of available funding.

2.14 (c) For purposes of this section, an entity that holds a controlling interest in more  
2.15 than one siding facility is considered a single eligible producer.

2.16 Subd. 4. **Forest resources requirements.** Forest resources that come from land  
2.17 parcels greater than 160 acres must be certified by the Forest Stewardship Council,  
2.18 Sustainable Forestry Initiative, or American Tree Farm System. Uncertified land from  
2.19 parcels of 160 acres or less and federal land must be harvested by a logger who has  
2.20 completed training from the Minnesota logger education program or the equivalent, and  
2.21 have a forest stewardship plan.

2.22 Subd. 5. **Claims.** (a) By the last day of October, January, April, and July, each  
2.23 eligible siding producer shall file a claim for payment for siding production during the  
2.24 preceding three calendar months. An eligible siding producer that files a claim under this  
2.25 subdivision shall include a statement of the eligible producer's total board feet of siding  
2.26 produced during the quarter covered by the claim. For each claim and statement of total  
2.27 board feet of siding filed under this subdivision, the board feet of siding produced must  
2.28 be examined by a certified public accounting firm with a valid permit to practice under  
2.29 chapter 326A, in accordance with Statements on Standards for Attestation Engagements  
2.30 established by the American Institute of Certified Public Accountants.

2.31 (b) The commissioner must issue payments by November 15, February 15, May 15,  
2.32 and August 15. A separate payment must be made for each claim filed.

2.33 Subd. 6. **Appropriation.** A sum sufficient to make the payments required by this  
2.34 section, not to exceed \$4,000,000 in a fiscal year, is annually appropriated from the  
2.35 general fund to the commissioner, and all money appropriated under this subdivision  
2.36 is available until spent.

3.1       Sec. 2. Minnesota Statutes 2014, section 297A.71, is amended by adding a subdivision  
3.2 to read:

3.3       Subd. 49. **Siding production facility materials.** Building materials and supplies  
3.4 for constructing a siding production facility that produces at least ... board feet of siding  
3.5 are exempt. The tax must be imposed and collected as if the rate under section 297A.62,  
3.6 subdivision 1, applied, and then refunded in the manner provided in section 297A.75.